In the Driving Seat of Customer Experience

In the Driving Seat of Customer Experience

with Customer Signals Management

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FOREWORD BY THE AUTHOR

Towards the end of 2004, it suddenly occurred to me: “Wouldn’t it be great if organizations could be convinced that treating people in the right way (in this case customers and employees) was profitable? Hmm, but who’s going to listen to Zanna from Arnhem? Board members are unlikely to be convinced without some degree of research to prove it… Hmm… a doctorate…? Yeuch, a doctorate…” This reaction stemmed from my conviction that there is a yawning gap between science and day-to-day practice. And my aim was precisely to reach the latter. One thing I knew for certain was that I was unwilling to conduct research within the university system, and instead – if at all – it would need to be done parallel to my work as an organizational advisor. Off I headed with my comprehensive yet insistent list of requirements, to confer with Professor Dr. José Bloemer of Radboud University in Nijmegen. She had mentored me during graduation, in (customer) complaints management. After meeting three times, she was convinced of the scientific merit and I was convinced that this potential ordeal (yes, I knew that beforehand) was indeed the route required in order to achieve my practical target. My then manager at CapGemini, Maarten Veldhuizen, subsequently saw fit to grant me one day in the week for my research (for which I’m eternally grateful), and I officially became an ‘external doctorate candidate’.

My aim was to prove that three mutually reinforcing spearheads are vital for successful organizations: committed customers, committed employees and continuous improvement. The context within which I was able to prove this, was that of the customer contact environment: the contact center. At that time, such centers were a source of great customer dissatisfaction, and turnover of employees was a major issue. As a department however, the contact center sits on a veritable crock of gold in terms of data deployable for continuous improvement of the organization from the customer's perspective. My chosen scope of branches were those which affected me as a consumer or citizen in the case of their failure: healthcare insurers, banks, government institutions and telecom.

For me, the most enjoyable part of the process was the practical research, looking behind the scenes at many organizations. And although my motivation was already 100 percent, it was boosted to 300 percent following the initial sessions with customers and employees. While there were many reasons for this, with hindsight there were two leitmotifs which struck me in particular. The first was the signals gained from these sessions, that customers felt themselves to be ignored by organizations. There was a sense of powerlessness when faced with a large organization. Employees also regularly indicated that they received no further reaction to their feedback regarding the need for improvement. The second leitmotif which energized me tremendously, was the commitment by everyone involved to proactively assist in the improvement process. Although both parties certainly also vented their frustration, a U-turn was made within the same session, to thinking along and making useful suggestions for the organization. I became aware of the potential of connecting the three parties – customer, employer and organization – which is still my motivation for getting up each morning.

When referring to meaning, which is one of the most important elements for employee satisfaction, one aspect will always be meaningful for me: the constant search for connection between customers, employees and the organization. Throw in the complex puzzle (read: amazing challenge) of achieving this in practice while continually developing the method to include new insight, and you have found my incentive to embrace customer signals management. The creativity to re-examine what is effective in this specific context for this specific problem, day in day out. The need for continuous self-examination in order to fulfil the advisory role as genuinely as possible. The sensitivity not to judge people but rather to truly comprehend where they stand and to discover how they can be mobilized. The creation of pragmatism and simplicity from the customer's perspective, to generate the energy required to work together. And the last but possibly not least explanation for the success of initiatives in the field of customer signals management: establishment of a connection by coupling customer experience to the language of the organization, to render the customer experience steerable via customer satisfaction and cost efficiency. Instead of mere intentions, this therefore results in action being undertaken, with measurable results.

After a number of years working as an organizational advisor, I had the wonderful opportunity to prove all this in practice as a program manager at the Delta Lloyd insurance company from 2012 to 2015. The crux of the evidence I was hoping to provide was that costs can be dramatically cut by improving services from the customer's perspective – creating a win-win situation by raising customer satisfaction and lowering costs. By constantly examining and improving services from the customer's perspective, contact moments were reduced by more than 20 percent while simultaneously improving customer satisfaction. It was a fantastic, complex puzzle which we successfully solved as a team. A concerted effort, as there is no single egg of Columbus, it is Marketing which tempts customers online, Online which improves and innovates its services using tools such as a virtual assistant, Finance which changes its method of calculation, the Back Office which clarifies texts in communication, et cetera. All this was based on customer signals as the starting point, giving us valuable information on where improvements were required.

I still look back on that period with great affection and pleasure, having learned many valuable lessons about what works in practice, and what not. At the end of 2015, I translated a decade's worth of such lessons into this book. I hope you will enjoy putting the theory into practice just as much as I do, to take us another step towards greater customer centricity.

Zanna van der Aa
Huissen, July 2016

P.S. For anyone interested in the PhD ordeal cliffhanger… 6.5 years later, my brainchild was born: I received my title on 8 February 2012. Top of my list of compliments on that day came from Professor Dr. Hein van Duivenboden, with whom I worked with great pleasure at CapGemini and had therefore requested that he become a member of the panel of expert examiners: "Never before have I encountered anyone whose thesis is as practically relevant as yours." The final year of my doctoral research was indeed an ordeal: processing all the results into scientifically justified articles, which I knew would never be read by anyone in the practical situation. However, I would do it all again, when considering the effect, in practice, of all my blogs, lectures and continuing interpretation of directly applicable concepts for organizations. I am also certain that it would never have come to fruition without the occasional loving and absolutely essential kick in my pants by husband Willem.*

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* Sadly, Hein passed away much too young, from ALS, on 8 December 2014.

FOREWORD BY PROFESSOR DR. JOSÉ M.M. BLOEMER

Improve your organization's customer centricity with this unique, practically-oriented book on customer signals management.

We are all aware of the necessity of customer centricity. After all, there are plenty of examples of organizations all around us which fail to meet customers' expectations to one degree or another. All these missed opportunities offer an organization room for continuous improvement.

It will be clear that many of them struggle to find an approach to such an essential improvement. Where to begin and how to ensure you achieve results which customers will actually notice?

There are many books which can help you increase your organization's customer centricity. However, this book translates the daily customer experiences, employee services and their mutual involvement in the organization, into an approach for essential improvement. *Customer Signals Management* takes you by the hand, helping you to actually make your organization more customer centric and to avoid unnecessary customer contact. Improving customer centricity by means of reduced customer contact. At first glance, that sounds somewhat paradoxical. You may well be thinking: "Surely I need more customer contact in order to improve customer centricity? I can only satisfy customers by investing more time, effort and attention." However, most customers do not expect you to spend a great deal of time and attention on them. They are simply looking for efficient and especially effective assistance. And so reduced customer contact not only reduces costs accordingly, but also – more importantly – increases customer satisfaction and loyalty.

First and foremost, Zanna van der Aa is inspired and fueled by day-to-day practice. Her many years of successful practical experience enable her to very clearly describe what is required in order to enhance the customer experience of your organization.
As Zanna's professor and promoter, I know at first hand how motivated she is. While wishing to be inspired by science, her end goal is always to translate that science into good common sense (as she herself calls it). She is a woman on a mission, with the conviction to head straight for her target. I hope the advice, tips and tools she shares with you in this book will also serve as a source of inspiration for you. There is no standard solution after all. You have work to do. I have no doubt that you will do so successfully, thanks to this book.

Professor Dr. José M.M. Bloemer
Maastricht, 15 August 2016

INTRODUCTION

> *Choose a job you love, and you will never have to work a day in your life.*
>
> – CONFUCIUS

More and more organizations can be heard to despair: "We've looked into all kinds of things in recent years, and we also register the details of our customer contacts. We have a 'to do' list of improvements. Yet we're not making progress. So what are the smartest improvements we can make, with a measurable effect on our customers' experience? How can I show that customer experience can earn the organization money? And how do I get my entire organization to think and work from the customer's perspective?" Does this sound familiar? These are the key issues for customer signals management: an approach which renders customer experience steerable in terms of both customer satisfaction and cost efficiency.

Customer experience is trending!

Customer experience, customer engagement, customer centricity… All new terms which basically refer to the same problem: how can I gear the organization optimally to my customers' needs? The past 15 years have seen an encouraging change of tack. Back in the day, you needed to convince everyone of the fact that loyal customers earn a company money. By now, there is no end of proof that organizations which appreciate loyal customers and employees, outscore the competition who take them less seriously, on any number of financial attributes. There is therefore no longer any doubt about the importance of loyal customers and employees. The question has now shifted: "But how do I do it? How do I create such loyal customers? How do I create such loyal employees?” Customer experience is certainly here to stay at every organization in the next decade(s).

Yet it’s tricky

The fact that there is attention for customer experience does not mean that organizations are automatically successful in improving it. Essentially, customer needs could not be simpler. We’re all human, and it’s hardly difficult to deduce how you yourself, your mother, your partner wants to be treated. Yet apparently it’s not that easy. An organization is a complex entity of products, services, departments, processes, interests, et cetera, and all these aspects need to coalesce in order to improve customer experience. After all, a customer purchasing a new product deals with Online, with Customer Service, with Marketing, with the Back Office and with Finance. And somewhere in all these departments, there are employees writing copy for the website, answering the phone, devising a marketing campaign, writing the product manual, drawing up the invoice, and so on. Customer experience therefore affects the complete organization, which is what makes it such a fascinating and challenging puzzle.

Make it steerable

One of the most important principles lacking in many customer experience initiatives, is to speak the language of the organization: to render customer experience steerable. Most organizations know how to manage by numbers. If an organization is to become mobilized, it is essential to also create the right management information from the customer experience point of view. Customer signals management does so based on two mutually reinforcing perspectives:

1. Perspective number one is customer satisfaction. By designing customer satisfaction surveys according to the end-to-end customer journey (the steps taken by customers in passing through your organization) and the smart use of statistics, you can tell everyone exactly which knobs to turn. And therefore how you can best invest in improving customer satisfaction.
2. Perspective number two concerns avoidance of unnecessary customer contact. Avoiding such contact offers a win-win situation for customers and the organization alike. Customers don’t want to call

you three times needlessly, and any contact avoided translates into direct cost savings for the organization.

By combining the two perspectives in customer signals management, you take the driving seat, steering and improving your organization's customer experience.

Clear focus in practice

Two interesting practical examples demonstrate how this management process works. A director of a social services department was convinced that submitting documentary proof when requesting supplementary benefit was a very tedious activity for customers. Initiatives had even been taken to adapt policy, to minimize the documents to be submitted. Upon designing a customer satisfaction survey regarding the application for supplementary benefit in terms of customer signals management, customers were asked how they valued this process and we were able to objectively measure the importance of this aspect. Not only was the impact shown to be low, in fact the required documents had no significant impact at all on satisfaction. Much more important was the letter giving the decision, and how quickly it was received.

In another organization, analysis of unnecessary customer contact not only cut this unnecessary customer contact by 25 percent (thus also substantially reducing costs), but at the same time boosted the customer satisfaction score from 7.4 to 7.9. By staying alert to missteps from the customer's perspective, you can discover a myriad of opportunities for improvement which positively and simultaneously influence both objectives.

Your personal adviser

After reading this book, you will be able to implement customer signals management in any organization. It has been designed as your personal adviser, taking you by the hand and showing you how to personally apply customer signals management successfully in organizations. After all, there is no standard method for each and every organization. You will need to deploy your own competences optimally in order to successfully apply customer signals management:

your creativity to get people on board this new initiative – and keep them there; your sensitivity to relate to all involved and to grasp what is going on; your self-reflection to remain conscious of your own role and where it is effective or not; your analytical capacity to apply the available data smartly for the right analyses; et cetera. All these factors play a role if you wish to mobilize the organization and truly improve customer services.

Reading Guide

The book has been compiled to follow the customer signals management approach: you start by determining the importance of customer experience for your organization (chapter 1) and by explaining the exact nature of customer signals management to those involved (chapter 2). All your subsequent actions are taken within the framework of the end-to-end customer journey (chapter 3). The framework helps you define the customer satisfaction knobs to be turned (chapter 4) and avoid unnecessary customer contact, resulting in cost reduction (chapter 5). On initiating customer signals management, you will soon discover many in-company myths and the fact that you require data to either rebut or confirm them from the customer perspective (chapter 6). Now that you have this insight, it can be put to work to improve services (chapter 7). At various points in the process, you will need to identify employee roles and how they can best be actively involved (chapter 8). And finally, you will read how to make a success of customer signals management (chapter 9) and the lessons learned in nearly ten years of applying this approach in practice (chapter 10). Make the most of it and add your own top lessons in the years to come!

Many organizations have difficulty finding their way through the sense and non-sense of customer experience. This results in the fact that for over 10 years the % of organizations that see CX as a top priority has been over 80%, while organizations that are successful in CX are between 10-15% globally. Want to know if you are able to distinguish the sense from the non-sense? Take the test at accelerateinexperience.com/testme.

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THE RATIONALE OF CUSTOMER SIGNALS MANAGEMENT

> *Everything that irritates us about others, can lead us to an understanding of ourselves.*
> – CARL GUSTAV JUNG

Customer signals management allows an organization's desire to become more customer centric, to be put into practice. More and more organizations have such a desire. Why is customer centricity gaining importance and what makes it so complex, for an organization, to achieve this?

1.1 Why is customer centricity an issue?

It is actually very strange that organizations struggle to gain insight into and relate to their customers' needs. It is the justification for their existence after all. This applies not only to commercial organizations, as the public sector equally runs the risk of losing tasks to other parties if they are not performed satisfactorily. So why is customer centricity an issue to start with?

Increasingly detached from customers

As soon as an organization employs more than fifty or so people – let alone a few thousand – they cannot all still have contact with and relate to the customers. A structure is devised in which they can work efficiently and departments are formed, all of which are responsible for part of the customer services. Each department is then steered in terms of that chunk of service for which they are responsible. Marketing sets out to achieve a good brand perception and retain customers, Sales aims to attract new customers, the Contact Center must handle contact moments as effectively as possible, the Back Office must ensure that all communication sent to the customer is correct, Online is responsible for a good website, et cetera et cetera.

The greater the number of departments, the greater their detachment from the customer. In many large organizations, direct contact with customers eventually lies solely in the hands of the customer service employees. No wonder then that the organization's customer centricity requires attention across the board. By examining the service you provide throughout the chain from the customer's perspective, every person playing a role in this chain becomes aware of his or her impact on the customer. And so you can re-engage the customer.

Conflicting targets

The various departments not only have insight limited to part of the customer services, but often also have conflicting interests. The purpose of the marketing department is to retain customers, and attracting appropriate customers with the right customer value is crucial to their success. The sales department aims to reel in as many new customers as possible, and customer value is irrelevant. Sales will tempt customers with short-term financial benefits, such as discounts. A year later, these are precisely the customers who will go off bargain hunting for their next best deal. It is therefore important to find the right balance between effectively managing a department and contributing towards mutual goals throughout the customer journey.

Cooperation is paramount to corporate structure

More and more organizations seek the solution to this problem in the design of a matrix organization: chain managers or customer process managers are appointed alongside the departments, and are responsible for customer services throughout the chain. While this may seem extremely logical, it is often found to be counterproductive in practice. At the end of the day, the chain or process managers have less mandate than the responsible departmental managers, resulting in the departmental interests overruling those of the chain. Any reorganization starts with someone drawing the rake shape (the organizational chart).

Yet in day-to-day business, the corporate structure is found to be largely insignificant when it comes to achieving goals over the end-to-end customer journey. Much more important is the intention to cooperate. If the corporate structure facilitates full chain cooperation but those involved are not willing to work together, then it is not going to happen. Conversely, this is easily accomplished in an organization without a formal chain structure but with a willingness to help each other improve the customer's experience. It is vital to pay attention to the degree of cooperation and to the underlying reasons why this does not occur. After all, a customer-centric organization must cooperate over the entire chain, as customers simply do not think in terms of departments, but instead experience the services provided throughout the chain.

1.2 The added value of customer centricity

As an organization grows – and naturally becomes more complex – it is easy to lose sight of customers. But is that really a problem? In other words, is there really any point to focusing on customers, or can organizations survive quite nicely without continuously tuning their services to customers' needs? There are at least four proven benefits of greater customer centricity in organizations.

1. Better competitive position

Over the past twenty to thirty years, organizations have been increasingly faced with competition. Simply supplying a good product at a fair price no longer suffices. This can be simply copied after all. The arrival of Internet has certainly played a role in increasing the competition even further. Nowadays, your unique selling point (USP) is more likely to be found in the service enjoyed by customers. Back in the year 2000, Gilmore and Pine's book *The Experience Economy* described the importance of customer experience, suggesting that the organization is a theater, in which customers seek such an experience. Their vision is exaggerated. Of course it applies to parties such as Disneyland, which many organizations like to visit as a source of inspiration for their own customer centricity. However, customers looking to take out insurance are hardly likely to want an insurance agent to put on such a theatrical experience.

The same applies to anyone looking for a new job, when informing the local council of a house move or querying an Internet subscription. Customer centricity is most certainly crucial for sustained competitive advantage, but as this book will explain, it often lies in unexpected areas.

2. Increased profitability

What has also become more and more clear over the past 20 years is that customer centricity is profitable. In the early days, it took great effort to convince organizations of the importance of focusing on customers, as they were convinced that it was an expensive business. However, from the 1990s on, many studies have been undertaken and books written, giving firm evidence for the fact that organizations with loyal customers and loyal employees are much more profitable than their counterparts where this is not the case (including Reichheld, 1996; Heskett and Sasser, 1997; Fornell, 2007). The service profit chain (Heskett and Sasser, 1997) clearly demonstrates the relationship between the loyalty of employees, quality of services, customer loyalty and profitability (see figure 1.1). Unfortunately, the fact that these books exist is no guarantee that everyone will read them. There was still plenty of missionary work to be done in that field. In the end, the arrival of the Net Promoter Score (Reichheld, 2003) had great impact in demonstrating the importance of loyalty and its relationship to profitability. While copious information is available about the NPS (see also chapter 4), one of the most important aspects of the introduction of the NPS has indeed proven to be: rendering the profitability of loyal customers and thereby customer experience visible right up to the board level. In 2017 even McKinsey has published results that organizations in general see a 5-10% increase in turnover within 2-3 years*.

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* http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/putting-customer-experience-at-the-heart-of-next-generation-operating-models