

The Next Era of HR: Digital Marketing

By Susan Hunsberger



Becoming digital is a top priority for many companies today. The rapid rate of adoption of new technologies by consumers and companies has impacted every industry and has accelerated time to market and value creation in growing competitive digital marketplaces.

Digital native companies, such as Trip Advisor, Blue Apron, and Uber have launched business models that enable consumers to receive goods and services with ease when and where they want them. They have reached more customers with less capital investment than their brick and mortar peers.

Mature businesses are also vested in digital and playing offense. Hilton and Wal-Mart are using technology and marketing analytics to adapt their services and augment their traditional value chain. A recent *Forbes* Insight survey found that 90 percent of global businesses surveyed have initiated a formal digital transformation¹. And a survey of CEOs conducted by *Fortune*, found that nearly 67 percent of them thought the company they were leading was a “technology” company².

ServiceMaster CEO Rob Gillette agreed with these survey findings. To remain relevant, the 88-year-old company and a leading provider of essential residential and commercial services would need to adopt technology platforms that improve

the customer experience. Consumers want the same frictionless online retail experiences when it comes to researching and purchasing home services. With more than 90 percent of U.S. consumers having their mobile phone within reach 24/7³, this drove the Company to focus on real-time engagement between our trusted service providers and customers in the digital marketplace.

Our digital journey required a commitment from our C-suite leaders. The shift would be too broad and too complex to be delegated to the IT organization alone. It not only required IT to lead the development of new applications and the deployment of mobile devices to thousands of front line employees, but also a shift in marketing investment to reach and respond to customers through digital channels, and the transition of organization culture and people processes to embrace and support agile and digital mindsets.

Think Like a Marketer

As we embarked on this transformation, we assessed the current state of the organization and identified the high-level steps we would need to take to digitize the organization. We would need a well-defined vision and road map that laid

out the critical requirements in the journey. Investments in technology, including HR systems, would need to be made to enhance our ability to communicate with customers and employees. Talent, while always important in service orientated companies, would become even more critical to successful execution of the digital strategy. This led us to identify three key roles HR would play to move the company along the digital journey

Culture Architect. HR is responsible for ensuring the people practices are driving a digital mindset up, down and across the organization. HR work is geared toward building the brand from the inside out, creating culture first so employees understand desired behaviors and how to deliver what the business has promised to its customers.

Talent Strategist. As the company transforms, we would need to define a talent philosophy to attract and develop leadership talent capable of working with technology and our front-line employees who deliver the customer experience every day. This required a shift in strategy from hiring only experienced employees to finding and developing entry-level talent.

Rewards Designer. While we reviewed our benefits programs and workplace policies, the most significant opportunity to align employee behaviors with customer outcomes, came from re-shaping our bonus plans. As Lou Gerstner said in an October 2016, *Wall Street Journal* article, “people form opinions on what is important by what leadership inspects, not by what they say.”⁴

Identifying these critical roles also helped to bring to the forefront missing skills the HR organization needed to successfully lead its pieces of the transformation journey. The leadership team reviewed results of 360 feedback and conducted a gap analysis of the performance assessments of leaders across our function. While we expected to need more IT and analytical capability, we found we had a solid foundation in these areas. We recently implemented a new HR system and had forged a strong partnership with our IT colleagues. Our people analytics function was staffed and actively involved in analyzing and using data to drive people decisions. Our largest gap was in the areas of storytelling, branding and customer focus. We knew we needed to build a partnership with marketing and marketing communications functions to succeed.

HR and Marketing Winning Together

Historically at ServiceMaster, HR and marketing were not accustomed to collaborating on strategic initiatives. However, with our corporate digital strategy outlined, it was obvious there was significant work to be done and that better outcomes could be achieved by staying aligned and working cross-functionally. We first assessed our culture, using inputs from our Annual Voice of the Employee Survey, focus groups and two-way internal communications channel “Let’s Talk” and identified four areas we would need to address: our beliefs and values, a framework for defining and communicating digital, the corporate and employment brands, and the physical design of our office space.

Culture Change and Shared Behaviors

Through discussions with employees, senior leaders and



customers, we identified “Winning Behaviors” that all employees should demonstrate in their interactions with customers, shareholders and most importantly with each other. We replaced annual reviews focused on individual competencies, tied to specific roles, with real time feedback on the behaviors.

Marketing communications created stories and videos of employees demonstrating a behavior as they completed their work responsibilities. This reinforced the one ServiceMaster culture we wanted to create and recognized role models that were early adopters of the behaviors. Two of the behaviors, *Champions Change* and *Continuous Learner* were selected because they reinforced our legacy of resiliency. An 88-year-old company has to be able to change and adapt to remain competitive, and we must continuously learn and grow. In a recent study by Korn Ferry, these two traits were differentiators for companies “Going digital” versus “Born digital.”⁵

A Digital Framework

Having a consistent way of articulating our digital strategy also required a Marketing and HR partnership. We branded the term *ServoSmart*, to describe the overall digital strategy with external stakeholders and employees. It was important for our front-line employees to understand how digital technology empowered them to better serve customers and how technology was being used to improve the employee experience, starting with job candidates.

Our *ServoSmart* business approach continues to expand with our new technology and innovation center, where HR, marketing, and IT will come together to participate in “hackathons” and “big room planning” exercises—all in an effort to disrupt how we go to market to customers and candidates alike.

A New Corporate and Employment Brand

As part of our culture change, we also redefined our corporate and employment brands. The existing brand had been in place for decades and failed to convey our One ServiceMaster focus, as well as the importance of our employees in delivering the customer experience or the internal behaviors we valued. Armed with survey data from customers, employees, candidates and senior leaders, we identified a new brand purpose to

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connect our trusted professionals with customers to solve the homeowner’s dilemma.

We also created a new logo, which represents a stamp of instilling trust and driving empowerment for our customers. In addition, the brand marketing team used their creativity to design a communication vehicle that would articulate our identity and communicate the total value of the company to customers and employees. The ServiceMaster Experience, a mobile display designed to resemble the interior of the home, showcased in a digital way both the services the company offers and helpful tips for protecting homes.

This rebranding effort gave us the opportunity to work in tandem with marketing to create one message that is consistent for customers, current and future employees. The brand message, “Instill Trust, Drive Empowerment” is what we do every day to keep our existing customers and attract new ones, and it aligns with how our leaders need to connect with employees.

Physical Spaces that Promote Culture

Currently, our 1,200 corporate employees are located in offices across Memphis. In 2018, our headquarters will move to One ServiceMaster Center in the heart of downtown. The design of our new work space is unique and reflects the collaboration and innovation we are trying to ignite. With the help of architects and real estate partners, a vacant mall will be transformed into 340,000 square feet of office space. All employees will be together on three floors, bringing all seven of our brands together. We’ve involved employees in the design of our new global headquarters and have created videos to document the stages of transforming an abandoned urban mall into Class A open and collaborative office space.

In June, we opened our Innovation Center on the ground floor of the building. This window-lined space, visible to the millions of visitors to Beale Street every year, will serve as an incubator for digital entrepreneurs that are working on innovations that may disrupt or open new markets in the residential and commercial services industries. Co-location will give us the

opportunity to research and pursue ideas that align with our strategy while giving tech talent the opportunity to be mentored in areas of running a business to which they haven’t had previous exposure, including technology architecture, customer relationship management or search engine optimization.

By investing in start-up talent, the next round of billion-dollar companies may launch and create new technology companies in the area. The more we foster technology, the more we can become a destination for talent that wants to part of an industry network, but on a smaller, more affordable scale than Silicon Valley.

Talent Strategist: Building Versus Buying

A digital first, service-oriented culture, required a change in how we attracted and developed talent. In the past, we recruited experienced hires for leadership roles in our branches and call centers, preferring candidates with a decade or more of previous work experience. In 2014, we shifted from “buying” talent to “building” talent and launched our ServiceMaster Leadership Development Program for recent college graduates. This program includes multiple job rotations through a variety of field roles, online and classroom training, and access to executive mentors. By focusing on our performance expectations, we have accelerated the time it takes to prepare an employee for a key leadership role in the field from 10 years to 18 months, a timeline that is more compelling for Millennials looking to make an impact earlier in their careers.

We also made similar investments in training for our sales and technician work forces, which account for half of our employee population. All 1,000 account managers attend Sales School at our corporate headquarters and receive training on our services, the tools to use when interacting with customers and how to effectively manage accounts. Technicians attend a four-day training program and then get 30 days of on-the-job training with a senior peer working through specific learning objectives, which culminate in the technician becoming licensed to perform service. While the service and retail industry are known for high attrition rates, we’ve found making these investments in development have helped us better retain our talent and deliver higher customer retention scores.

Recruitment Marketing and the Consumer Candidate

While our partnership with marketing started with data and an internal view of our culture, the real power of the HR–marketing connection came from injecting an external, consumer-driven approach into our talent acquisition function. We applied a “candidate first” lens to our recruiting strategy and embraced a few tactics from Marketing’s B2C playbook to ensure candidates can easily find us, learn about our company and culture and connect with us.

Many marketing and IT functions have invested time and resources to map the “moments of truth” in the customer’s journey. We decided to take the same approach with job candidates and mapped their journey and the points of influence. We started with a redesign of our career sites and added content to reinforce our new brand. Many job seekers agree that the look and feel of a company’s website influences their intention to apply for a job. We replaced stock photos with



actual employees and added videos that show real people working in the field and supporting the customer. Our social media presence expanded to include content that passive job seekers would find helpful such as tips for interviewing and navigating through a job search, in addition to information about the company. In the months following these changes, we increased traffic to our web pages by 84 percent, with more than 50 percent engaging with the brand using a mobile device.

We also reviewed the factors of influence that encourage or distract candidates from applying for a job at a company. While a lot has been written about the impact of social media on a candidate's decision to apply for a job, we found these sources of information to be less influential than interactions with ambassadors of the company, including recruiters and employees, as well as the opinions of friends and family. This insight led to the design of our referral programs and a more integral part of our talent acquisition strategy.

A/B Testing and Referrals

A good marketer understands the value of A/B testing, the practice of comparing two variables to see which one is more effective in maximizing desired outcomes. Our marketing team uses this technique to optimize web page design and drive conversion rates. We decided to apply this concept to the relaunch of our employee referral program.

We created several referral campaigns, all with our new branding and talents of a graphic designer, and measured the number of referrals received and conversion to hires for each. We had a few key learnings from these campaigns that will shape our campaigns going forward. First, an extrinsic motivator—highlighting the amount of the referral bonus—generated more referrals and resulted in a higher conversion rate than campaigns without a monetary focus.

Second, we also found when a campaign included a nudge—a request for referrals of people with specific skills sets (in this case, sales)—we increased the number of referred candidates by 100 percent. Marketers and social scientists have used

this technique to influence human behavior, it was good to validate this worked in the HR arena where the nudge benefits both the company and the individual.⁶

Third, we had higher conversion rates and faster cycle time to hire for referred candidates versus those from other sources. This was the most powerful and actionable learning from the A/B testing. We hire thousands of employees every year, with the greatest need between February through May when we ramp up staffing to meet seasonal demands in our business. The nature of our work also requires employees to be trained and licensed prior to working in the field with customers. With less time spent sourcing candidates, we reduce the overall time it takes to find, train, and deploy a technician, which is critical during peak times.

While we expected to see higher performance in referred versus non-referred employees, that wasn't supported in the data. Both sets of employees performed similarly. In the research reviewed on referral practices, other companies report that referred workers perform at a higher level than their non-referred peers. Our results may be explained by the nature of our roles, in that we hire entry level and train our new hires to perform their job duties. Other companies hire skilled workers with expertise in specific fields including technology, finance, and engineering.⁷

Focus on Compensation

We made the decision to invest in a digital transformation for two key reasons. One, we wanted to improve our ability to connect with customers and provide a way for them to learn about and request home services as easily as summoning an Uber or getting a Blue Apron delivery. Two, we know that growth will be driven by new digital products and channels that reach new customers in different ways. To succeed, we needed to understand customer behavior and choice and have the digital capabilities to meet their changing expectations. With the customer front and center to our digital strategy, it made sense to make sure our pay plans also rewarded

employees for caring about the customer and delivering great service.

Variable incentive plans are in place across the organization, multiple roles from front line service employees to C-suite executives have pay tied to business performance, with a primarily focus on revenue and EBITDA. As a publicly traded company, these metrics are well defined, tracked and regularly reported by our CFO. Customer data was available;

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however, it was not collected in a consistent manner and different measures were used by each business unit to gain insight on the voice of the customer. We had work to do before we would be able to tell associates their compensation would now be tied to a new customer metric.

While HR traditionally drove development of compensation plans, a cross-functional team was needed to optimize the design and communications of a customer-centric bonus plan. The heads of HR, Marketing, IT and brand management came together to debate the most effective measures to use to capture the voice of the customer. Did customer satisfaction or Net Promoter Score best reflect customer views? Which customer metric predicted financial outcomes for the company? The team also had to validate the baseline and appropriate improvement targets since we hadn't consistently measured and reported customer feedback like we had with financial output markers. Our service and compensation leaders traveled to branches to meet with employees to explain which customer metric mattered, how their actions can impact the score and what it meant to their compensation.

With the digital investments we've made, we are able to capture customer feedback at the time of service and share it with the technician and the branch management instantly. Crowd sourcing techniques provide real-time information on what is working well and, conversely, what needs to be addressed immediately to maintain customer trust. While feedback can be tied to a specific individual, the ability to build intelligence around the customer experience at a branch level keeps everyone aligned on what it takes to keep loyal customers and win for the company.

What It All Means

Digital transformation is really a people story. It has to be endorsed by the employees that it helps perform their jobs more efficiently and with greater focus on the customer. CHROs are in a unique position to help their organizations transition, as they understand company culture, the strengths of the leadership team and the capabilities of the organization. However, the scope and complexity of digital change will require HR to build new partnerships and new capabilities.

First, HR will need to partner with marketing and tap into its storytelling capabilities. Marketers understand the power

of a story and how to communicate the promise of a brand in a way that connects with customers. Stories also can be used to share employee experiences as they move along their digital journey and learn new ways of working. This "show me" approach creates more engagement with employees than the traditional "tell me" approach by the CEO that describes the transformation.

Marketing also can learn from HR by understanding the value of personalizing touch points for candidates and customers alike in the digital marketplace. Both areas are focused on influencing and motivating people. And at the end of the day, a company's brand lives through employee beliefs, thoughts and word of mouth about the organization. Marketing can learn from HR that employees can be effective brand ambassadors, which can directly support their work to connect stronger with customers.

Second, HR will need to be more data driven. Marketing uses data to measure consumer behavior, HR will need to have the same analytical approach to measuring employee behavior and the impact of HR practices on business outcomes. HR departments may need to hire people with backgrounds in data analytics, economics, organization behavior and other analytical fields to build this capability.

Third, HR will need to empower cross functional teaming and accountability. Digital is not a department; it requires talent and ideas from many business functions to come together to create value for customers. HR can lead here, ensuring team goals and deliverables are clear and that success is tied to delivering a completed product, not just actions tied to one organizational function. Cross-functional thinking builds consensus and moves the culture toward a digital and customer first mindset.

Digital will change every industry and eventually every organization. It also gives HR a significant opportunity to shape culture, drive growth, and position an organization to be truly outstanding in a digital era. ■■

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