Optimising the customer experience

The changing role of customers, employees and leaders

changeassociates/

Raymond Ackerman is a South African businessman. In 1967 he bought a Cape Town-based group comprising four small supermarkets. He built it into South Africa's major retailer, Pick n Pay, which has featured among the Top 100 Companies since 1973.

Mr Ackerman is widely known to have revolutionised the supermarket industry in South Africa with his mission and business principles based on 'consumer sovereignty' above all else. Raymond made sure leadership understood these values and designed an organisation based on a set of guiding principles which resulted in a culture of collaboration and reciprocity on the part of the customer.

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Executive summary

This report, the fourth in our Octagon series, explores customer experience and how it can be achieved in an omni-channel environment. As usual, the report combines findings from interviews with exponents of best practice, such as John Lewis, Pick n Pay and Avis, case study reviews and consultation with experts from industry, consulting, think tanks and academia.

The result is a practical approach to the customer experience. We find the idea model in an approach that sees leaders, employees and customers collaborating in a community of shared values, with customer experience placed at the heart of systems, operations and structures.

The first part of the report identifies five key challenges facing organisations seeking to establish a customer-centric approach:

1. **Customers and employees are in the driving seat.** Social media and new communication channels have provided ways for customers and employees alike to share their experiences as never before. Brands are forged or destroyed in the crucible of these opinions.

2. **Current success measures dictate rigid silo structures and control.** Organisations that wish to be customer-centric need to form seamlessly around the needs of the customer, breaking down departmental boundaries and threatening established spans of control.

3. **A single view of the customer is now a prerequisite.** Data about customer interactions need to be shared, synthesised and interpreted to create the insights needed to optimise the customer experience.

4. **You can't uninvent legacy.** Established organisations can find themselves shackled by the assets that previously made them strong: owned property, legacy systems and people immersed in the accepted way of doing business. New, more agile competitors now threaten this comfortable position.

5. **Content creation has become a collaborative process**. More than ever before, the customer plays an active role in service delivery. This trend brings with it the opportunity to build engaged communities and the threat of no longer being in full control of your own brand.

In the second section we draw out ten ways in which organisations need to address these challenges. This is more than a checklist of ideas; it is a call to arms. Each element should be addressed and aligned with an overall vision of the customer experience.

1. CREATE A LEADERSHIP ETHOS, NOT AN AGENDA

Board buy-in, from ownership of the business case for investment in the customer experience to linking senior management compensation to customer service performance, is the foundation for success. This asks a lot of leaders: an openness to restructuring and a new mindset in which the customer experience is prioritised over profit or product.

2. FIND THE STORY WITHIN THE DATA

The key to understanding the customer experience lies within the data that is stored across distributed systems, both in and out of the organisation's control, which are generated each time there is a customer interaction. But only if the right data is being collected and stored.

3. STRUCTURE YOUR ORGANISATION AROUND THE CUSTOMER

Your customers' journeys should dictate the way you are structured and not vice versa. Internal systems enable organisations to build informal groups of individuals with similar interests – connecting employees and finding untapped expertise and insight.

4. MAKE A DEAL – CREATE A SHARED VALUE PROPOSITION

An agreement between the organisation, its employees and its customers, based on respect and trust, can create mutual benefit. This deal is consolidated with each subsequent successful deal, creating a loyal relationship to which all parties are committed.

5. UNDERSTAND AND EXPRESS SHARED VALUES THROUGH BRAND

Shared values need to be apparent in every customer's experience. The brand is a way of making this happen, if it reflects the genuinely held shared values of the organisation and those values reflect what matters most to the customer.

6. MAKE YOUR EMPLOYEES INTEGRAL TO SUCCESS

Without buy-in from employees, any aspiration towards customer centricity will be fruitless. Engaged employees want to believe in the company they work for and feel part of a culture that has been cultivated through the relationship with the customer.

7. CREATE A COMMON LANGUAGE

Shared language is essential for shared values and shared goals. The internal brand that establishes this language must be congruent with the brand presented to the customer.

8. EXERCISE CAUTION WHEN YOU CONSIDER OUTSOURCING CUSTOMER-FACING FUNCTIONS

Outsourcing offers a tempting way to make savings. But the impact of outsourcing customer-facing roles to external teams who don't feel affinity with the brand can be extremely costly.

9. LEAP-FROG YOUR LEGACY AND LET FLY

Leaving behind systems, processes and people that brought your organisation to where it is now is hard, but sometimes necessary. Established companies that struggle might consider a spin-off company, a partner or an acquisition as a first move towards improving the customer experience.

10.CREATE A COMMUNITY

Bringing together customers, employees, leaders and stakeholders in one integrated community with shared interests and values - with the customer experience at its heart - offers an exciting new world of possibilities. And true customer centricity.

The journey may be long and difficult, but it is one worth taking.

Introduction

More than eighty years ago, not long after Henry Ford famously said his customers could have their car in any colour they liked 'so long as it's black', British economist William Hutt coined the phrase 'Consumer Sovereignty'.

The phrase was created to convey the concept that by voting with their wallets, consumers would influence the goods and services organisations offered for sale. The idea made instinctive sense, but several of Hutt's fellow economists felt consumer power was strictly limited to 'take or leave it' when faced with organisations' offerings.

Nevertheless, some organisations did their best to identify and anticipate customer needs and develop goods and services to meet them. Over the years, customer segmentation techniques improved but companies were still developing propositions to meet the generic needs of broadly defined groups.

Since then, movements such as direct marketing, one-to-one marketing, CRM systems, personalised ecommerce sites and automation have created the impression – if not the always the reality – of ever-closer relationships between consumer and producer.

As we rapidly approach the third decade of the twenty-first century, enhancing the customer experience has emerged as the next milestone on this ongoing journey, taking the disciplines of consumer insights into a wider sphere for organisations, as the customer may be business, organisation, or individual.

Enabled and accelerated by ubiquitous digital technology, customer centricity promises a partnership between customer and company; one based on community, collaboration and a shared sense of purpose.

And one that recognises the employee as a customer of the company.

How realistic is this vision of a new kind of relationship? What changes need to happen to make it work? How well equipped are organisations to handle them?

These are the questions this report aims to answer.

Section one of the report looks at the challenges organisations face in the customer-centric era and concludes that organisations need a set of values that can be shared by customers and employees alike. This means putting the customer experience at the heart of everything.

Such an approach demands a cultural shift away from silo structures and traditional measures of success. This can result in a loss of control that leaves many feeling very uncomfortable.

A single view of the customer, bringing together data from interactions across all channels, is critical to getting the customer experience right. The paradox is that those organisations that most need to do this, long-established companies with legacy systems, are the least well equipped to do so. It's the nimble newcomers, unfettered by legacy systems and processes, that can best respond in a customer-centric environment.

Not that every company has to pursue this route resolutely. Organisations such as Ryanair, for instance, have carved a comfortable and profitable space for themselves as cost leaders by carefully managing customer expectations, arguably to a minimum, and then exceeding them.

Established organisations that choose to place internal and external customers at the heart of the business need to act swiftly to respond to the more agile competition they now face.

Section two of the report aims to help them do just that.

Unsurprisingly, change needs to be embraced at the top, with the CEO and his or her board aligning themselves with the customer; understanding the customer experience down to the language they use and turning this into a guiding ethos for the firm.

This requires companies to collect data across every channel and every interaction with the customer, and then find the stories within the data. This means looking at the big picture in Big Data while not becoming so overwhelmed by data that important lessons, such as common obstacles on the customer journey, are missed.

In order to achieve this, organisations need to build their structures and processes around internal and external customers, rather than their product or service. This usually means agreeing a 'deal' or shared value proposition between customer and company, and expressing those shared values through both brand and culture.

None of this can be achieved without placing employees front and centre, making them feel part of the community and empowered to communicate with both customers and leadership.

Business leaders should ask themselves the following questions: To what extent does our mission statement reflect our commitment to true partnership with the customer? To what extent is that known, understood, embraced and enacted by everyone in every area of the business?

Customer communities in action. A case study.

Naked Wines has not just bolted social media on as a channel to market but it has built its customer relationship management around social media from the ground up. That's all there is! No other channels to market. The foundation of the business is in creating and nurturing its community, with any other tactics designed to draw a wider audience in.

What does this mean for customers? Their website aims to create a sense of community. It's very Facebook-like, with customers ('Angels') accessing company pages (the Winemakers), and able to friend other Angels, message Winemakers and Angels, like posts from Winemakers, rate and comment on wines tasted, and follow wines, winemakers and other Angels.

So if you are a wine buff, you might choose to spend quite a bit of screen time enjoying the site and learning without actually buying something each visit. As such, you feel engaged and you feel that you belong and have a virtual world of wine to explore.

And what does this mean for the wine producers?

▶ Investment funding from Naked Wines.

▶ Access to a well-defined and committed market of wine enthusiasts, who buy into their unique proposition of being new, young, independent winemakers producing exciting wines at a great price.

▶ A wealth of data about customer buying habits to help refine production decisions.

▶ Direct access to individual customers with personalised messages such as "Hi Sian, just launched our 2015 Pinot. Thought you'd like to try since you gave 5* to our 2014 crop. So I've popped a free bottle in your basket."

It's so different from the standard ecommerce site, which isn't somewhere you'd choose to spend your time browsing, even as an enthusiast. Majestic Wines recognised this and liked the idea so much they bought the company. Perhaps we will soon see the transactional Majestic Wines website adopt the Naked Wines philosophy.

Figure 1: Optimising the customer experience – the changing role of customers, employees and leaders

Section 1 - The challenges in establishing a customer-centric model

It's an uncontroversial assertion to suggest that placing the customer at the heart of business operations is a good thing, but this makes it no easier to achieve.

Those who have tried know that the challenges of creating an excellent customer experience are immense.

We spoke to consultants, thought leaders and organisations who have achieved the shift to customer centricity and many more for whom it is still work in progress. We're grateful for the candid insights we received, which have helped us to identify five core challenges that make the process difficult:

1. Customers and employees are in the driving seat.

2. Current success measures dictate rigid silo structures and control.

3. A single view of the customer is now prerequisite.

4. You can't un-invent legacy.

5. Content creation has become a collaborative process.

1. CUSTOMERS AND EMPLOYEES ARE IN THE DRIVING SEAT

Rapid developments in communications and social media have left customers and employees feeling empowered. Organisations are witnessing a shift in power as customers get into the driving seat and demand personalisation, responsiveness and choice, while employees are expecting more from the experience of work and a more democratic relationship with their employers.

Both employees and customers believe their values are important and should be considered. In this digital age they have the confidence and the network to share and discuss their views with a global audience. The individual experience – good or bad - is no longer an isolated one.

In this environment there is little to distinguish between the internal and external customer. To be successful, organisations need to foster a set of shared values that cements its relationships and builds a community and culture in which those values can flourish. Organisations that are serious about their customers' experience are serious about the shared agenda.

Those that have understood this rebalance of power are prospering: e.g. Naked Wines, John Lewis, Fresh Direct, Innocent. Others are struggling to catch up or have already been found wanting, with mighty brands such as Marks & Spencer and Next losing their once strong bonds with customers.

2. TRADITIONAL SUCCESS MEASURES DICTATE RIGID SILO STRUCTURES AND CONTROL

Profit-centric organisations that use traditional EBIT-based success measures tend to develop individual operating models for each customer channel, such as online, call-centre or face-to-face. CCA's 2014 Members survey, for example, found that roughly 75% of respondents 'still operate a siloed approach' to their customer interactions.

According to John Knell, thought leader and co-founder of Intelligence Agency, customer centricity demands a 'silo-busting' approach that shifts organisations' centres of gravity to better meet customer expectations. By putting the customer first, he maintains, sales take care of themselves. For some, any move away from standard KPIs and traditional ways of working is a frightening prospect in which the reins of control – and power – are loosened.

"Moving to a cross-functional way of working for some leaders means matrix management and a perceived loss of control. For leaders of functions who are expected to work in different ways, the question is 'what's in it for me?' This is when a cultural shift is needed."

Amanda Hickey, Transformation Manager, HR, John Lewis

Variable approaches and behaviours across customer channels have led to inconsistency in the experiences of customers and employees alike. It becomes impossible to define the organisation's purpose or beliefs, beyond the objective of making money from customers.

Back-office operations also struggle to hang their hat on what purpose they serve other than providing service as cheaply as possible. This might mean a move to outsourcing, where the link between operations and any sense of corporate culture or shared value is all but severed. This is, of course, a worst case scenario but it does highlight how focus can shift away from the customer experience.

"The customer has to be reflected in reporting structures. The issue with existing corporate structures is that there is no porosity. Online, print, call centres, face-to-face – these are all 'empires'. You need to tear down the walls, literally."

Adam Baines, Change Associates

The fundamental question facing any organisation considering the move to customer centricity is this: Are we willing and able to create an organisation that exists to serve the customer?

Any response that is qualified or nuanced suggests an attitude to customer experience excellence that is little more than lip service.

3. A SINGLE SHARED VIEW OF THE CUSTOMER IS NOW A PREREQUISITE

The proliferation of organisations championing the multi- or omni-channel approach often disguises an unpalatable truth: few organisations are set up to collect and synthesise the data collected to create real insight into the customer experience.

Many organisations gather an overwhelming amount of data without having the capacity or capability to turn it into information. Research on the future of customer service (Kcom and the Customer Contact Association) found that only a small minority of businesses are accomplished omni channel players. Most are struggling to join up in front of the customer.

Yet offering a personalised, easy, relevant and frictionless service to customers is increasingly a table stakes offer; a prerequisite to compete but hardly a winning hand.

John Lewis, historically recognised for its customer proposition expertise, faces the same challenge of establishing a shared view of the customer:

"We have the same problem as everyone else: silos, different directorates – buying, retail, online. Initiatives get proposed and developed separately, and whilst each comes up with its own new proposition, with the customer seemingly at the heart, this is not joined up, as what works for one area may well not work for another and the business area is seen as resistant. It is essential in today's market to have a joined-up view of the customer propositions end-to-end"

Amanda Hickey, Transformation Manager, HR, John Lewis

4. YOU CAN'T UNINVENT LEGACY

Welcome to the age of the giant-killer.

Markets and industries, ranging from B&B bookings to medicine software development, are being fundamentally disrupted by agile new entrants. Unencumbered by outmoded operating models, organisational structures, entrenched attitudes and legacy systems, they are able to take advantage of the latest tools and create an organisation built around the needs of the customer right from the beginning.

The structures and assets that once provided competitive advantage have, in many instances, become the chains that hold organisations back, rendering them unable to respond rapidly to the ever-changing demands of customers. Exciting new competitors are winning the race to gain customers' attention and loyalty.

Rob Fraser, former CIO of Sainsbury's, told us powerfully of the impossible task facing many large organisations, that of uninventing legacy and what he called 25-year business cases.

He described how the business planning of the big four supermarkets – premised on buying more and more space – brought high returns at the time but now leaves them massively disadvantaged in an era of online grocery shopping and same-day delivery.

"If those business plans had run over a five-year plan we wouldn't have built those places. Because we looked for a return over 20 years or more, they made more financial sense. But that was predicated on an assumption that consumer behaviour would remain consistent over those years and that clearly has not been the case."

Rob Fraser, Board Advisor and formerly IT Director, Sainsbury's

New entrants can more easily build their new customer service business models around what the data tells them the customer wants. With no legacy IT, no wrong kit or tech, no redundant real estate, no staff who joined one business and are now being asked to work in one that looks very different, there is little to hold them back from creating the customer-centric organisation.

"Large corporations have just not really got the hang of this yet. They don't respond to changes taking place in society, globalisation, digitisation, in the way that smaller businesses are. This is why smaller, internet-based companies are taking over from the traditional organisation – because it is about being responsive to customer needs. Customers are at the forefront of how these smaller businesses are set up."

Rob Fraser, Board Advisor and formerly IT Director, Sainsbury's

Of course, this is not necessarily the death knell for corporate behemoths who have the resources to invest in acquisitions and establish new ventures of their own.

Not that such approaches guarantee success. Some organisations that respond by acquiring smaller start-ups then make the mistake of imposing their established ways of working on the junior partner.

"By buying smaller biotechs, just bolting on doesn't fix the core issues. Having a reasonably responsive front end doesn't solve the problem; the issue is the back end machine which has a life of its own – literally feeding itself. If you don't give your acquisitions freedom to operate as a spin-off… it will outgrow the business that bought it in the first place."

Dave Heath, consultant to Nationwide

Some organisations are successfully breaking their existing models down to do battle with the new competition. A very early exponent of this was First Direct, originally established to be a more customer-centric bank, while operating in an umbrella organisation (HSBC) of truly global proportions.

Nevertheless, one of the biggest competitive threats now comes from new entrants deftly creating new offers to pick off profitable niches and customers. Many business leaders are finding that if they are not radical with their business model, someone else will be.

5. CONTENT CREATION HAS BECOME A COLLABORATIVE PROCESS

Amongst the many definitions of brand, one of the most pertinent has been attributed to the founder of one of the top two brands in the world.

"Your brand is what other people say about you when you're not in the room."

Jeff Bezos, Founder, Chairman and CEO, Amazon.com

Organisations no longer directly control their brand. The genie is out of the bottle as customers and employees discuss their experiences online. General social media platforms such as Twitter, and specialist review sites such as TripAdvisor and Glassdoor mean that where once a dissatisfied customer might tell eleven of their friends, they can now share their experience with hundreds or thousands of others.
The Naked Wines example in the introduction to this paper demonstrates how powerful enabling customers to contribute reviews, comments and ideas can be. Naked Wines' community of Angels currently has a waiting list of potential

customers eager to join the club. Marketers can, and should, continue to create content that explains benefits and builds the brand, but this is just one voice. More and more, marketers are engaging in conversations with customers and employees and trying to establish a tricky balance between defending the brand from unfair criticism and accepting responsibility when things go wrong.

But there is an upside. Where sufficient customers and employees share positive experiences of brand, or content created by the brand owners, the process of social proof makes the impact on others far more powerful. And so the process of content creation and sharing – and branding – becomes a collaborative process.

The implications are clear. More than ever before, organisations' brands are dependent on providing a positive experience for customers and employees.

IT'S TIME TO ACT

Companies are realising the need to act quickly to capitalise on the opportunities presented by creating a distinctive and memorable customer experience and overcome the challenges described above.

In the second part of this report we explore how they can do just that.

Section 2 - How to optimise your customers' experience

The benefits of customer centricity are clear but this does not mean it's right for everyone. As Michael Porter articulated in his seminal books on competitive advantage, there are various ways to gain an edge over the competition. Many customers are happy to accept lower levels of customer service in exchange for a cheaper price.

But for those organisations that decide a customer-centric approach is right for them, our research has revealed ten steps that will help overcome the challenges described in section one.

Figure 1: Optimising the customer experience – the changing role of customers, employees and leaders

▶ LEADERSHIP: Create a leadership ethos, not an agenda

▶ DATA: Find the story within the data

▶ STRUCTURE & PROCESS: Structure your organisation around the customer

▶ CUSTOMER VALUES: Make a deal – Create a shared value proposition

▶ SHARED VALUES: Understand and express shared values through your brand

▶ CO-CREATION: Make your employees integral to success

▶ COMMUNICATION: Create a common language

▶ INSOURCE: Exercise caution when you consider outsourcing customer-facing functions

▶ AGILITY Leap-frog your legacy and let fly

▶ COMMUNITY: Create a community

Alignment lies at the heart of all customer-centric organisations. This means an alignment of the organisation with the customer – strategically and operationally, and also alignment within the organisation; that is, between leadership (at all levels) and employees across functions, product and service lines.

In organisations that are structured along conventional functional lines, the glue that helps to create a common platform, shared agenda and shared line of sight is process. This is about designing interconnected spoke and wheel processes where the customer is at the centre.

Driver 1 – Create a Leadership ethos, not an agenda

Any shift in focus for an organisation has to stem from its leadership. It is when leaders recognise that they need to mean what they say, and put customers at the centre, that competing agendas can be broken down and the organisation can start to rebuild a culture based on the shared values of customers and employees alike.

Board buy-in, from ownership of the business case for investment in the customer experience, to linking senior management compensation, to customer service performance, is the foundation for success. The harsh reality is that too few boards own the ultimate responsibility for the customer service agenda.

"All too often, financial imperatives are set up in different bits of the business to compete against each other rather than deliver a customer-centric business model. Customers don't care how you're organised, but your FD does. And you're a cost centre in his or her eyes."

Alasdair McKenzie, formerly Head of Group Internal Communications, Serco

It's not just about getting the customer on the agenda; rather it's about shifting the whole ethos of the organisation around them, starting with leaders, particularly emphasised in what and how decisions are made, and the speed of execution.

For some organisations, especially those in which the CEO has become the most important customer, this requires a complete inversion of the operating model and perhaps a new organisational structure.

This asks a lot of leaders: an openness to restructuring and a new mindset in which the customer experience is prioritised over profit or product.

At the very top, the CEO needs to comprehensively understand the customer and what they believe in. This means 'walking with' the customer, demonstrating they are listening and responding to their needs.

Only then can the organisation understand how to build a meaningful relationship.

Leaders at Avis get close to their customers by taking responsibility for individual customer stations and looking at the data to understand what gets in the way of delivering excellent service on the ground. This means leaders understand the issues from the perspective of front-line staff and customers.

"Customer centricity really has to come from the top. At Avis, the global president talks the language of the front-line staff. He really understands it. If he goes to a location, he talks as easily to the staff and customers as anyone. He can demonstrate all the basic things that are important: clean car, systems, etc. It's not just about the big metrics."

Lesley Viner, Customer Excellence Director, Avis Budget Group

Raymond Ackerman, leader of South African retail giant Pick n Pay, also expected everyone in his team to experience direct contact with consumers, as former HR Director Nicholas Bicket explained:

"Raymond took customer calls himself. Every leader in the organisation had to have worked for one year in the stores to experience the customer experience. Everyone. Head Office was called the 'support office' to stress that their work was to support the stores to serve the customers better. Store staff were not allowed to park their cars near the store. That's where customers needed to park.

If someone wanted a new chair – Raymond contextualised it. "How many pints of milk would need to be sold to pay for that?" Everything was framed in terms of the customer."

Nicholas Bicket, former HR Director, Pick n Pay

Driver 2 – Find the story within the data

Bringing together messages from customers concisely and simply makes the voice of the customer your strategic ally in achieving customer experience excellence. This is not the same as customer focus, where an organisation will concentrate on meeting the short-term needs of a customer during a transaction. Customer centricity takes a much longer-term view.

Rob Fraser talks about how Justin King, when CEO at Sainsbury's, converted monthly data on the best performing products and stores into top line messages that could be shared with the business. This set the priorities for customer service and experience, creating simple messages that everyone could get behind.

As Justin King understood, seeing the narrative behind the data to get a clear picture of the customer journey is an essential part of improving the customer experience. This requires another organisational mind-shift in which every interaction with the customer is an opportunity to anticipate, understand and meet expectations - and receive feedback.

Where can this story be found? It lies within the data that is stored across distributed systems, both in and out of the organisation's control, which are generated each time there is a customer interaction.

"It is vital to understand the customer journey. Where did they look? What did they buy? You have to collect that data and use analytics to understand the customer experience, user experience, the whole digital landscape. How you exploit data in the right way is huge for retailers – even a one per cent return is huge for them."

Pal Kondel, VP Sales, Potus Consultancy

Insights from big data will be at the very heart of future developments in service, where a shared customer view will enable organisations to better anticipate their individual needs.

"The broader shift to social media and omni-channel delivery were seen as natural accelerators of the shared customer view, encouraging the rise of intuitive, anticipatory customer care in which customers will genuinely be able to say 'I'm glad you contacted me about that'."

John Knell, co-founder of Intelligence Agency and Managing Director, Culture Counts

Of course this presupposes organisations are collecting the right data. If they haven't been asking the right questions, or even storing the right data in the right quantity, they might not have enough to formulate the story.

Sporadic surveys and focus groups are not going to accurately model natural behaviour and beliefs. They give a narrow range of views. Organisations need to tap into what a broad sample of customers are saying on an ongoing basis and be ready for what it reveals. And as Gary Hall of Culture Coventry points out, the views of those who are not yet customers are at least as important:

"As a major visitor attraction, it's the people who don't come who you need feedback and opinions from. Don't fixate on the already invested groups."
Gary Hall, CEO, Culture Coventry

For Shakespeare Birthplace Trust, the challenge is about understanding who their customers really are and giving them all what they need:

"We are small. We don't want to drown in data. We just need to use it effectively. For us, knowing who our customers really are is what's important and we do this by hiring great people, passionate about being customer-facing and adapting roles to what's needed."
Philippa Rawlinson, Deputy CEO, Shakespeare Birthplace Trust

This requirement does not only apply to consumer-focused businesses. B2B organisations also have to think more widely about the customer journey:

"Firms need to make smarter use of the data they have available and think more widely – consider the customer's customer. Consider the full supply chain."
Pal Kondel, VP Sales, Potus Consultancy

If silos need busting, customer data can be more effective than passionate calls to work together by highlighting what's really important:

"[Using the] voice of the customer data in the right way… is a brilliant enabler of the right people agenda in the business."
Lesley Viner, Customer Excellence Director, Avis Budget Group

The need for timely access to expertise and answers within the business is as much an agenda for IT as it is for HR, communications and marketing as they strive to present the best of the business to market and the customer.

As the Justin King example demonstrates, big data can become noise without insight unless leaders articulate and share the customer imperatives and business improvement messages that come from it.

For West Midlands Police, listening to and communicating with the public through the channels people use every day has changed the way they work and engage:

"To really listen and to be able to inspire we rely on activating social capital – investing in society through things they do anyway. For instance, more people are on Facebook than read regional daily newspapers. For a missing person, a child for example, we can resolve the problem for the parents within two or three hours using Facebook – in the past this would have been very different. For policing to be normal, for us to be able to deliver, social media enables us to plug into society in a noble way and customers to plug into a broader organisation."
David Wilkin, Director of Resources, West Midlands Police

For policing, where the idea of community engagement plays naturally into the idea of customer centricity, finding the story and responding appropriately is vital for the reputation of the force:

"Customer choice isn't just the in-thing. [It] has a huge impact on the reputation of the

force. We cater for a broad church – from those who have no involvement with the police, for whom the force is an insurance policy, to those who are direct customers of services. We need to make it easy, make it attractive, and recognise that people want to engage in different ways. For someone whose car has been broken into, once they have reported the crime – perhaps via mobile or online – the response must be appropriate. Sending a car round may be a huge social stigma – knowing when to swap between channels at the appropriate point in a seamless way is vital for our reputation if we are to continue to engage with the wider social groupings."

David Wilkin, Director of Resources, West Midlands Police

Organisations have to get involved in the conversation by truly listening to customers and employees and reacting quickly and effectively to ensure the narrative progresses positively. Done well, this can create an enduring relationship that can be shared with all their social connections and beyond. Done badly, the results can quickly become disastrous and long-lasting.

Driver 3 – Structure your organisation around the customer

Rigid, product-led organisational structures are a key obstacle in the journey towards the best possible customer experience. As one of our interviewees put it, "you need your customer journey to dictate the way you are structured, not the roadmap for your product."

This is not as simple as one journey fits all. Segmentation of internal and external customers, establishing a series of 'persona', is essential to meeting the needs of all customers rather than the most vocal group.

For an organisation to optimise the customer experience, it is essential to be able to create and connect a number of pieces of a metaphorical jigsaw puzzle. The first essential piece, whilst obvious, is often not particularly well defined - who the customer actually is in the first place! Organisations need to be absolutely clear on the different types or segments of customer that their brand or brands are being aimed at. For the needs and expectations of customers to be met, a business must have an understanding of the different value propositions that must be delivered to each customer segment. Once that is known, it is then possible to start connecting additional pieces of the puzzle - such as the customer journey and customer centric measurement - to determine how capable the business is of bringing its customer value propositions to life.

Ian Golding, Customer Experience Specialist and Certified Customer Experience Professional

This means hiring the people who are passionate about customer data, working in the right ways and sharing the right information.

In short, we need to find new ways of working that are shaped more around responsiveness:

So much of this depends on the data and tools available to us. Using internal systems like HR Information Systems enables organisations to build communities of practice – informal groups of individuals with similar interests – connecting employees and finding untapped expertise.

For retail giants like John Lewis, the different directorates, such as buying, retail, online, etc, historically developed their initiatives in silos, meaning that there could be resistance within the business:

"Historically John Lewis have been great at developing customer propositions – but with the changing pace of the market we have lacked the end-to-end view. Being an omni-channel retailer has meant this has had to change, although this has taken time as some of our IT and customer programmes are complex and take time to deliver, plus they are a significant investment. Working in a joined up and collaborative way has taken time too, and continues to be a challenge."

Amanda Hickey, Transformation Manager, HR, John Lewis

One of the ways John Lewis has been working to resolve this issue is by setting up a Customer Experience Executive Board as well as conducting customer impact assessments:

"Our programme sponsors are clear on the need for a seamless customer experience as a key part of our strategy. In addition, we are conducting such things as customer impact assessments, so every time a new project is proposed it is seen from a customer and partner perspective."

Amanda Hickey, Transformation Manager, HR, John Lewis

A representative of a major DIY firm, interviewed for this research, described a previously rickety business model with nine operating companies globally, each with their own sourcing strengths and weaknesses.

By bringing procurement into the centre and redeploying talent to ensure all operating companies had access to the right sourcing skills, the firm improved both the dissemination of customer insights and its relationship with customers.

"We needed to redeploy talent and manpower so an important responsibility for the opcos is now passing customer insight to the centre – to the group controlling merchandising. The relationship with

customer has changed significantly – from trading to offer."

Anon, Head of HR, Global DIY retailer

Driver 4 – Make a deal – create a shared value proposition

Making a deal might seem like an old-fashioned concept but it does serve to illustrate some of the fundamentals of making customer centricity work. When we shake hands on a deal, both sides look each other in the eye with a clear agreement of what is expected of each other. Both sides can expect to benefit as long as they each keep their side of the bargain.

So a deal is based on respect and trust that will be consolidated with each subsequent successful deal, creating a loyal relationship to which all parties are committed.

In the customer-centric organisation, this mutual benefit and understanding between an organisation, its employees and its customers creates what has been termed the 'Shared Value Proposition'.

Driver 5 – Understand and express shared values through your brand

Shared values, the beliefs and principles that underpin organisational culture and decision-making, need to be apparent in every customer's experience. So how can an organisation encapsulate shared values in such a way that embeds them in all communications and interactions?

The answer is brand (remember the earlier Jeff Bezos quote).

Brand has traditionally been the domain of marketing departments, advertising agencies and brand consultancies, while

the operational sides of businesses have, arguably, been baffled by the idea of a brand or dismissive of it.

This is, perhaps, because branding is seen by some as a tool through which organisations create a desired image amongst customers. But if the brand experience fails to live up to this brand promise, this construct becomes meaningless.

In a customer-centric world, such disconnects become immediately apparent, and a brand that ultimately fails to deliver on its promise is a liability.

The brand, therefore, must reflect the genuinely held shared values of the organisation that represent what matters most to the customer. In this way, a brand is created not to force ideas on the customer, but rather to show solidarity with their beliefs and reflect what they want to experience in each interaction.

This is especially important in omni-channel organisations where the brand can help to create consistency of customer experience across all channels.

"You need to strive for a consistent emotional experience across all channels, across continents – the only way to grow your brand is by offering a joined-up emotional experience in a digital world."
Adam Baines, Change Associates

It has been well said that people do what people value. This applies at an individual as well as a corporate level. So shared values and brands start to centre around the idea of a culture that brings everything together and drives human behaviour. Successful cultures are transmitted from person to person and generation to generation. What people do reveals their values, and how they do things is a visible expression of culture.

Once a culture has taken hold it is long-lasting, powerful and difficult to break down as it binds people together with a sense of collective belief and community – the very things that a focus on the customer experience looks to achieve.

Is the Holy Grail for customer-centric organisations to create a culture or community that brings the customer inside and centre of the organisation? Or is there more?

Driver 6 – Make your employees integral to success

So far we've focused on organisational structure, leadership, customer values, shared values, brand and culture. But without buy-in from employees, any aspiration towards improving your customers' experience is likely to be fruitless.

Businesses that get customer centricity right make employees an integral part of the process and witness a convergence of the customer value proposition and the employee value proposition. The resulting Shared Value Proposition encompasses benefits for both customers and employees, while establishing itself in the culture and the brand to seamlessly bring the two together.

As Change Associate Tony Highland puts it, the people strategy and customer service strategy must work together:

"Your customer service strategy needs to encompass people! At my last client I worked with, their customer service strategy was a big, fifty-page, hefty document, with only one page given over to how their employee strategy linked to customer service. You have to think about the interdependencies – data, recruitment, outplacement, reward, etc."
Tony Highland, Change Associates

Engaged employees want more than the promise of fair financial compensation and benefits. They want to believe in the company they work for and feel part of a culture that has been cultivated through the relationship with the customer.

Employees now see themselves as customers of their employers and expect the same kind of deal. They are equally happy to express their experience of employers, both good and bad, through social media, often using the protection of online anonymity.

Smart organisations recognise that customers and employees are not mutually exclusive. We heard examples of Sky, for example, using its employees as a free and easily accessible research base for surveys about buying behaviour. Do all Sky employees buy Sky products for example? If not, why not?

Employees, therefore, are a great resource for testing market expectations, with the additional benefit of strengthening their ability to relate to customers. The next logical step is to then empower employees at the front end to deal with customer issues positively and proactively. As one of our interviewees told us, "You're always going to have difficult customers. Empowering employees to offer £10 here or there takes the wind out of the customer's sails and motivates the employee too.

Waitrose also recognises the power of empowerment:

"Empowerment is a cliché, but it is still not a reality for so many as they are so concerned about risk. If you crunch the data you soon realise that goodwill, empowerment and the odd refund here and there results in a huge attitude change."

Mark Wilson, former Director, Retail Operations, Waitrose

Driver 7 – Create a common language

If we accept that employees are integral to the customer experience, we need to revisit traditional definitions of a brand, which has to become as engaging for internal audiences as it is for those outside of the organisation.

For many brand agencies, even the larger ones, concepts like leadership development, recruitment, change management and performance metrics are not part of their world and as a result the employee side of branding is overlooked.

Organisations have to find a way to bring the two worlds together if the business is to be truly aligned.

"Customer centricity is brand. Yet branding agencies we know are struggling to add in the employee piece. Get the shared values piece right and you turn brand into something tangible for the customer as well as the employee."

Tom Crawford, Managing Director, The Brain Miner

Creative agencies and business consultants don't often mix, but in a customer-centric world which places employees at the heart of the brand, they will need to do so. This means finding a common language and working together to ensure internal communication, training, documentation, office space, etc. all reflect the brand and the shared value proposition.

Potentially, this needs a new breed of hybrid agency or consultancy that can successfully bridge the gap. Specialist roles such as Experience Director are already developing to help translate and coordinate between separate departments and service suppliers. It is possible to go too far. One of the key challenges is to ensure the employee voice

doesn't dominate and detract from the experience of the customer.

"Ask yourself - is your company customer-intelligent and not just a good place to work? I know organisations where employee engagement has gone up whilst customer satisfaction has gone down. Let's remember what we're here for, who we exist for. If an organisation is serious about customer centricity, then it has to be serious about shared values."

Tom Crawford, Managing Director, The Brain Miner

Driver 8 – Exercise caution when you consider outsourcing customer-facing functions

Is it possible to maintain the shared value proposition that underpins the customer experience in an organisation that outsources business functions? Our research suggests that where the decision is purely cost-driven and includes roles that involve interaction with the customer, it is difficult to achieve successfully.
How can these often remote and disconnected people be expected to reflect a culture and ensure consistency of experience for the customer when they are not an integral part of the organisation? Highly scripted interactions cannot make up for the loss of sincere belief in the brand, customer empathy and autonomy we believe are essential for true customer centricity.

Even when customer-facing staff have to interact with outsourced back office functions, the impact can be negative when the brand experience isn't joined up.

Where it is necessary to outsource customer-facing functions, take care to ensure the

brand experience offered is integral to the deal. This means creating a highly personalised and seamless omni-channel experience, across all channels, using insight from experience analytics to create the optimal customer journey.

Driver 9 – Leap-frog your legacy and let fly

One of the greatest obstacles to improving the customer experience is the inability to move quickly when a complete overhaul of embedded systems, processes, attitudes and culture is required.

The legacies of past decisions and initiatives that made the organisation successful to this point may have created an operating model and organisation structure which is not fit for purpose for the new challenge of customer centricity.

IBM is a good example of a company that had to respond radically to a change in its customer base. The company no longer operates directly in the consumer space, yet its products are in almost every piece of consumer equipment, including PlayStations and X-Boxes. Today, IBM's customers are other businesses. The company has reacted, taken some big bets and responded to changes in their customer base; they understood the need to create the change.

While established names can be responsive, new entrants, free of the restrictions of corporate history, have a competitive advantage and can move swiftly in order to take market share. And in offering a left-field alternative to the standard order of things, they're winning the hearts and minds of customers too.

Established names that struggle to adapt

quickly, or simply want to try a new entrant-style approach, have the option to create spin-off companies or partner with innovators and entrepreneurs outside of the legacy environment.

Driver 10 – Create a community

As what matters to customers, employees, leaders and other stakeholders come together, so the possibility of organisations as a true community emerges. Imagine the power of bringing together these audiences, either face-to-face or, more likely, online, to explore and develop their shared interests. The possibilities are intoxicating.

In a customer-centric organisation, such a community needs to be driven and dominated by the needs of the customer and not skewed by the agendas of leadership or employees. The organisation becomes a facilitator of the community but has limited control of it.

In this way, such a community becomes an analogy for the brand.
Lego is a great example of a big brand getting the community bit right. In 2005, Lego launched its Ambassador programme, realising that thousands of its already loyal customers (adults as well as children) were poised, ready to create and share innovative ideas with the rest of the community. Lego formed User Groups and online community spaces to develop new products and make their target market feel heard. In so doing Lego has reached new audiences, simply by asking them to be part of the deal.

Let's come back to our Naked Wines example. The Naked Wines website is a community, pure and simple.

For customers, it opens up a world of wine to explore and learn about, reviews to like and share.

For wine producers, it provides access to customer data to help refine decision-making, access to investment funding from Naked Wines and direct access to individual customers.

It's a compelling and successful model.

Conclusions

If creating an excellent customer experience was easy, everyone would be doing it.

Organisations have a choice and, for some, a strategy of cost leadership, for example, still makes complete sense.

Those who want to put the customer at the heart of everything they do, however, will recognise this needs absolute commitment and a fundamental change in how the organisation operates. It's no wonder that many of the organisations that do this well have started from scratch rather than trying to turn around existing structures.

But this should not dissuade established firms from facing the challenge. This report has presented examples of large organisations who have delivered excellent customer experience consistently and successfully successfully or have made good progress towards it.

We've described ten ways in which organisations can improve their chances. Customer centricity needs to become an ethos that permeates the organisation. The narrative behind customer data needs to be widely shared and understood. The organisational structure needs to be built around the needs of the customer, and a shared value proposition that brings together customers and employees should be established. This means recognising the integral role employees play in creating the customer-centric organisation and ensuring your employee communications and systems are consistent with the brand. We recommend bringing services in-house, to avoid diluting the brand, and finding ways to let go of the legacies that are holding you back. Finally, we've suggested a utopian view of the future organisation

as a community, in which customers, employees, leaders and other stakeholders work together for mutual benefit.

The journey may be long and difficult, but it is one worth taking. If we can help you along the way, please get in touch.

Change Associates

Call: +44 (0)207 1011 979
Email: info@changeassociates.com
Visit: 18B New Quebec Street,
London W1H 7RX

Web: www.changeassociates.com

ch>ngeassociates/

Call: +44 (0)207 1011 979
Email: info@changeassociates.com
Visit: 18B New Quebec Street,
          London W1H 7RX

Web: www.changeassociates.com

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