HITTING THE SWEET SPOT OF CUSTOMER EXPERIENCE
Delivering a superior customer experience efficiently

What do Apple, Hilti and the hip organic grocery store on the corner all have in common? They apparently play on different fields in almost every aspect. However, they share a specific perspective on their market and target customers. They do not just sell products and services, they aim at providing superior experiences. They are very aware of their customers’ urge not to buy something but to make use of something – to satisfy a need that simply cannot be met by product or service specifications only. They connect with their customers and design their offering in such a way that it enables their customers to fulfil their underlying desires.

There is solid evidence that proves the benefits of a strong focus on customer experience (CX). Companies that are leaders in CX outpace their competitors and strengthen their market position. According to the Forrester CX Index 2016, they substantially outperform laggards in revenue growth (17% vs 3% CAGR in 2010-15).

But all too often, this comes at a high price. Delighting customers regularly turns out to be expensive because new requirements, designed and promised by the commercial department, cannot be met in an efficient way.

Executives in charge of managing the value chain for CX are aware of this delivery problem. The goal should not be to offer the best experience possible.

The CX value proposition must reflect and balance long-term growth perspectives and short-term cost implications. The place we strive for is a sweet spot: Delivering market-leading experiences at the lowest cost possible, relying on a customer focus and efficiently running operations. Unifying the commercial and operational arms of the company in a joint CX delivery initiative is vital if we want to hit this sweet spot.

However, this is not as simple as it sounds. Why is CX all too often designed by marketing and then delegated to operations for delivery? Why do two-thirds of companies map customer journeys, but only 40% of middle managers act on the customer insight gained from this in their daily work? Why are 95% of companies collecting customer data, yet only 10% claim to use customer feedback to drive operational change? The list of questions goes on ...

What if we could hit the sweet spot of CX by using an integrated approach, supported by the entire management team? Based on Implement’s broad experience with cross-organisational CX projects, we suggest a framework to design and deliver CX without sacrificing efficiency.
Six must-win battles for delivering a superior customer experience

A framework that directs us to the sweet spot of CX needs to cover many different aspects. We have identified six fields of action that make leading companies stand out from the crowd.

First and foremost, they have **focused customer intelligence**. When superior CX is the goal, precise knowledge on customer needs and behaviour is an essential precondition and a strong competitive asset. CX leaders systematically learn about customers. They acquire, organise and utilise relevant knowledge, very often by relying on a designated business function.

Second, it is important to aim at **best-in-class customer journeys**. Based on the knowledge we have about our (potential) customers, finding a CX value proposition is crucial. Without defining the level of CX that we are aiming at, we cannot effectively design customer journeys. When we have the right journey design, we must also directly link the journeys to the organisational units needed to deliver them. Supportive operational standards are one of the most valuable tools to ensure this.

Third, we need to build and leverage **enabling digital capabilities**. Smart and extensive use of digitisation will be a key driver to efficiently deliver CX.

More and more touchpoints are digital or digitally supported. This includes within the organisation – as many interactions as possible should be digitised in a smart way, and a disruptive perspective might lead to new insights on how to get there. Implementing new ideas is best supported by overcoming the slow release cycles of heavy IT tools by consciously using “speedboat” applications.

Fourth, it is crucial to ensure **engaging leadership**. Why? When it comes to experiences, the desired outcome often heavily depends on employee behaviour. Neither standards nor digital tools can guarantee that your frontline staff will act respectfully and responsively.
Must-win battle 1

Focussed customer intelligence
In theory, things are simple: if we want to work on CX, we need to know our customers. However, this is where many companies struggle, despite having the best intentions. They walk right into the trap of having no clear focus and not knowing where to dive in deeper.

Customer journeys are at the core of understanding our customers' behaviour:

- What do they want to achieve, what are their goals?
- What are their underlying needs?
- Why are they interested in using our products and services?
- What are their business processes and what are they going through in their journeys with us?
- What are their perceptions and feelings along the way?

We need to get a comprehensive view without getting caught up in the details. We are not aiming at data collection but at relevant insights. Zooming in is only necessary at important points of the customer journey, when customers make important decisions. This means a clear picture of how customers behave and why they do what they do. Knowing the answers enables us to create products, services and experiences that not only meet expectations but actually help fulfil desires.

Guiding principles
Customer journey mapping: Identifying and visualising relevant customer journeys in enough detail is at the heart of this method. This typically involves all activities that customers perform even before interacting with the company – all the touchpoints, needs, feelings, pain points, and desired outcomes along the complete journey. This analysis requires some effort but is highly insightful.

Integrated data analytics: We need to track much more than simply the question of whether our customers are happy or not. Would they recommend us to a friend? Are our service levels considered sufficient? Are interactions with us bothersome? Sound monitoring of our CX performance requires measuring valid indicators. And all the relevant information that we gather needs to be integrated and made available to serve as a basis for improvement.

Customer intelligence unit: Most organisations collect data about their customers, but many of them fail to act on it. How can we overcome this frequent pitfall? CX leaders understand customer intelligence as a permanent task of a designated business unit. This unit has the task of continuously identifying the potential for improving CX by applying methods ranging from anthropology to data analytics.
CASE
A large-scale healthcare organisation used to enquire about customer opinions by conducting an in-depth triennial survey.
In addition to this, it measured customer satisfaction (CSAT) by sending out feedback forms after the end of a treatment relationship. This resulted in reports without any following relevant action.
To improve customer intelligence, the organisation abandoned the feedback forms and installed a quarterly pulse check that asks all current customers to rate the organisation on very few but very relevant aspects – two of them being the likelihood of recommendation (Net Promoter Score) and the ease of access (Customer Effort Score).
This enabled the organisation to manage and benchmark its value chain by using two well-known customer performance metrics.

Must-win battle 1: Focussed customer intelligence

Feeling the customer pulse

Customer satisfaction (CSAT): How would you rate your experience with the organisation?

Very dissatisfied  Dissatisfied  Undecided  Satisfied  Very satisfied

Net promoter score (NPS): How likely are you to recommend the product/service/organisation to a friend/colleague/relative?

1 2 3 4 5 6 7 8 9 10
= Detractors  = Passives  = Promoters

Customer effort score (CES): To what extent do you agree with the following statement?
The organisation made it easy for me to handle my issue.

Strongly disagree  Disagree  Somewhat disagree  Neither agree nor disagree  Somewhat agree  Agree  Fully agree
Hitting the sweet spot of customer experience

Must-win battle 2

Best-in-class customer journeys
Customers rate their satisfaction with a brand by evaluating all experiences from the first to the last touchpoint. It is the overall experience that makes them react with delight or disappointment, e.g. by purchasing more or by switching to another brand. That’s why end-to-end customer journey management is so essential to delivering superior CX.

Many companies only perform well on single touchpoints, e.g. sales presentations, service calls or billing, because they manage them independently in functional silos. In contrast, CX leaders strive for best-in-class customer journeys: first, they mirror the end-to-end perspective of their customers by making every touchpoint count and by orchestrating touchpoint performance cross-functionally. Second, they hardwire touchpoints with the underlying internal processes, knowing that touchpoint quality depends to a high extent on operational excellence in the “machine room”.

Guiding principles
CX value proposition: We need a deep understanding of how CX drives revenues and affects delivery costs. Equipped with this knowledge, we can define value propositions that specify how an intended level of CX can be provided at a targeted cost level. In real life, this task requires strong alignment at top management level to balance commercial promises with operational capabilities.

End-to-end and front-to-back design: Once a shared CX value proposition is fixed, customer journeys can be designed and managed cross-functionally. Within this frame we can optimise single touchpoints, linking customer-facing units and teams closely with back office colleagues. Their interplay can be shaped by using service blueprints.

Service standards: A pragmatic, yet highly effective way to guide the collaboration of front office and back office teams is to define and enforce service standards. They provide service levels, clear working instructions and productivity targets to facilitate the delivery of CX in a cost-efficient way. Ultimately, service standards enable employees to recognise deviations from the standard and empower them to act instantly for improvement.

CASE
A domestic service provider was facing increasing competition from large international online platforms. To defend its market position, the agency started a strategic CX initiative, aiming at increased NPS, strong customer retention and successful win-backs.

Based on a new, needs-based customer segmentation, the agency defined three core customer journeys that covered over 95% of the customer base. Along these journeys, the service cases were identified that drive NPS and customer retention the most.

The service cases were visualised for employee training. They were also implemented in the CRM workflows used by Sales, Service and IT Support. Linking their collaboration in a digital tool enabled the agency to steer operational performance along the core customer journeys.

INTEGRAL JOURNEY MANAGEMENT WITH SERVICE BLUEPRINTS

<table>
<thead>
<tr>
<th>Customer journey</th>
<th>Line of interaction</th>
<th>Frontstage actions</th>
<th>Technology</th>
<th>Backstage actions</th>
<th>Support processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visits website</td>
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<td>Support chat</td>
<td>Chat applet</td>
<td>Answering of questions</td>
<td>Website traffic tracking</td>
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<tr>
<td>Discusses offering with salesperson</td>
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<td>Client sales meeting</td>
<td>Pad</td>
<td>Specification of customised solution</td>
<td>Pricing/ quoting</td>
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<tr>
<td>Purchases service</td>
<td></td>
<td>Welcome call</td>
<td>CRM</td>
<td>(automated order handling)</td>
<td>Document management</td>
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Hitting the sweet spot of customer experience
Enabling digital capabilities

Digitisation will continue to transform industries, with disruptors fully leveraging their strong technological capabilities. But all companies can utilise digitisation to foster their position and bring CX to the next level. They might:

- Drive product and service development, improve analogue products and services by adding digital elements or design totally new digital products and services.
- Re-define customer journeys, e.g. seamlessly integrate physical and digital channels and ensure that channels complement each other to provide real value to customers.
- Change how the company operates and apply emerging technologies to improve performance across the value chain, e.g. utilise robotics to automate processes and improve quality, speed of execution and cost.

Enabling digital capabilities is a key pillar for best-in-class customer journeys (see must-win battle 2). To challenge and further develop these capabilities, Implement’s digital maturity self-assessment can be helpful (see box).

Assessing digital capabilities
https://implementconsultinggroup.com/assessing-digital-capabilities/

Guiding principles

Disruptive digital perspective: If we want to significantly improve our digital capabilities, we need to think big. How would our customer journeys look in a fully digitised model? What would make our customers choose this model? Where are our weak spots and which of our strengths can be supported digitally?

By daring to adopt disruptive digital ambitions, we can develop largely improved journeys. To get ready, we need to challenge customer journeys from a digital perspective and prototype our own disruption to mitigate the risk of disruption.

Need for digital speed: When we change our mindset to proactively managing customer journeys, we discover the need for fast touchpoint and process optimisation. A useful concept is to build and maintain “two-speed IT” with a fleet of ICT applications: stable super tankers at the core with long release cycles and speedboats at the periphery with short release cycles, providing the flexibility to prototype and realise quick improvements.

Business-minded IT: IT units need to take an active role in supporting customer journey management more than ever before. The relevance of emerging technologies like robotic process automation, internet of things or machine learning calls for strong translation capabilities to effectively advise the business. Ideally, colleagues from IT will become members of dedicated cross-functional CX teams (see must-win battle 6).

| TWO SPEEDS OF IT |
|-------------------|----------------|
| When stability is key | When speed is key |
| - Stable operations with few/zero incidents is key | - Speed of deployment is key |
| - Large but few releases | - Many small and frequent releases |
| - Requirements are specified and well known | - Requirements are often unknown and solutioning is explorative |
| - Changes are delivered in projects | - Changes are delivered with modified or new products |
| - The waterfall method is utilised to limit exposure and risks | - Agile methods reduce risk of waste |
| - IT and technology is primarily measured on cost and how much it reduces cost in the business | - Digital is measured on the value it drives for the business |
| - Commodity services are outsourced to international providers | - The digital organisation is fully outsourced via cloud partners and technologies |

CASE
A pioneer in pump manufacturing faced maturing product lifecycles and the beginnings of low-cost supplier competition. With a continuous ambition to drive value for customers, the manufacturer decided to explore associated digital services in relation to its physical products.

A journey-based analysis revealed over 20 million digital touches with customers per year. But these were neither co-ordinated in an end-to-end approach, nor were they used for providing value added services.

Based on a digital roadmap, a realistic plan for customer-driven digitisation of touchpoints throughout different channels was defined, comprising improved data analytics, automation of sales configuration and purchasing, customer self-service and digital capability building in the regional organisation of the manufacturer.
Must-win battle 4

Engaging leadership

Whenever a service is provided in a human interaction, the quality experienced heavily depends on the employees who deliver the service. How do they empathise, decide, communicate, relate and collaborate with the customer?

Service standards are a very valuable tool (see must-win battle 2) for guiding employee behaviour towards CX. However, standards alone are not enough. They cannot “micro-manage towards a service-oriented mindset”. So, if we want great CX, we need to develop employee behaviour by considering the drivers of a customer-focussed culture. This is a clear call for engaging leadership.

First, leaders must develop their own mindset to become accepted and effective role models for CX-oriented behaviour. From this position they can anchor the “big why” of CX, but also provide an employee experience that matches the CX value proposition.

Guiding principles

Winning aspiration: A key factor of human motivation is having a purpose – an aspiration. Why do we focus on our customers and why do we want to provide great experiences? If leaders at all levels of the organisation are not able to answer this question by telling a truly compelling story, why should employees feel an urge to provide brilliant CX? To anchor the “big why”, leaders must have a shared ambition about CX. They need to have a clear idea of why CX is meaningful for their employees. And they have to know how their employees can contribute to CX in their daily work.

Employee experience: Employees are willing and capable to spend energy on customers if they have a good experience themselves. Besides a clear purpose, this requires the possibility of developing and showing professional mastery and having a high degree of autonomy. This can be provided through employee training, special assignments, accountability for results and empowered front-line decision-making to mention just a few possible actions.

Gemba coaching: Engaging leadership works best in direct interaction. Leaders need to be present on the “shop floor” where daily work life happens. In lean management, this is called “Go to Gemba” – in other words, going where the real work is done. Gemba coaching allows leaders to help their employees understand their role, their contribution and their possibilities to influence CX. As a side effect, leaders gain a better understanding of the mechanisms of service delivery and CX. These are valuable insights for strategic and tactical reasoning and decision-making.

CASE

An international restaurant chain had been working on efficiency for many years. The organisation extensively worked with standards in order to streamline delivery in its outlets. When the company shifted its focus to CX, it became obvious that this could not be ensured by installing new or more standards.

By putting a strong emphasis on the key drivers of hospitality, the behaviour of front-line managers and staff came into focus.

A consciously designed learning journey led to many new routines that contributed to significantly improved hospitality, according to customer feedback.

The learning journey was based on a training programme that involved formal training (10% of time), practical application of newly acquired knowledge (70%) and exchange with peers and the personal leader (20%).
Must-win battle 4: Engaging leadership

DEVELOPING CUSTOMER-FOCUSED EMPLOYEE BEHAVIOUR

Formal learning

Exchange with peers and leader

Practical application

Workshop “hospitality”

Workshop “instruments”

Coaching

Tandem

Coaching

Tandem

Coaching

Individual reflection

Daily application of guidelines

Daily application of instruments
**CASE**

The service branch of an automotive distributor decided to strengthen decentralized accountability for customer satisfaction and efficiency. Although customer journeys had been established, management sensed a lack of traction in the service network.

A complete re-design of operations management was carried out including the takt time of the daily routine of the shop leaders around journey management.

New interactions: 06:30 morning huddle in the sales and service teams to verify operational indicators and check tasks of the day – 09:00 touchpoint check in CRM dashboard concerning success of local campaign and online customer satisfaction survey – 11:00 pre-scheduling of next day activities according to customer registrations – 13:30 participation in improvement meeting of workshop team for fixing deviations from service standards – 16:00 visual capacity planning with team leaders for the next day.

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<table>
<thead>
<tr>
<th>Customer journey</th>
<th>End-to-end indicators</th>
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<tbody>
<tr>
<td>Research a service</td>
<td>NPS</td>
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<tr>
<td>Purchase the service</td>
<td>Revenues</td>
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<td>Use the service</td>
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<td>Reorder the service</td>
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<th>Frontstage indicators</th>
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<td>Brand awareness</td>
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<th>Backstage indicators</th>
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<td>Campaign click rates</td>
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<th>Improvement indicators</th>
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Must-win battle 5

End-to-end performance management

It seems paradoxical that one of the biggest hurdles on the way to superior CX performance is performance management. In our experience, many companies do not realise the full impact of their CX efforts, simply because they do not establish a proper system of monitoring CX performance.

Unclear drivers of CX, missing lead indicators and non-transparent data are common lacking factors. The more fundamental handicaps are misaligned targets and contradictory KPIs. They incentivise siloed behaviour across the organisation. The effects are inside-out optimisation and scattered customer journeys.

When managing CX, we recommend challenging the existing performance management system with questions like:

• Do we consequently implement our CX strategy by aligning all related KPIs cross-functionally?

• Do we break CX targets down to the “shop floor” and explain the relevance?

• Do we invest in IT-based performance measurement to automate the process?

• Do we facilitate intense discussions on all management levels around CX performance?

• Do our front and back office teams manage CX daily and with accountability?

Guiding principles

Comprehensive metrics: End-to-end CX performance management must combine three elements. Since customer journeys tend to run across the organisation, we need performance indicators that help with monitoring the joint cross-functional performance, e.g. NPS, customer churn or repeat purchase. Since touchpoint accountability lies with distinct functions, they need indicators that help with monitoring single touchpoints, e.g. win rate, customer effort score or failure demand ratio. And finally, we need indicators that tell us how to drive our CX vision by developing capabilities and behaviour, e.g. employee churn, skill levels or number of touchpoint Kaizens.

Integrated operations management: To manage daily activities around CX, we need to establish operations management that ties all teams alongside the customer journey together. Team leaders from marketing, sales, service and support units could run performance boards (e.g. for daily huddles) that blend overall journey metrics together with team-specific productivity indicators and feedback from continuous improvement efforts.

Winning teams: Performance management can only be successful when teams recognise the metrics on their performance boards as true indicators for the desired performance. Teams and individuals need to acknowledge that their behaviour essentially drives performance. This is where leadership plays a major role in developing the right CX mindset (see must-win battle 4).
Hitting the sweet spot of customer experience

Must-win battle 6

Agile impact cycles
Establishing a competitive advantage by providing superior CX comes with new requirements on how to improve and further develop, as volatile customer preferences call for fast responsiveness, and journey competition increases the pressure to innovate. The digitisation of journeys is constantly on the rise, accompanied by agile approaches for further development. Finally, CX is delivered in cross-functional collaboration, tying diverse interests together in a complex system that needs to be well orchestrated.

All of this affects how CX improvements must be organised to have impact. The old way of “outsourcing” improvement work to classic projects, following a waterfall logic, is simply not effective any more. Usually, these projects last for quite some time. And frequently, they result in concepts that fail in implementation because of outdated assumptions.

We need an agile approach. And as already stated, gaining customer insight should be established as a permanent task (see must-win battle 1). If we succeed in doing so, we can set the basis for fast responses to identify potential or threats. CX improvement can be kicked-off frequently and driven in agile impact cycles.

Guiding principles
Short and intense projects: CX initiatives aim at improving every aspect of the business. Some of them aim at significantly changing service delivery along entire customer journeys, with the involvement of many organisational units. Being quick in this context requires co-locating project members as much as possible and having them work together for a significant amount of their time, ideally 50% or more.

A clear focus on flow, a steady rhythm of project meetings and fast prototyping of new solutions ensures speed.

Focus on impact: Minimising time-to-market of CX improvements requires a radical focus on impact. We ensure this focus by being fully aware of the drivers (see must-win battle 5) and by continuously tracking impact as early as possible. This implies that we focus on fast learning instead of perfection and always “stay in beta”.

Cross-functional CX teams: Permanent cross-functional CX teams are a well-tested way of institutionalising continuous CX improvement. These teams have designated resources to work on improvements as part of their daily business, be it a big issue that has to be resolved in standardised sprints or be it a small issue that can be addressed as an individual task in the broader agile working environment. To be agile, these teams also need to have the formal power to make binding decisions.
CASE
A producer of kitchenware already had good customer knowledge, well established customer journey orientation and an awareness of the importance of employee experience as a lever for CX. However, in order to keep pace with its main competitors, the company had to significantly speed up its innovation rate.

It was necessary to rethink the way the company was working along the “idea-to-market” process. By establishing cross-functional teams and allocating a time budget per team member for optimisation, it was possible to increase the quality of new solutions and to dramatically reduce lead time of new releases.

This agile approach to product development and improvement contributed to a stronger market position of the company and to a measurable increase of CX.
**CX – What are your next steps?**

Assess your organisation’s readiness for delivering superior CX

Rate the importance of levers 1a to 6c for your organisation and evaluate the as-is maturity by assigning marks according to the guide provided below. Then map the levers in the matrix. Levers located top right are top priorities that should be addressed immediately.

### FOCUSED CUSTOMER INTELLIGENCE

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<thead>
<tr>
<th>Levers</th>
<th>Importance</th>
<th>Maturity</th>
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<tr>
<td>Customer journey mapping</td>
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<td>Integrated data analytics</td>
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<td>Customer intelligence unit</td>
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### AGILE IMPACT CYCLES

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<tr>
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<td>Focus on impact</td>
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<td>Cross-functional CX teams</td>
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### END-TO-END PERFORMANCE MANAGEMENT

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<tr>
<th>Levers</th>
<th>Importance</th>
<th>Maturity</th>
</tr>
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<tr>
<td>Comprehensive metrics</td>
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<tr>
<td>Integrated operations management</td>
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<tr>
<td>Winning teams</td>
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</tr>
</tbody>
</table>
BEST-IN-CLASS CUSTOMER JOURNEYS

2a. CX value proposition
   Importance: 1 2 3 4 5
   Maturity: 1 2 3 4 5

2b. End-to-end, front-to-back
   Importance: 1 2 3 4 5
   Maturity: 1 2 3 4 5

2c. Service standards
   Importance: 1 2 3 4 5
   Maturity: 1 2 3 4 5

ENABLING DIGITAL CAPABILITIES

3a. Disruptive digital perspective
   Importance: 1 2 3 4 5
   Maturity: 1 2 3 4 5

3b. Need for digital speed
   Importance: 1 2 3 4 5
   Maturity: 1 2 3 4 5

3c. Business-minded IT
   Importance: 1 2 3 4 5
   Maturity: 1 2 3 4 5

ENGAGING LEADERSHIP

4a. Winning aspiration
   Importance: 1 2 3 4 5
   Maturity: 1 2 3 4 5

4b. Employee experience
   Importance: 1 2 3 4 5
   Maturity: 1 2 3 4 5

4c. Gemba coaching
   Importance: 1 2 3 4 5
   Maturity: 1 2 3 4 5
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