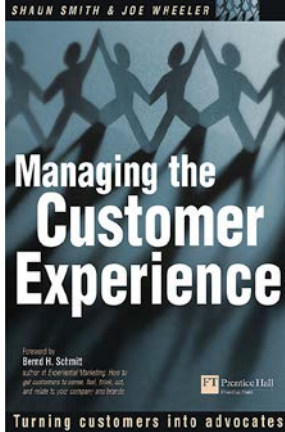


MANAGING YOUR CUSTOMER EXPERIENCE

The Seven Deadly Sins



MANAGING YOUR CUSTOMER EXPERIENCE THE SEVEN DEADLY SINS



Customer Experience Management (CEM) has become well established in the US and UK markets and is becoming increasingly a hot topic in the rest of the world.

Unfortunately with so many consultancies entering the field it is not always implemented with the level of rigour needed to achieve significant business results.

The fact is that when CEM is implemented systematically it produces results. There is no simple or magic way to implement CEM; it comes down to commitment and being willing to implement those things that will make a difference.

Since we wrote our original book, *'Managing the Customer Experience'* in 2002, the world has changed considerably. Here, we'll share with you some of the lessons we have learned since then in working with organisations world-wide to implement CEM successfully. In doing so, we hope that we can help you avoid some of the pitfalls.

The following *'seven deadly sins'* are not the only mistakes we see, but they are the most common and often, the deadliest. Unfortunately, when they happen, they can completely negate all your best efforts to turn your customer experience into one that will truly differentiate your brand and turn your customers into fans. A false start makes it doubly difficult to engage your employees so it is better to avoid these sins than learn them the hard way.

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You can't have 8,000 people in the company and have a group of only 25 who are the customer experience team. The only way to have good customer experience is to have a CULTURE of good customer experience. You focus on the thing that's shared

Jeff Bezos,
CEO Amazon.com

NO 1

Silo-thinking

In many organisations the customer experience is fragmented. One function owns the contact centre, another runs the retail operation, whilst marketing communicates new propositions, forgetting to first ensure the front-line can deliver them. Worse still, the board announce a new customer experience initiative only to back-track at the first sign of pressure on the share price.

To be successful, the customer experience must be owned by the senior management team. Each function has its particular part to play but the functions must operate, in what we call a 'Triad' to optimise resources, efforts and budgets to create an organisation-wide strategy for delivering the brand. Aligning marketing, operations and HR behind the brand promise is critical to getting the internal commitment needed to deliver your experience.

What you stand for, the operational choices you make, the culture you foster, the experience you deliver, and how you deliver it through your people and processes have to work in harmony to mutually support and reinforce the brand. Each element must work with every other in order for the strategy to work and when you change one element it can have a serious effect on the rest. This means that the business needs to be viewed holistically and strategy executed in the same way.

NO 2

Lip-service leadership

Execution is the hardest part of creating a customer experience. Leadership is vital for any significant organisational change yet all too often leaders fail to commit. Senior executives having concluded that the brand is under-performing decide that it is a result of the customer-facing staff behaving in ways that are 'off-brand'. They then issue a directive exhorting employees to 'Put Customers First' or something similar. Executives then return to the important business of focusing on the financials.

Our own work and research has shown time and time again that the most significant factor in creating strong companies are leaders who take personal responsibility for communicating, demonstrating and rewarding brand or company values.

To deploy customer experience successfully we have to mobilise employees at all levels and align competing agendas, functions and executives. This is no easy task. Perhaps that is why so many of the exemplars of customer experience tend to be organisations led by passionate founders or CEOs that see it as a primary source of differentiation. Think of Starbucks, Amazon or Virgin and inevitably you quickly think of Howard Schultz, Jeff Bezos or Richard Branson. But brands like O2, Burberry and USAA are also demonstrating the power of CEM. However, it takes more than rhetoric to make a difference to your experience and to your people.

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Knowing that 60% of your loyal customers are profitable is useless if you don't know which ones to court with what level of service

Werner Reinartz and V. Kumar*

*The Mismanagement of Customer Loyalty - Not All Customers Are Created Equal

NO 3

Assuming all customers are equal

The starting point for our work is collecting customer data to inform the definition of a promise and the design of the new experience.

The most frequent client response to this suggestion is "We already have lots of customer data and research so you don't need to bother". In reality whilst organisations undertake customer research and collect mountains of data, relatively few know who their most profitable (not largest) customers are. The fact is that a few customers will typically represent the significant proportion of your profit and these are the ones to focus improvement efforts on.

A key component of a branded customer experience is being differentiated in a way that is valuable to target customers. Insight as to who these customers are is the first step.

It is all very well, knowing who your most profitable customers are, but you also need to know what these customers value and the three or four most important attributes that drive their intention to repurchase.

Without the answers to these questions you may have data, but you do not have insight.

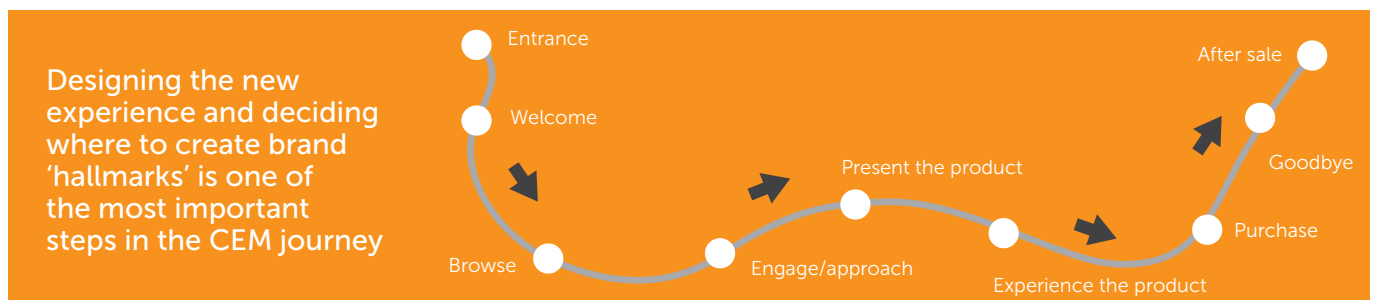
NO 4

Assuming all touch-points are equal

Whether you're bidding for new business, selling a product, delivering a service, dealing with complaints, submitting proposals, operating your call centre or negotiating contract renewals – each touch-point will create an experience that either builds value for your brand or destroys it. Increasingly, brands are realising that the entire customer journey must be seamless across different channels. But seamless does not mean that it should be the same across all touch-points.

Where many organisations go wrong is to assume that all touch-points are equally important and therefore they should try to excel in all of them. In fact, some are more important than others, either because they represent greater value to customers or because they provide the opportunity for you to differentiate your brand or dramatise your brand promise. Trying to excel at every touch-point will either drive you out of business on cost or create confusion about what is really important.

So map your customer journey, clearly identify the key touch-points that have most impact, and then determine the ways in which your product, process and people will deliver your experience at these 'hallmarks'.



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You can't put a changed individual back into an unchanged organisation and expect change to happen

Barry Leskin
Former director, Aetna Life

NO 5

Thinking training is the answer

So many organisations *do* customer service training, yet so few deliver a great experience. Most often, it's because organisations rely on undifferentiated training to deliver a differentiated experience. If you can't bring your brand alive whilst training your people, then you can't expect your people to bring it alive for your customers.

The other issue is that all too often training is done to your people rather than done with them. Bringing in external consultants to conduct a two-day workshop (the classic 'sheep dip') may have a short-term effect but the benefit is rarely sustained.

So what is the answer?

We advocate teaching internal champions and managers to cascade the learning in the form of short, branded modules that are specially designed to be easy to deliver in the workplace over time. In this way, managers are front and centre a part of the solution and responsible for ensuring that the prevailing work-place culture supports the change required. The greatest sin is to think that training is all you need to do. We've seen many companies invest a lot of money and time in training their people, but fail to change any of their other HR processes. The way you recruit, motivate, measure and reward people all need to be aligned. Most importantly, the employee experience has to mirror the experience you wish to deliver to your customers. That is why starting with your leaders is vital.

* Gartner Group 2011 CRM Conference

NO 6

Putting technology in charge

Gartner Group has predicted that 'over 70% of all CRM projects through 2015 will be viewed as a failure without an overall CRM strategy.'^{*} This is because most CRM systems are installed before being clear about the customer experience they are supposed to enable and without any thought about how they add value for the customer.

Letting technology dictate your customer experience is a bad idea. You end up with customers feeling hunted rather than wooed. One customer definition of CRM is 'Constantly Receiving Mailshots' because the systems are used solely in a misguided attempt to create value for the enterprise rather than the customer.

Customer Experience Management requires not only a different philosophy from old-style CRM, but also a new approach to technology. The customer experience definition and management methodology must come first. The role of the technology is to support the delivery of the experience.

Every touch-point, across every channel, whether inbound or outbound, represents a unique and immediate opportunity to create value for the customer and thus extend and strengthen the customer relationship.

OO + NT = EOO

**OLD ORGANISATION
+ NEW TECHNOLOGY
= Expensive Old Organisation**

SOURCE:
PricewaterhouseCoopers Change Practice

MANAGING YOUR CUSTOMER EXPERIENCE THE SEVEN DEADLY SINS



80% of customers who switch suppliers express satisfaction with their previous supplier. Satisfaction has become the price of entry, not the way to win*

NO 7

Measuring satisfaction rather than experience

Peter Drucker's maxim that '*what gets measured gets managed*' is still true today. Yet many organisations focus exclusively on end-result measures. Market share, profitability and EPS growth are all vital measures of business performance but they are all lagging indicators; they are a result of differentiation, customer loyalty and brand preference.

Nor is measuring customer satisfaction enough. It is estimated that 80% of customers who switch suppliers express satisfaction with their previous supplier. Satisfaction has become the price of entry not the way to win. The only true customer measure that correlates with improved business results is advocacy.

We define this as those customers who give top-box ratings for satisfaction. Nothing else counts – yet we see many organisations adding up the percentage of customers who give 'somewhat satisfied', 'satisfied' and 'very satisfied ratings' and then congratulating themselves that '87% of our customers are satisfied' or, even worse 'delighted'. The harsh reality for most firms is that 80% of customers are vulnerable to competitive offers and fewer than 20% are truly loyal.

The answer is to move up-stream and measure and manage those activities that deliver the required customer experience and drive customer advocacy. We call these the value drivers and they are different for every business.

If you get it right then you create advocates who will recommend you to others and award you more of their business.

Frederick Reichheld, author of *Loyalty Rules!* calls these enthusiasts Promoters. By deducting the percentage of customers who say that they are unlikely to recommend, he calculates a Net-Promoter Score.

This is a measure that is increasingly used by many organisations. For example, CEO Andy Taylor and his team at US-based Enterprise Rent-A-Car only focus on one thing: the number of customers who give the highest rating for satisfaction and are willing to recommend the company to others. According to Reichheld, Enterprise enjoys both the highest rate of growth and, at near 35%, the highest net-promoter percentage in the car-rental industry. World-class organisations like Amazon.com have Net Promoter Scores of 75-80%.

However, there is some debate over NPS and people like Tim Keiningham of Ipsos Loyalty and researchers at the Corporate Executive Board argue convincingly that measures like share of wallet and customer effort are more reliable indicators.

We take the view that the best approach is to construct a scorecard that aligns value drivers, customer experience, customer advocacy and business KPIs because the fact is that measures differ between organisations and sectors.



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* Managing the Customer Experience
Shaun Smith & Joe Wheeler