Human Sigma: What, Why and Why Not

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The high levels of employee disengagement at the global and national levels, pressures of the rising consumer empowerment, especially, on sales and service organizations, and growing need to ensure the delivery of high quality customer experience—all three, collectively, require a business solution to avoid their negative impact on the financial efficiency of organizations. Human Sigma, such a solution, is a philosophy as well as a strategy that focuses on strengthening the interactions of two most important Human system assets of a sales and service organization, namely, employees and customers. Accordingly, the nature and significance of Human Sigma are explained. A simplified alternative to Human Sigma— Net Promoter Score—is also suggested.

INTRODUCTION

The focus of this paper is on Human Sigma--a managerial philosophy that strengthens organizational performance by focusing on the human side of an organization. This focus is triggered by three background factors: the employee engagement crisis in the U.S. as well as global work environment, the customer-centricity in the today's competitive era of consumer empowerment, and the further evolution in the quality control mechanisms aimed at the enhancement of the organizational performance.

Employee Engagement Crisis

Today's competitive world faces a challenge of lack of engagement in American as well as global workplace. As many as 70% of U.S. employees are not engaged at work (www.gallup.com). And, a staggering 87% of employees worldwide are not engaged at workplace. This crisis of employee engagement has serious and potentially long-lasting repercussions for the global economy. When employees are not engaged, they are indifferent toward their jobs—or worse, outright hate their work, supervisor, and organization—and they carry potential to destroy a work unit and even a complete business (The Gallup Consulting website). On the contrary, a highly engaged workforce means the difference between a company that thrives and one that struggles. That is, when employees are engaged, they are passionate, creative, and entrepreneurial, and their enthusiasm fuels growth. These employees are emotionally connected to the mission and purpose of their work. (The Gallup Consulting website)

Jim Clifton, Chairman and CEO of Gallup Consulting, in the report titled "State of the American Workplace: Employee Engagement Insights for U.S. Business Leaders", provides numerous employee-engagement-related findings that are based upon a proprietary employee-engagement survey that, since

the late nineties, has been administered to more than 25 million employees in 189 different countries and 69 languages. Some of the main findings from the report are stated below.

- *Employee-engagement makes a difference to the bottom line.* Top 25 percent of the engaged workers have significantly higher productivity, profitability, and customer ratings, less turnover and absenteeism, and fewer safety incidents than those in the bottom 25 percent.
- *Managers and leaders can play a critical role in raising the employee engagement level.* The managers who focus on their employees' strengths can practically eliminate active employee-disengagement, and multiply the number of engaged workers.
- *Different types of employees need different engagement strategies.* The generations at the beginning, and approaching the end, of their careers tend to be more engaged than those in the middle of their careers. Women have slightly higher engagement than men.
- *Employee-engagement has a greater impact on performance than corporate policies and perks.* Although certain policies such as hours worked, flextime, and vacation time do relate to employee well-being, engagement levels in the work environment eclipse corporate policies.
- *On the negative side, most of the employees are not typically prepared to engage customers.* Only 41 percent of the employees felt that they know what their company stands for and what makes its brand different from its competitors' brands.

Accordingly, the today's organizations need to raise the number of engaged employees, and reduce the number of disengaged and actively-disengaged employees in their work environment, so as to strengthen their organizational performance. The Human Sigma as a managerial strategy facilitates employee engagement that, in turn, raises the financial efficiency of an organization (Fleming, Coffman & Harter, 2005).

Customer-Centricity

In the today's era of consumer empowerment, consumers "own" media. They have an easy 24-7 access to free social media through smart phones in their pockets; and, they have connectivity to rest of the world through digital applications such as Facebook, Twitter, and LinkedIn. Through these media outlets, they may easily make or break an organization's or a brand's reputation and image. Marketers cannot ignore their customers' sudden and unanticipated reaction and feedback; the marketers need to indulge in their customers, that is, be customer-centric. To be competitive, they need to offer excellent customer experiences.

In the developed markets, a typical managerial marketing-orientation revolves around numerous customer-centric dimensions that include customer attraction, customer retention, customer satisfaction, customer delight, customer loyalty, customer life time value, and customer equity. Large corporations in the United States are usually customer-focused, and aspire these customer-centric dimensions in their organizational outcomes and performance. An exceptional customer service through highly engaged employees helps in strengthening these numerous customer-centric dimensions. In this paper, we focus on *Human Sigma*--a comprehensive mechanism of creating and providing an exceptional customer service experience. The mechanism is especially useful for service enterprises that are interested in providing an exceptional service to their customers--so as to strengthen their competitiveness in the global market.

Quality Control of Human Systems

Value creation in the form of high quality goods is the raison d'etre of manufacturing companies. Manufacturing companies are aware that the more their products wind up in the "defective bin", the less effective and profitable their operations are. About three decades ago, Motorola, Inc. introduced Six Sigma as a new process-improvement methodology aimed at reducing variability in manufacturing processes and systems. Six Sigma has been one of the most successful management movements, and has had the stronger staying power that the other competing quality control initiatives such as Statistical Process Control, Total Quality Management, ISO 9000, and Lean Manufacturing have lacked (Fleming and Asplund, 2007). Six Sigma was developed within a manufacturing context with emphasis on

manufacturing products with "zero defects." However, unlike manufacturing companies, sales and service organizations (retail, banking, lodging, healthcare, hospitality, commercial transportation, business-to-business, etc.) revolve around the production and delivery of services through interaction with customers. Note here that the six sigma approach is weak in its application to the "soft" dimensions of organizational quality and performance—those dynamic human systems that encompass employee productivity and customer service via employee-customer interactions and encounters. In a manufacturing organization, the value is created on a factory floor, whereas in a sales and service organization, the customer value is produced through an employee-customer encounter which could potentially range from being flawless to severely defective (Fleming and Asplund, 2007). The Human Sigma approach discussed in this paper aims at ensuring a perfect employee-customer encounter—for every customer every time.

Objective and Significance

Given the above context and background, this paper discusses the nature, significance and limitations of Human Sigma as a managerial strategy and an operational tool. Its significance is to assist management in enhancing customer value and experience by way of Human Sigma application thereby strengthening business growth and financial vitality.

HUMAN SIGMA AS A MANAGERIAL PHILOSOPHY

John H. Fleming and Jim Asplund, along with Gallup Consulting, Incorporated, are the pioneers of *Human Sigma* which, lately, has also been analyzed and re-formulated by various academicians (Sutton, 2014). As a matter of fact, doctoral dissertations have been written on Human Sigma, for example, see Sutton (2014, July) and Zweifel (2010). Human Sigma is a strategic approach as well as a managerial philosophy. On a strategic level, Human Sigma is an enterprise-level initiative, with senior-level management involvement and support, intended to drive business performance by optimizing the human systems that are vital to an organization's success. As a managerial philosophy, "Human Sigma recognizes that by optimizing an organization's human systems, it can achieve a sustainable competitive advantage that is not easily copied in a marketplace where the traditional marketing weaponry—the "four Ps" (Product, Price, Place, Promotion)—is rapidly becoming commoditized" (Fleming and Asplund, 2007).

Human Sigma is well-understood when paralleled with the six-sigma standard which is largely applied to the manufacturing sector to raise the product quality excellence. The six sigma standard of a maximum of 3.4 defective units allowed per one million manufactured units is a benchmark raised from the erstwhile three-sigma standard of about 3 deviations from 10,000 manufactured units. Six Sigma has changed the face of manufacturing quality, creating excellence by reducing variance in finished goods, revolutionizing businesses, and boosting profits. Now, Human Sigma is poised to do the same for sales and service organizations (Fleming and Asplund, 2007). It aims at driving success by effectively managing the moments when employees interact with customers. That is, "the Human Sigma approach combines a proven method for assessing the health of the employee-customer encounter with a disciplined process for improving it" (Fleming and Asplund, 2007). Whereas Six Sigma has gotten good at improving four of the root causes of quality defects (machines, materials, measurement, and methods), another root cause though identified in the Six Sigma methodology—people—is largely ignored, probably, because it is very difficult to fix. The Human Sigma approach primarily focuses on people as they are most relevant in sales and service organizations (Fleming, Coffman & Harter, 2005).

The logic behind Human Sigma is like this: Highly engaged employees will deliver a perfect service during their encounter or interaction with customers, which, in turn, will create loyal, engaged and profitable customers. Both highly engaged employees and highly engaged customers together will drive organizational performance and business growth significantly. This theoretical premise has been tested and affirmed empirically (by Fleming and Asplund 2007 as well as Gallup Consulting) through its application in hundreds of companies (financial services, professional services, retail and sales industries), and more than 10 million customers and 10 million employees. The theoretical premise

revolves around three major constructs: employee engagement, employee-customer encounter or interaction, and customer engagement. These three constructs and their operationalization are explained later in the paper. However, the salient features of Human Sigma are provided first, and are stated below.

- Human Sigma is emotional. That is, it revolves around managing the *employee experience* and *customer experience* together to go beyond customer satisfaction to capture the emotions of customers *and* employees. In particular, the capturing of customer emotions goes beyond the mere capturing of rational customer loyalty to customer's emotional attachment to the brand or company.
- Human Sigma focuses on raising the quality of employee engagement, and customer engagement, along with a supplementary focus to ensure that each employee-customer encounter is perfect-- every customer, every time. Statistically, the Human Sigma aims at capturing and reducing the variation so as to yield a consistent customer and employee experience at the local business unit level.

Core Principles of Human Sigma

Fleming and Asplund (2007) state five Human Sigma core principles that bring excellence to the way employees engage and interact with customers:

- Both sides of the employee-customer encounter are interrelated and mutually dependent. Therefore, employee and customer experiences must be assessed and managed *together as a coherent whole*—not as separate entities.
- *Emotions* drive and shape the employee-customer encounter. Because employees and customers are people first, and employees or customers second, they are prone to all the human volatility and irrationality. The measurement and management of the employee-customer encounter must acknowledge and incorporate the crucial emotional infrastructure of human behavior and decision-making (labeled here as employee and customer *engagement*).
- Think *globally*, measure and act *locally*. The Human Sigma strategy should be coined and initiated at the higher company-wide level. However, the employee-customer encounter must be measured and managed at the local level. The employee-customer encounter is an intensely local phenomenon that can vary considerably from location to location within the same company. Because of the variability in local performance, the employee-customer encounter must be measured and managed locally.
- Human Sigma links to business outcomes eventually. Stated alternatively, the employee and customer engagement interact to drive *enhanced operational and financial performance*. And, this interaction can be quantified and summarized with a single performance metric known as Human Sigma (HS) metric.
- Sustainable improvement in the employee-customer encounter requires disciplined local action (coaching and training of employees) coupled with a company-wide commitment to changing how employees are recruited and trained, positioned in their roles, rewarded and recognized, and most importantly, how they are managed. These transactional and transformational strategies and activities require organizational change commitment at the top and middle management levels. Net, a highly engaged and talented workforce can be created through the HS metric that is explained in the next section.

HUMAN SIGMA AS AN OPERATIONAL FRAMEWORK

Brief Operational Framework

The Human Sigma business model, when operationalized, involves measuring the extent of employee and customer engagement, and the quality of employee-customer encounter (Exhibit 1). The interaction of employee and customer engagement average scores produces one HS metric that is an indicator of enhancement in business growth and financial performance (Exhibit 1).

Employee Engagement Measurement

Supported by extensive research, Gallup Consulting have devised 12 employee engagement survey-items that provide the means for measuring and monitoring the quality of a local workplace. The employee engagement metric consisting of Gallup's proprietary 12 items employ a 5-point scale that ranges from "strongly agree" (5) to "strongly disagree" (1). The employee engagement survey items are stated below.

What do I get? (Employee's basic Needs)
- I know what is expected of me at work.
- I have the materials and equipment I need to do my work right.

What do I give? (Management Support)
- At work, I have the opportunity to do what I do best every day.
- In the last 7 days, I have received the recognition or praise for doing good work.
- My supervisor or someone at work, seems to care about me as a person.
- There is someone at work who encourages my development.

Do I belong? (Teamwork)
- At work, my opinions seem to count.
- The mission or purpose of my company makes me feel my job is important.
- My associates or fellow employees are committed to doing quality work.
- I have a best friend at work.

How can we grow? (Growth)
- In the last six months, someone at work has talked to me about my progress.
- This last year, I have had opportunities at work to learn and grow.

Employee-Customer Encounter Measurement

The 12 employee engagement items as stated above are the best predictors of an engaged workgroup. The engaged employees tend to show perfection and consistency in their encounter with customers. The consistency and perfection of the employee-customer encounter can be measured by asking the employees general behavioral questions: For example, did the employee: (1) respond in a timely manner, (2) seem pleased to help, (3) ask the customer if the employee could help the customer with anything else, (4) give the customer full attention while serving the customer, (5) explain the customer's alternatives, (6) do what had to be done, (7) use words and phrases the customer understand, (8) listen carefully to the customer, (9) show an understanding of the customer's question, problem or need, (10) smile, (11) acknowledge the wait, if any, (12) use the customer's name, (13) say thank you, (14) make the customer's business the employee's top priority, (15) advise the customer on the best products and services, (16) confidently answer the customer's questions, (17) complete the customer's request with speed and efficiency, and (18) treat the customer like a valued customer?

Alternatively, the consistency and perfection may be measured by setting the standard or benchmark of interaction with the customers, which may be company-specific or situation-specific. For example, in the case of a banking organization, a frontline branch employee while providing the general service to a customer may be expected to (1) communicate clearly with the customer, (2) make it easy for the customer to do business with the bank, (3) demonstrate knowledge about the bank's products and services, (4) do the things right the first time, (5) make the customer feel special, and (6) be helpful in solving the customer's problem, if any. In the situation of a bank-branch's lobby management or its drive-through management, the customer may be asked if the (1) customer was satisfied with the wait time, (2) customer was satisfied with the welcome, and (3) customer's presence was acknowledged promptly. These observations are based upon the author's interview of an experienced Human Sigma strategist.

Customer Engagement Measurement

Emotionally engaged employees delivering perfection and consistency lead to customers who are emotionally engaged and profitable. Gallup Consulting has coined 11 survey-items (with five major dimensions—rational or attitudinal loyalty, confidence, integrity, pride and passion) that are the best predictors of an engaged and profitable customer. The customer engagement metric consists of three "attitudinal loyalty" items which employ a 5-point scale that ranges from "extremely" (5) to "not at all" (1), and are stated below.

Attitudinal loyalty

- Overall, how satisfied are you with (brand/company)?
- How likely are you to continue to choose/repurchase/repeat (brand)?
- How likely are you to recommend (brand) to a friend/associate/family?

The above three survey-items are combined with the additional eight emotional attachment items that also employ a 5-point scale ranging from "strongly agree" (5) to "strongly disagree" (1):

Confidence

- (Brand) is a name I can always trust.
- (Brand) always delivers on what it promises.

Integrity

- (Brand) always treats me fairly.
- If a problem arises, I can always count on (brand) to reach a fair and satisfactory resolution.

Pride

- I feel proud to be a (brand) (customer/shopper/user/owner).
- (Brand) always treats me with respect.

Passion

- (Brand) is the perfect (company/product/brand/store) for people like me.
- I can't imagine a world without (brand).

Human Sigma Metric Statistical Calculation

A business unit's Human Sigma metric score is computed by first converting its mean scores on 12 employee engagement items and 11 customer engagement items into percentile equivalents. The Human Sigma metric score is calculated as the square root of the product of the two percentile values divided by 2 (Fleming, Coffman, Harter 2005). This score is then used to establish threshold values that define six Human Sigma levels--HS1 through HS6. The HS4 threshold is defined as 50. The HS3 threshold is defined as one standard deviation below that, and the HS5 threshold is one standard deviation above the HS4 threshold. Successive thresholds are one standard deviation away from the adjacent level (Fleming, Coffman & Harter, 2005).

Sigma Optimization

The local business units within HS1 and HS2 performance bands typically have poor performance on both employee and customer engagement metrics, fail to meet their operational and financial goals, and require immediate and intensive intervention. Thus, HS1 and HS2 units are "not optimized." HS3 units are "partially" optimized, and are either too externally-focused (with high customer engagement only), or too internally-focused (with high employee engagement only). Too externally-focused units are not sustainable in the long run without the support and energy from an engaged workgroup. Too internally-focused units are direction-less. In these units, the manager's execution of human sigma strategy, expectations from the employees, and their recognition and development are not aligned with driving customer performance. Units at the HS levels 4, 5 and 6 are all "optimized" as both have high customer engagement and high employee engagement. HS4 units are "emerging optimized" performers, and HS5 and HS6 units are "super optimized" performers. The balance between employee engagement and customer engagement in these units is achieved driving business growth and optimized financial performance (Fleming and Asplund, 2007).

The above overall observations about HS1 through HS6 units are empirically supported by the engagement and financial performance data about 1979 business units in ten different companies in the sales and service industries, as compiled by Gallup Consulting. Their data reveals that *"local business units that score above the database median on employee and customer engagement metrics"* (optimized) *"are, on average, 3.4 times more effective financially than units that are in the bottom half on both measures"* (not optimized). *"They are also about twice as effective financially as units that are high performers on one but not both of these critical vital signs (partially optimized)"* (Fleming and Asplund, 2007).

The Challenge of Local Business Unit Variation

The high-level summaries or averages of a company's vital signs (such as growth rate) may make potentially useful marketing claims and may even make managers or executives feel better about their overall performance in the market place; however, these summaries obscure the staggering range of performance from location to location within the company. In sales and service organizations with a high level of employee-customer encounter, the organization's customers experience variation, not averages. In such organizations, a high degree of variability in the employee-customer encounters represents a significant threat to the sustainability of the enterprise. (Fleming and Asplund, 2007). HS1 and HS2 local business units have a high degree of variation in the employee-customer encounter, and need aggressive intervention and repair.

Operational Structure

According to Fleming and Asplund (2007), an important dimension in Human Sigma strategy is to align the corporate structure to support Human Sigma. This can be done by consolidating responsibility for managing the company's human systems under an executive champion—a "Chief Human Sigma Officer" who has corporate support and funding for broad-based change initiatives to improve Human Sigma performance (Fleming and Asplund 2007). This individual must also have a span of control that extends to the customer and employee domains as well as other functions--human resources, marketing, and operations—that intersect with the company's human systems. A team representing these domains and functions (called Human Sigma Steering Committee) is charged to drive cultural change throughout the organization in response to the Human Sigma measurement findings, and is charged with the effective and efficient implementation of the organization's Human Sigma Program. For each local business unit level, a corresponding "champion" and local Human Sigma Steering Committee should also be formed. These local structures serve as the direct liaison between the frontline employees, managers, teams, and the Human Sigma initiative. They also report up to the corporate Human Sigma Steering Committee, and the business unit's senior management team. In case the Human Sigma findings identify additional improvement opportunities (such as product development issues, centralized delivery or procured channels, shared services issues) that are not specific to a line of business in an organization, another corporate level team from these specific areas should be assembled to address these enterprise-level "escalation" issues.

The above corporate-level and local-level structures are responsible for the employees' evaluation, intervention and encouragement activities that may be categorized as transactional (doing "better" what you already do) and transformational (finding "new" ways to do things) activities. Transactional activities such as training and coaching of employees or other "just-fix-it" aggressive interventions tend to be short-term, and recur regularly. It is important to note that if the local manager's feedback to the employee is of poor quality or just a "noisy" feedback, there is insufficient pressure for real improvement in the employee's behavior, especially, if the consequences of employee errors are small due to the lack of accountability or genuine senior-level commitment. Transformational activities are long-term structural interventions, and may focus on how companies select, promote, compensate, evaluate, recognize and develop employees—tying them to their Human Sigma performance.
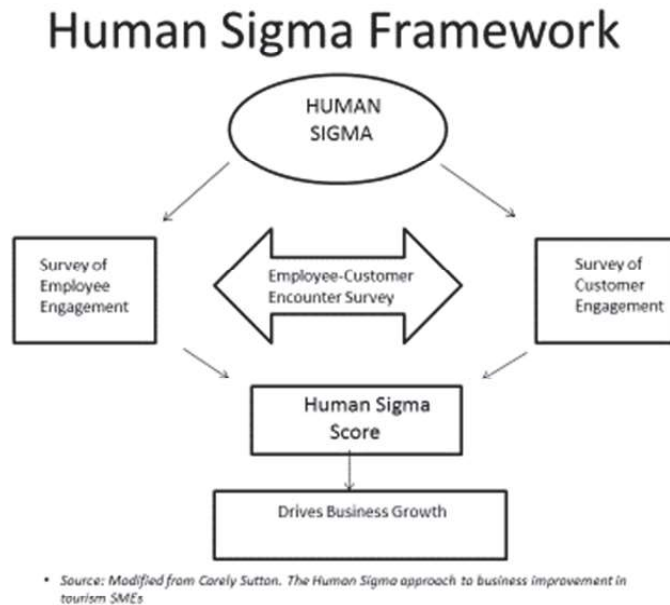
APPLICATIONS AND CHALLENGES

Applications

Human Sigma has been applied globally to various industries including professional services, retailing, sales, financial service, tourism and hospitality, healthcare, transportation, and banking. Gallup Consulting experts work with large organizations in these and many more industries to build enterprise-wide consulting solutions to maximize employee and customer engagement (www.gallup.com).

Recently, Human Sigma has been applied to spiritual engagement as well. The scientific rigor behind Gallup's employee and customer engagement surveys is modified to create a 25-item Faith Member Engagement survey. The survey empowers faith-communities to measure, manage, and maximize spiritual engagement (the degree of belonging that each member has in their local faith community). When members feel engaged, they regard their faith community like their own family, and demonstrate a high level of ownership for their mission and ministry (Gallup website 1). As per the Gallup website, Human Sigma customer and employee engagement surveys are recently applied to higher education as well with some minor modification. Through these tools, Gallup helps colleges and universities to create cultures of engagement for students, and faculty and staff. Faculty and staff engagement has high correlation with student engagement which can have an effect on great jobs and great lives. Gallup's employee and student engagement surveys provide university leaders the data they need for the university's strategic and tactical improvement programs (Gallup website 2).

FIGURE 1

Human Sigma Framework

- Source: Modified from Carely Sutton. The Human Sigma approach to business improvement in tourism SMEs

Some well-known companies that have used Human Sigma as an operational tool, and have measured, in particular, employee engagement include CarMax, Hyatt Hotel, PNC Financial Services, Wells Fargo, Commonwealth Health Corporation, Cleveland Clinic, Fifth Third Corporation, ABC Supply Company, and Marriott Vacation Club International. Gallup Consulting recognizes those top-performing companies that lead the global economy by engaging their workforce. Some of the recipients of the 2016 Gallup Great Workplace Award include Charles Schwab, Commonwealth Health

Corporation, Hyatt Hotels Corporation, Nationwide Insurance, PNC Bank, Wells Fargo, China Merchants Property Development, and Emirates Integrated Telecommunications Company (Gallup website 3).

Based upon their wide experience of Human Sigma tools and surveys, Gallup Consulting, in their report titled "State of the American Workplace" provide numerous enterprise-wide suggestions to strengthen the employee engagement. Some of those suggestions are stated below.

- Companies should focus on the employee engagement at both the enterprise level and the local level.
- Companies should use an elaborate survey to measure employee engagement. For example, Gallup's 12-item employee-engagement survey, as discussed earlier, is psychometrically "purified" to accomplish the high levels of reliability and validity. The 12-item survey measures employees' *emotional* engagement, and ties directly to the employees' willingness to go the extra mile for their company.
- Companies should select the right managers who have the talents for supporting, positioning, empowering, and engaging their staff.
- Companies should coach managers and hold them accountable for their employees' engagement.
- Companies should define employee engagement goals in realistic, everyday terms. They should ensure that managers discuss employee engagement elements at weekly meetings, hold impact planning group sessions as well as one-on-one sessions with employees to weave engagement into daily interactions and activities.
- Managers should find ways to connect with each employee. They should know that age, gender, tenure, and other variables all play a vital role in shaping a team member's workplace experience. They should also know that every interaction with an employee has the potential to influence his or her engagement and inspire discretionary effort.

The author of this paper also interviewed an experienced Human Sigma strategist of a large financial institution. The gist of the interview findings concerning the Human Sigma implementation is as follows.

- Managers need to own the measurement and improvement processes at the local level. Managers and employees need to understand the *why* behind the employee-and-customer engagement survey process--only then the *how* will become consistent.
- Twelve items, as stated earlier, in the employee-engagement survey are woven into the behaviors of each employee. The 12 items should not be seen as something separate from the customer-employee encounters. There is a direct correlation between the 12 employee-engagement items and the measure of the quality of customer-employee encounter. To accomplish the highest quality of customer-employee encounter, a manager should focus on strengthening the performance on the 12 employee-engagement items.
- Employees need to be satisfied and self-motivated to deliver the "5-star" service. Only talented employees deliver on the key organizational messages and directives. Companies face high employee turnover when the expectations of delivery are unreasonably and excessively high. Most employees do not want to deliver good service that requires an excessive effort on selling, problem-solving, and follow-up.
- The manager of a local business unit should be involved in the following periodic transactional activities:
  - Hold a daily meeting with employees to share updates, re-energize them about the Human Sigma activities, and brainstorm new ideas with them.
  - Share weekly results of the measurement of the quality of employee-customer encounters.
  - Develop a local team-plan to strengthen the quality of employee-customer encounters.
  - Share the periodic results of the measurement of employee-engagement.
  - Develop and share a local team employee-engagement plan.
  - Consistent review and ownership of the plan by the employees is important.
  - A manager must not hide the Human Sigma scores about the employee-engagement and employee-customer encounters from the employees.

- Continually train and coach employees with a focus on the 18 employee-customer encounter behavioral items as stated earlier.
- Analytical reports enabled through the filtering of survey responses should be utilized to develop action-plans at the local level.

Limitations and Challenges
- Both the employee-engagement survey and customer-engagement survey contain *numerous* questions that need to be answered. Employees and customers usually detest answering the *long surveys*.
- It is *not very easy* for frontline employees to understand the concept of Human Sigma, its metrics such as the employee-engagement index, customer-engagement index, customer-employee encounter index, and Human Sigma metric score. This difficulty, sometimes, creates d*isconnect* between the management and employees concerning the nature and solution of employee disengagement.
- The lower-level management, and local business unit supervisors typically *resist* the transformational (long-term, structural) change needed in their behaviors.
- In today's competitive environment, *inclusiveness and diversity* in workforce culture is expected; however, Gallup Consulting's traditional employee engagement measurement does not include this dimension. Moreover, adding survey-items to capture this dimension will make the already-long employee-engagement survey even much longer.
- The long employee engagement, customer engagement, and employee-customer survey-questions are closed-ended. An opportunity for customers to provide open-ended comments, if provided, makes the surveys much longer.
- The Human Sigma metric score is calculated from the survey data. As such, it may suffer from the problems common to most surveys, such as the response errors, non-response errors, and high survey administration cost.
- Surveys occur *after* the employee-customer encounter/transaction. As customers do not have the opportunity to share the issue or a problem in real time, the customer turnover is highly likely if the problem/issue goes unattended, or is addressed late.
- Human Sigma strategy has a potential for wide applications. However, its proprietary operational tools that are owned by Gallup Consulting make the incorporation of Human Sigma strategy a costly affair, especially, for small- and medium-sized enterprises, thereby limiting their usage.

A SIMPLIFIED ALTERNATIVE TO HUMAN SIGMA: NET PROMOTER SCORE

An alternative that addresses most of the above Human Sigma limitations (especially the long surveys) is the Net Promoter Score. Net Promoter Score (NPS) is a registered trademark of Frederick R. Reichheld, Bain & Company, and Satmetrix, and is a simple measure of how well a brand or company succeeds in creating satisfied, and loyal customers. In this method, instead of a long survey, customers are asked (on a ten-point scale) *only one "ultimate" question*: "How likely are they to recommend the company or brand to a friend or colleague?" Based on the responses to this single question, customers are divided into three types: promoters, passives, and distractors. Promoters are willing to recommend the company to others, and gave the company or brand the rating of 9 or 10. Passives are satisfied but unenthusiastic customers, and gave the ratings of 7 or 8. Detractors are customers unwilling to recommend the company or brand to others, and gave the ratings of 0 to 6 (Reichheld, 2006).

The NPS is created by subtracting the percentage of detractors among current customers from the percentage of promoters among current customers (Reichheld, 2003). High NPSs generally mean that a company is doing a good job of securing their customers' loyalty. Because the metric is simple and easy to understand, it provides a stable measure that companies use to motivate employees and monitor

progress (Farris, et al., 2010). Reichheld (2003) has demonstrated--by way of an extensive empirical research--that NPS is a significant predictor of its sales growth rate relative to its competitors.

As we learned from the Human Sigma strategy discussed earlier, companies cannot achieve or sustain customer loyalty without a cadre of loyal, engaged employees. Engaged employees are enthusiastic about their work and their company. Their enthusiasm is contagious, and rubs off on other employees and customers. Engaged employees also cause the enhanced business performance by way of providing better customer experiences. Parallel to NPS, a similar employee net promoter score (eNPS) can be calculated by subtracting employee detractors from employee promoters. Promoter (as well as detractor and passive) employees are identified based upon their responses to two separate questions: (1) How likely are you to recommend (company) as a place to work to others? (2) How likely are you to recommend (company's) products and services to your friends and families? The same 10-item scale, as suggested earlier, for NPS is applied to eNPS as well (Reichheld, 2006). Both NPS and eNPS have received much attention and relatively rapid adoption as the registered trademarks of NPS and eNPS are not proprietary, and can be widely used free of charge by companies.

CONCLUDING REMARKS

The challenge of global workforce disengagement deserves an appropriate imminent solution. Human Sigma as a managerial philosophy and business strategy is a step in the right direction. Human Sigma as a quality-control and customer-centric approach also serves well the today's empowered consumers. Further, the emotion-based Human Sigma measurement relies heavily upon the psychometric theory, and its validity and reliability has been repeatedly established by its developers (The Gallup Consulting website; Harper, Asplund and Fleming, August 2004). However, the author of this paper believes that, unlike Six Sigma, Human Sigma managerial philosophy is likely to grow at a slow pace as Human Sigma as an operational tool is proprietary, copyrighted by its developer, and is, expensive to use. As academicians have begun to look into Human Sigma lately, and doctoral dissertations (Zweifel, 2010) and academic research (Sutton, 2014; Sutton 2015) on Human Sigma have begun to appear, Human Sigma's modified and re-modified versions and alternate-tool solutions will evolve. NPS is an example of a recently developed and adopted alternate simplified solution in this regard.

ENDNOTES

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