

Baas

boardroom as a service

Thema:
Financieel



9 stappen
van lineair naar
exponentieel

Rudi Peeters (KBC)
gaat het helemaal
anders doen!

Wie wordt de
digitale stuurman?

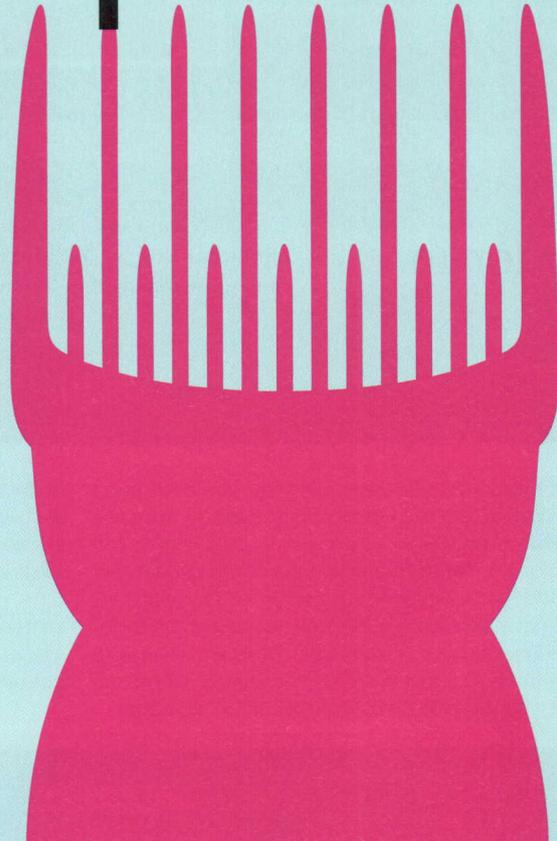
**Innovatie &
transformatie:**
CEO zoekt contact
met de klant

**'BANKING AS
A SERVICE'**

René Frijters, CEO Knab

Today's executive needs to answer to the basic questions

Shaving Customer Experience



There is a deep buzzing sound in the market. Some people hear it louder than others. It is getting louder every day. A few people are starting to look around to find the source. Some executives of 'sleeping' companies are waking up in a fright. The deep buzzing sound getting louder in the market is the Customer Experience movement. And what we are hearing is just the beginning.

Every company has heard the term 'Customer Experience' by now. If you aren't hearing it inside the office, your employees are certainly hearing it from customers complaining about how poor your customer experience has been – whether to someone in the company or to countless strangers on-line.

More likely, your executive team has been confronted with some requests for investment in order to explore Customer Experience and take advantage of its thinking. As with every trend in the market, it is difficult to determine which one is a passing fad and which one represents potential value to exploit – now or in the future. In any case, you need to answer the question 'what does Customer Experience mean to you and your company?' If you don't, that buzz on the horizon will grow to a deafening level. Hoards of demanding customers will tear your company apart like a rampaging herd of angry sheep if you aren't prepared. Angry sheep? Have you ever seen a rampaging sheep? Typically, sheep are quiet creatures, which need occasional prodding and just enough food to satisfy their desires. The sheep of today are armed with technologies which lay your company wide open and if they don't like what they see, it will be rampage time.

The Audience Demands an Answer – At the very least, today's executive needs to answer to the basic questions of Customer Experience. How are our customers really experiencing the interactions with our company? What is our brand promising to the market and are we living up to this promise? Are we honestly hiring the right people to create these experiences with our customers?

If those more fuzzy questions aren't getting your attention, then it will be almost impossible to ignore the hard facts. The rate of churn in your customer base will continue to hurt you. We all know it is more expensive to gain a new customer than to maintain a current one. Tumbling margins will make this even more important than it is now. The customers you are able to keep are getting more sophisticated every day as they develop technologies to outsmart your pricing algorithms and shape communities to share your dirty secrets you hide in the small print. Your conversion metrics will continue to give you the insights into how well your different segments are performing, or defecting. You can't ignore Customer Experience. The good news is embedding a discipline of actively managing your customer experience works. It has been empirically proven. Watermark Consulting has been measuring the results →

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ten than not the most successful will have developed some type of Customer Experience discipline. Chances are, they weren't even aware of it at the time. There are the obvious turn-around stories such as Lego, which was facing possible extinction in the early 2000s when their patent protection on the block shape was running out. This burning platform was the incentive to radically rethink their product mix and Customer Experience design. Lego is now in the co-creation business with its online Digital Designer platform and in the media business with feature films and online television channels. They also happen to be the largest producer of tires in the world.

Southwest Airlines is a constant darling with management philosophers with their mantra of delivering happiness, fun and love. Their singing flight attendants are not only legendary, they are authentically Southwest. Their winning mix is combining genuinely enthusiastic staff with intelligent logistics and transparent pricing approaches. They continue to win and don't need cheap tricks and small print. They still don't charge their customers to bring luggage on their travels. Their customers love them. Southwest is living up to their brand promise, which they have embodied into their stock ticker: LUV.

There are new entrants into the game with innovative companies disrupting industries on a regular basis. Dollar Shave Club decided to take on the men's razor market. In addition to their hilarious viral commercials, they again combined intelligent logistics for providing direct to

of the top 10 and bottom 10 publicly traded companies in Forrester Research's annual Customer Experience Index ranking during the period between 2007-2011. The top Customer Experience performers achieved a 27 percent better result than the S&P 500 and a 128 percent better result than the bottom 10. Customer Experience works.

Top Customer Experience Performers – If you pick up any management book there will be plenty of examples of successful companies, and more often

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the consumer razors, but they built in loyalty with a referral reward program. Dollar Shave Club has tamed the rampaging sheep! These lessons aren't new. Back in 90s, Enterprise Rent-a-Car was promising that they were 'taking care of customers'. As they started to market this brand ambition widely, Enterprise realised they weren't measuring their performance and essentially had no idea if they were delivering the experience they promised. After various iterations and attempts, they settled on a simple set of questions, which later became the foundation of the Net Promoter Score methodology. Striving for a disciplined approach to manage the customer experience is nothing new. Today we have more mature tools to measure the impact of concepts previously thought as too fuzzy for traditional companies to consider investing.

Define Your Own Customer Experience –

The interpretation of the two words 'customer' and 'experience' when they are joined are many, and constantly evolving. One of the best definitions is from experience and service design pioneer Mike Wittenstein of Storyminers, when he explains: "Customer Experience is everything your brand does *for* people, everything your business does *to* them, and how it makes your customers *feel*." While summarising the concept wonderfully, it is still hard to really pin down what this really means for the average executive. This is compounded because of the word 'everything' in his description, however it really is everything. There is no getting around that. Everything includes not only the obvious branding, marketing, sales and customer service, but also operations, human resources and technology. Everything means all the aspects of your business which contribute to how your customers *feel* about interacting with your company.

The great news about this holistic definition is that you can pick and choose different aspects to focus on for your specific

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context. In this case, all companies truly are different. There are countless angles to start your journey, and each path has countless suppliers clamouring to help you. These include companies in market research, experience design and staging, user experience design, product or service design, customer relationship management, employee engagement, loyalty systems, complaints management, and the list goes on. A great place to start is the small print on your own terms and conditions. Do those words embody the experience you are striving to create with your customers? If not, pick a path and start your journey.

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You Can't Fake Customer Experience – What won't work is simply buying some artificial Customer Experience spray paint and applying this to the outside of your organization. You can't fake an authentic experience. JCPenny is a prime example recently of how this doesn't work. In 2011, their performance was suffering and a new CEO was appointed to transform the company in order to turn things around. His strategy was essentially to remove a historic pricing strategy, which marked up products only so they could be

put on sale. However, the JCPenny brand was so tightly associated with markdowns and sales promotions that the customers rejected the new approach. In this case, trying to do the right thing felt less authentic to the customers, and JCPenny was much worse off after a year of this approach. The CEO has been removed. They have reintroduced markdowns. The rampaging sheep won.

Not all Customer Experience failed attempts result in the destruction of your company. What often happens is a different buzzing sound from the market, something like a loud buzzing sound of being rejected on a reality TV talent show. If announce that you are singer and get up on stage

and sing like angry rampaging sheep, the audience will tell you. Consider when General Motors revealed online an online tool for people to get creative and make unique designs. What happened was the crowds of people who felt the inefficient SUVs of GM were bad for the environment used the platform to attack the company. Their tool was used against them because they were behaving in a way which was out of sync with their authentic brand.

Customers have always been able to intuitively feel if they have been cheated, however now they can act on it—collectively. It's not only your customers and competitors that might buzz you out of the game. Social sites such as Lead-Directory.com provide links to platforms for your employees to share your sacred company secrets. The next time you decide to implement a policy which will increase what you do *to* your customers and reduce what you do *for* them, remember that your decision could be posted on YouTube within minutes.

Don't Start If You Aren't Ready – Customer experience is hard work. It is not a silver bullet, and a leader should be very cautious about proceeding down such a path. There may be no way back. Many organizations, particularly service organizations, might not actually know why they are winning in the market. If you aren't in control of your strategic pillars, then maybe caution should be advised before the foundation is weakened.

Chantel Botha of Brand-Love has experienced many times the challenges that companies have when they need to justify investment in Customer Experience areas. She shared: “In most of my business life I worked for accountants and actuaries that refuse to acknowledge the return on relationship, they just want the hard numbers.” For many organizations, Customer Experience forces them to confront the softer aspects of business, such as emotions and real human engagement between employees and customers. Even though we

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have the evidence that investment in Customer Experience works, this is often too soft of a journey for some leaders and organizations to consider.

Customer Experience does not necessarily mean world-class customer service. An excellent example of a disciplined approach to Customer Experience in Ryanair. By most definitions, their experience is horrifying from the perspective of an average customer. However, they aren't looking to serve the average customer, they have designed their service and pricing to attract travellers who are willing to comply with their rules in order to have the lowest possible fares. This was taken to the extreme when their CEO called customers who didn't remember to print their own boarding passes as being 'stupid' and therefore deserving to pay the €60 fee. The abuse by Ryanair of its customers is actually authentic, and it works for them.

There are other perfectly valid reasons to not worry about Customer Experience now, but you will still need to have an answer to the question – why not now? If you have a

monopoly position, maybe you are comfortable enough. Acquisition coming up, perhaps a valid strategy is to work on integrating the two cultures before considering to start pulling both teams a new direction. Maybe you just don't think the team you have around you could handle the uncertainty and risk of starting such a discussion. If not now, then when? You need to have an answer.

Tangible Investment Opportunities

– There are some Customer Experience steps which you can start immediately, which won't necessarily involve massive investment and won't need to risk your brand position on the short term. It's likely that someone in your organization has already done some thinking in these areas and has already started some pilots. If not, you will be able to find some enthusiastic staff who would love to have the chance to contribute to such projects. If you can't find people to jump on these opportunities, you have more to worry about than not having an answer for those rampaging sheep!

When Stan Phelps of 9 Inch Marketing is working with companies on their Customer Experience investment plans, he looks in areas of value and maintenance. According to Stan, "The goal is to be seen as high value and low maintenance. They should strive to add value in signature ways that drive differentiation, increase loyalty, and promote positive word of mouth." Customer Journey Mapping is an excellent place to start. This technique is simply a brown paper exercise on the walls with the usual cross-functional contributors. The difference is the perspective is from the customer and not only captures touch points and moments of truth but also the emotional impact of your processes. Even if you don't modify your product or services based on the exercise, a well facilitated workshop will confront your teams with the holistic nature of Customer Experience. What you should be looking for are those signature high-value area while finding ways to bring the maintenance of doing business with the customer under control.

A Voice of the Customer program is more than a feedback survey. While market research and feedback are obviously integral to such a program, the emphasis is on embedding the feedback cycle into the organization. This is more intrusive than a workshop as the value of such a program is based on the tangible improvements made and the monitoring of the metrics as they trend over time. Combining a good Journey Mapping approach with a Voice of the Customer program is like a Lean Thinking process with a healthy balance of the brand positioning and customer satisfaction drivers that are not typically added to traditional efficiency efforts.

You can always dip your toe in the water by investing in some technology. There are countless providers of Customer Experience solutions. Some are enhancements on traditional CRM suites, and some are more unique in their ambitions. There is software to help with Customer Journey Mapping and Social Monitoring, both which will trigger the previously mentioned activities. There are user experience tools which will allow you to enhance the conversion rates online, and these types of tools are recently able to enhance the performance of physical channels as well. Investments to enhance the omnichannel architecture of your organization is an indirect way to support the long term Customer Experience strategy. This includes getting your data in order so customers can interact with your company in increasingly random and complex ways. For example, ordering from mobile devices and receiving their products at the physical location of their choice. This also means the customer can return that product to you in more random and complex ways. Your architecture will be stressed to adapt

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to these future demands if you haven't been investing over time to support these requirements.

If you want be even more bold and give a clear message to your organization, consider creating a Chief Customer Officer or Chief Experience Officer role. In many organizations, this role is already established and staffed by the CEO. Think of the big names in the executive suites who are champions of their brand promises – this includes the happiness of Southwest and the horror of Ryanair. Other organizations might decide to appoint an empowered cross-functional role to be the customer's advocate within the organization. Create this role and give that person the task to develop the answer for you.

Start Sharpening Your Sheers – There is no escape from the need to have an answer to the Customer Experience questions. For executives which aren't close enough to the interactions that customer have with their company, or if the market is changing so rapidly they have lost touch with how things are developing, it is even more imperative to get started quickly. Fortunately, the same rules apply in the Customer Experience game as any other corner of the business. There is always the option to decide to not buy into the need for this type of holistic discipline, or at least decide not to bother with it now. There are various opportunities to start small and investigate what this could mean over time. The opportunities and risks are pretty easy to imagine once you start looking at your company through this lens.

For those who are not comfortable doing nothing and aren't convinced in making a tangible investment, there is an alternative. Every executive has a select handful of trusted advisors. The people who are called upon when things simply must get done. It doesn't matter if these people are employees or external, but you know who your trusted lieutenants are. Give this article to one of them and have him or her dive deeply into the questions. Task this person to truly step into the role of the customer and do an 'extreme mystery shopper' process on your company.

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How are your customers really feeling about what your company does *to* and *for* them? How do they really *feel* afterwards? Make sure proof, in the form of artifacts, is brought back – photographs, videos, example of how your small print is pushing customers away. How is your brand really being projected into the market? Again, have this person bring back evidence. What is being promised, and how is this promise being respected or broken? Lastly, have this person apply for a job with your company, or at least start the process. Does the job profile clearly start to pre-select the type of employee which will authentically get on board with your ambition? Don't accept anything back from this person other than the data points you need to develop your own personal answer. What does Customer Experience mean to you and your company?

As an executive and leader of your organization, it is your job to shave the fuzz off Customer Experience. As you start down the process of truly looking at your people and processes through the Customer Experience lens, you will also start to be more demanding – and forgiving – of the companies you do business with. Poorly designed services and processes are bad, but when you understand how easy it is to fix them then it can get really frustrating! On the other hand, you will also start to appreciate how companies, such

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as Ryanair, have been true to their brand promise. You come to respect them for being authentic and consistent, even though you might not like the service. When those rampaging sheep come over the horizon, will you be able to stand tall with confidence that your brand is authentic and consistent? Will you have the answer? *



→ CHRIS PARKER IS CUSTOMER EXPERIENCE TECHNOLOGIST AT COOLEXPERIENCE.