Leaders & Losers In The Year of Employee Experience

December 25, 2018

Was 2018 "The Year of Employee Experience"? Back in January, I observed that it was no longer enough for companies to make CX a corporate priority. The next competitive frontier, I suggested, was employee experience (EX). In fact, I thought the signs indicated so strongly that EX would become the next priority for organizations that I called 2018 "The Year of Employee Experience."

Today I revisit the topic to assess how organizations did on EX this past year. Some definitely stepped up to EX leadership, some were utter failures, and many performed in between, showing potential but not quite getting it. The following examples give a snapshot of the EX in 2018.

Was 2018 "The Year of Employee Experience"? Examples of companies that got it right and wrong this year show there's still a lot of work to be done on EX.Getty

Thumbs Up

Since EX is the sum of everything an employee experiences throughout his or her connection to the organization — every employee interaction, from the first contact as a potential recruit to the last interaction after the end of employment, it's difficult to judge an organization's overall EX effort without an in-depth study. But judging from headlines and media analyses, some companies seemed to get EX right this past year:

- IBM undertook an <u>effort</u> to co-create its EX with employees, bringing employees into the EX design process and iterating EX to ensure the company is meeting their needs. An on-boarding process that includes ensuring new employees have the tools and information they need, a new Netflix-like digital training and development program, and a brand new crowdsourced performance review process are among the changes the company has implemented.
- Starbucks closed its stores throughout the U.S. and engaged all 175,000 employees in a four-hour anti-bias training session. The <u>move</u> was prompted by the wrongful arrest of two black men by police who had been summoned by a Starbucks manager. The training was intended to make employees more aware of unconscious discrimination and to align everyone around and affirm the company's commitment to diversity and service. The priority Starbucks placed on the training, and the nature and scope of the session which included videos by company leaders and prominent cultural figures, facilitated discussions, and problem-solving scenarios represents a best-in-class approach to employee training.
- Hilton Hotels is making an investment in often overlooked aspects of EX by <u>upgrading</u> its employee spaces including cafeterias and locker rooms. It's the latest in a series of moves the company is taking to improve EX and to reflect its understanding that it can't achieve its mission of becoming "the most hospitable company in the world" if it's not hospitable to employees.

#FAIL

Give how badly some companies handled crucible moments with their workforces, it seems they are either oblivious to the importance of EX or inept at delivering on key aspects of it. For example:

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- United Airlines <u>announced</u> that it would discontinue quarterly bonus payments to most employees and replace them with a lottery-based system in which employees could win prizes if they qualified by participating in a "Core4" program designed to reinforce the company's core values. When employees responded to the announcement in an uproar, CEO Oscar Munoz explained that the program's intent was "to spice up the process a little bit." His comments suggest that United's leaders viewed employee compensation as something needing an injection of fun instead of understanding the critical role it plays in EX and employees' livelihoods. This is only one example of how the company seems to have been tone deaf on EX.
- McDonald's has been rolling out new technology, delivery service, a revamped menu, and curbside pickup as part of its "Experience of the Future" effort. While the intent may be to improve the customer experience, it's wreaking havoc on EX. Employees reportedly feel overwhelmed by the quantity and complexity of the tasks they are expected to perform. Although the company claims to not be experiencing an increase in employee turnover, the worker exodus was prevalent enough to warrant Bloomberg Businessweek to report

"[McDonald's High-Tech Makeover Is Stressing Workers Out](#)."

Missed Opportunities

It seems some companies tried to make 2018 The Year of Employee Experience but didn't quite get it right.

- Qualtrics, the experience software provider, [decided](#) to give each employee a $1500 "experience bonus." The intent was to support the company's mission of helping organizations give employees and customers the best experience possible. Employees ended up using the funds for experiences including to dive with sharks, visit the Great Wall of China, and snag third-row tickets to see the musical Hamilton. So the effort turned out to be merely an extravagant perk to appeal to Millennial employees instead of a way to engage them more productively and purposefully. It's a shame because Qualtrics could have developed a bonus program with its partners which include Marriott and JetBlue that would have contributed to a great EX *and* equipped and empowered its employees to deliver better customer experiences.
- Uber's new CEO Dara Khosrowshahi started his new job making all the right EX moves: speaking with transparency about the problems that had plagued the company; conducting a listening tour among customers, drivers, and employees around the world; and revamping Uber's core values, including ditching vague euphemisms like "super-pumpedness" and making clear statements such as "We value ideas over hierarchy." But recent [reports](#) indicate the company's culture is still dysfunctional, with project leaders so fearful of disappointing Khosrowshahi and losing their jobs that they moved forward with an autonomous vehicle test that led to a pedestrian's death.

TBD

The EX-related developments in the past year at some companies hold promise, but it's too early to tell. Included in this grouping are:

- Amazon just [announced](#) it would raise the minimum wage to $15 per hour for U.S. employees. At first blush, this seems a significant boost to the EX at Amazon – but the trade-off is the elimination of existing financial incentives and bonus programs, including stock and monthly bonuses. Getting the total compensation package right is a challenge for many companies -- but especially in today's tight labor market, pay and benefits are weighed heavily by existing employees who may be lured away with more attractive offers. Will the change help Amazon get ahead or fall behind?
- Twitter CEO Jack Dorsey [implemented](#) a sweeping reorganization earlier in 2018. The change organized employees into functional groups, such as engineering, instead of around individual products. According to Dorsey, the change moved Twitter back to "a functional organization" from a "GM structure," and he expected it to "drive clearer decision-making, enable us to foster stronger culture...and most importantly, sets us up for more creativity and invention, which is the phase we must now enter to continue to be relevant and important to the world." Organizational changes surely impact EX but it

takes time for their implications to be fully realized, so we have to wait to see if the changes produced their desired effect.

- Nike's EX came under fire earlier this year amidst <u>reports</u> of accusations by female employees of gender discrimination and bullying. The revelation was particularly surprising given Nike's longstanding efforts to burnish its brand image among females, including running big budget campaigns and sponsoring national women's sport teams and high profile athletes including Serena Williams. Trevor Edwards, brand president and heir apparent to the CEO role, and several other executives left the company and CEO Mark Parker has undertaken efforts to repair the organization's culture and restore morale. Whether or not Nike's EX has changed sustainably remains to be seen.

With these companies as examples, it's clear there's still a lot of work to be done on EX. Perhaps the Year of Employee Experience should extend into 2019...and beyond?!