

## EVEN SECURITIES INDUSTRY FINDS CUSTOMER CONFIDENCE VITAL

Its reputation is in need of repair because of scandals galore, plus:

- 1) pushing managements to make short term decisions;
- 2) intensifying the greed/now syndrome,
- 3) turning a structure as vital to everyone's wellbeing as investment capital into speculation & gambling, e.g. derivatives.

Wall Street is at last concerned, wants to win public's trust. Securities Industry Ass'n, representing Wall Street & Main Street firms, has begun a 4-pronged program to build public confidence.

1. **LEADERSHIP** Central to the program. Industry leaders will be encouraged to speak out on key issues -- SIA providing the forums to do it. "We are establishing an on-going national committee of leaders & topic-specific roundtables to ensure high-level attention to issues of product quality & client service," explains Howard Clark Jr, SIA '94 chairman.
2. **EDUCATION FOR INDUSTRY PROFESSIONALS & CUSTOMERS** Key elements for professionals will be the continuing education program which SIA supports, & strengthening of the curriculum & participation at the Securities Industry Institute at Wharton. At the customer level: increasing investor understanding of the economics of saving, investment & retirement; working to expand SIA's Stock Market Game teaching program. "The industry can do a better job of educating investors at the grassroots level & we are developing a program to help our firms achieve that goal."
3. **COMPLIANCE** Designed to build on industry systems & structure already in place. "That means expanding & extending the already extensive partnerships between regulators -- at the state & federal level, self-regulators, industry groups, & individual firms." Industry aim is "zero complaints...to make certain all customers can be sure their broker represents the highest standards of honesty & integrity & follows the principle that the customer's need always comes first." To reinforce that message, SIA will survey existing internal compliance programs of its members & share results.
4. **COMMUNICATION** "None of these initiatives can be considered totally successful unless we maintain an on-going dialogue with the public, to communicate our objectives & publicly measure ourselves against these objectives."

Regulations to protect customer rights "are essential, but they are not enough. The broader issue of ethics goes beyond laws & regulation. It is a matter of the standards by which we conduct our business & manage our relationships." -- SIA '95 chrm John Steffens

Program will be ongoing & continually reviewed & revised. SIA plans to have in place a newly created research group to develop programming on ethics & public trust issues, which will be highlighted at all SIA conferences & roundtables during 1995.

## RESHAPED ORGANIZATIONS NOW MUST RE-ENGAGE EMPLOYEES

"Companies can no longer offer employees lifetime employment, steady career advancement, & ever-increasing salaries. Yet at the same time they are asking employees to work harder & smarter, to provide better customer service, & to be ready & willing to change with a newly flexible organization," states Work/Family Directions' "Recommitting the Work Force." Publication evolved from a recent 2-day business roundtable that looked at the role of work/life programs; summarizes key findings.

### HOW CAN ORGANIZATIONS EARN EMPLOYEE COMMITMENT?

1. **Benefits that address important personal & family needs.** Organizations that support employees' personal needs,

"give the employee a reason to stay at & contribute to the organization, and they help eliminate barriers to getting the work done."

- "The support people need is not paternalistic. It is empowering. People need practical information & advice to understand what they are going through. They need to feel normal, not overwhelmed & 'crazy' as they deal with an accelerated pace of change." -- Fran Rodgers, CEO, Work/Family Directions
- "Work-and-family programs actually bind our very diverse work force together, because we all understand caring about our children & caring about our family. We know they're [work/family prgms] right for our shareholders, because they make us more willing to do the very difficult things when we're called upon to do them." -- Hugh McColl, Chrm & CEO, NationsBank

2. **Flexibility.** Findings from various surveys reveal:

- Flexibility & work/life supports were the 2nd most important factor given by high-performing employees for remaining at IBM.
- Half of DuPont's female employees & a quarter of its male employees had considered leaving for an organization that might offer more job flexibility. But...
- Fewer than 2% of workers from 80 large org'ns use job sharing, telecommuting or part-time options, even tho most of those companies had policies allowing these practices.

"The cost in turnover isn't even the worst penalty to companies that don't deliver true flexibility. For every worker who actually leaves a company, many more express their frustration in their performance: by putting in their time but not their full effort."



Why this discrepancy? "Employees fear that to use them [flexible practices] is to lose value in the eyes of co-workers & managers. Tho they want flexibility desperately, & many are willing to leave the company to get it, *employees won't take it unless it is offered with respect.*"

- **Flexibility is a strategy**, not a program or a benefit. "Companies that use flexibility as part of a strategy for meeting customer needs & for earning a higher return on their labor investment will find ways to make it work. When managers see the alignment between business & employee needs they will respond. But this change in attitude needs to permeate the organization -- from the CEO to the first-line supervisors -- before any real transformation can occur."

- "Flexibility is really a solution. **It's a tool to maximize the contribution of every employee.** When employees have flexibility over their work arrangements they take care of their own personal situation and they return the benefit many times over -- in increased productivity & increased customer responsiveness." -- Samuel Foti, Pres & COO, Mutual of NY

"What would I say to a CEO who resists greater employee flexibility because of concerns about loss of accountability & productivity? I'd hope he was a competitor & I'd keep my mouth shut. Companies that don't believe in this are going to be trapped by it in the end." -- Ronald Compton, CEO, Aetna Life & Casualty

3. **Building commitment to team, work & customer.** The ideal of company loyalty is changing (see prr 2/28/94). Workers are more committed to doing their jobs well than to helping their employers succeed, shows a '93 Families & Work Institute study. 57% strongly agree with the statement "I always try to do my job well, no matter what it takes." Only 28% strongly agree with "I am willing to work harder than I have to to help my company/organization succeed."

**Bottomline reason for building employee commitment:**

- 70% of customer satisfaction depends on the service a customer receives from employees rather than the actual performance of the product, finds a '93 AT&T study.
- 14% of customer defections in service businesses are the result of poor quality product, while more than 65% are due to *indifferent or unhelpful employees*, finds '91 research at Forum Corp.

4. **Promise of employability.** Responsibility for career development belongs with the employee. But organizations must support their workers by offering *opportunities* for career development & skills enhancement. A promise that the company won't leave workers *unemployable* helps to replace the old security of guaranteed employment.

"Companies that pull back on old promises without offering anything new in return will be forced to operate with the cost of a full work force but without its full contribution." (More info from Work/Family Directions, 930 Commonwealth Ave West, Boston 02215; 617/278-4000)

## ARTIFICIAL INTELLIGENCE UNCOVERS THE "WHYS" IN SURVEY DATA

"And it does it by using typical survey data," explains Steve Hokanson, Pattern Discovery NP's creator. Here's how: program uses nonlinear analysis techniques based on AI & fuzzy logic. It finds more relationships between variables & uncovers insights into complex stakeholder issues.

Conventional survey analysis uses mathematical models that view the world as "linear" -- with variables that never interact. Pattern Discovery works on the premise that variables frequently do interact. It identifies & establishes a system that ranks variables by how much impact they have on a particular target to uncover hidden patterns. Data is graphically illustrated & organized in the following ways:

1. **Resource Allocation List:** Identifies which variables in a group of closely related variables have the most importance. Each variable's rating is based on the number of other variables on which it has impact.
2. **Resource Allocation Details:** Displays variables that impact other variables. Those at the top are best candidates for achieving goals. As they are improved they drop in relative importance & others rise. Allows for continuous improvement.
3. **Target Objective Strategies:** Presents a graphic understanding of where resources should be allocated first as well as last. Shows all the relationships for a target variable (e.g., overall customer satisfaction) in quadrants corresponding to 4 different relationships with other variables: 1) Leverage Points For Success (attributes that will help achieve your target variable); 2) Minor Concerns (attributes that hinder achieving it); 3) Profiles of Success (attributes that are favorable, change here would be dangerous); 4) Profiles Of Failure (negative attributes, keep customers away).
4. **Close-up:** Details elements listed in any one of the quadrants. Shows which elements are most closely related to a rating of "excellent" or "poor" for a target variable.

Examples of its use:

- Fast-food company found restroom cleanliness has a halo effect on diners' perception of overall food quality.
- Public Service Gas & Electric (Newark, NJ) found a direct relationship between billing accuracy & how customers rate the reliability of electric service.
- Utility, which sees itself as actively involved in safety, found employees felt the utility "couldn't do too much" in that area. Utility learned "even tho it does a lot, it needs to go overboard on its concern about safety, then the employees will feel good about the company," vp Curt Johnson told prr.

Company is a 3rd-party service provider. A long-term goal, notes Hokanson, is developing customized software for clients to use inhouse. (More info from Pattern Discovery, 314 Fitzwater St, Philadelphia 19147; 215/928-1619)