

Assessing Customer Experience

The title of a recent article in *The Economist* reads as “Companies hope that “chief customer officers” will provide better service. Yeah, right.” The article reports not only that some firms have started appointing chief customer officers (CCOs) to serve the customer more attentively, but that some of these CCOs have assistants have many assistants such as a “vice-president of customers-for-life” (Salesforce.com), or a “vice-president of customer advocacy”(NetApp), and even a “director of customer listening” (Cisco). Add this to the slate of Vice Presidents, Customer Experience at companies such as Fidelity, Intuit, Healthy directions and others; it’s pretty clear that the race is on.

While such appointments of key executives to take charge of assessing customer experience are certainly a step in the right direction, there are grounds for a healthy dose of skepticism. Even though the idea that the primary purpose of business is to create and retain customers goes all the way back to Peter Drucker’s 1954 book *The Practice of Management*, many organizations have struggled in shifting management attention from traditional financial metrics to the critical few measures that really matter to customer. And it’s not just about metrics, for fundamental changes in culture are also needed for optimum results. So, action has lagged rhetoric.

The first step in viewing the business from the customer’s point of view involves measuring, and monitoring the firm’s performance in terms of delivering what customers really want. What customers want is shown in Table 1:

What Do Customers Really Want?
1. On time delivery [ideally when customers asked for it, or at least, when it was promised to be delivered]
2. Accurate [the exact items/services they ordered]
3. Complete [no back orders or call backs]
4. Responsiveness to inquiries [first time right]
5. An accurate invoice
6. Value for money
7. Flawless service/support [both during and after product/service delivery]

Table 1: What Do Customers Really Want?

A tight collaboration between business and IT is needed to make any progress in automating the collection of critical to customer metrics. That’s easier said than done. A surprising number of companies continue to monitor metrics such as when orders are shipped as opposed to when these are received, and the average time needed to respond to a customer inquiry as opposed to the frequency with which customer inquiries are resolved first time right, etc. Even when the right metrics are monitored, they often don’t make it to the scoreboard that the senior leadership team (SLT) monitors and are buried deep in the bowels of an analytical group. Further, an end-to-end process based view is needed to find the root cause when performance dips below a certain level and this view of business is frequently missing, or at least not transparent at the SLT level.

While some progress has been made recently in the area of customer centric measurement, largely due to an increasing emphasis on big data and process analytics, it is not yet clear whether this will have sufficient impact on shifting management attention to a more customer centric and systemic view of business. Organization culture is sometimes tagged as the culprit. Yet, culture is dependent on what the organization measures, manages and rewards. To shift culture requires not only attention to customer focused metrics, but also on models, governance and reward systems as summarized below:

- **Model:** The use of simple, visually compelling schematics of a high level process based view of the business and a one page schematic for at least each customer touching process is needed to maintain a focus on performing for customers and the need for cross departmental collaboration.
- **Governance:** Given the development of the right models and metrics, establishing a process based governance framework to emphasize value creation is necessary to embed a new way of “how we do things around here.”
- **Reward Systems:** This involves aligning reward and recognition systems to acknowledge the efforts of individuals and teams that enable performance for customers.

Also, as organizations rediscover that it costs far more to acquire a new customer than to keep an existing one, there appears to be a marked increase in the volume of customer surveys. The proliferation of customer surveys, especially in the business to consumer segment, is noteworthy. One study found that American corporations launched over 7 billion surveys in 2010, of which about 2.6 billion were completed.¹ In an environment where organizations’ appetite for customer feedback is surpassed only by the ease of deploying online surveys, customers are understandably annoyed by the bombardment of survey invitations. I know that as I am one of those annoyed customers. As a result, the level of “survey fatigue syndrome” is on the rise. Now, there’s nothing wrong with surveying customers about their experience, but that data is backward looking and there may be a better way.

A quick “health check” can reveal how an organization is performing for customers. Just as a physician tests for a specific set of “vital signs” at an annual physical, such as body temperature, blood pressure, heart rate, and respiratory rate, organizations can test how they are performing for customers by checking the timeliness and quality of the services provided.

There are a set of critical few touch points that represent “vital signs” in business. These typically include ease of application or ordering, timeliness of product/service delivery (at least when promised), timeliness, accuracy and completeness of responding to inquiries and complaints (e.g. first time right). Many companies don’t monitor these vital signs with discipline. Instead of assessing the timeliness and quality of customer interactions, they focus solely on the traditional measures of performance; revenues, profit, cash flow and departmental actual to budget comparisons. The focus on the traditional measures of performance, at the expense of critical to customer metrics, is a form of organizational measurement myopia, where near term financial metrics trump the monitoring of what matters to customers and hence the basis for long term revenue growth.

This traditional view has been called seeing the business from the “inside-out,” while a customer centric view involves viewing the business from the “outside-in.”ⁱⁱ Table 1 below depicts a partial summary of what matters most to organizations and what matters to customers.

Activity	Inside Out View	Outside In View
Develop	# of new products/services Revenue per new product/service	Available when promised Works right the first time
Sell	Revenue \$ Number of Orders	Responsiveness Value for money
Deliver	Cost per order	On time, accurate, complete, works right
Service	Average time to handle calls	First time right response

Table 1: Two Views of Measurement

IT systems have a key role to play in measuring what matters to customers, and that can be problematic at times when IT systems have been designed to focus on the traditional “inside-out” performance metrics. This is where mapping the customer experience can provide a useful context. While customer experience mapping is hardly a new idea, dating back to the 1980’s and often attributed to Jan Carlzon’s concept of “moments of truth” at SAS, this technique can be useful in depicting the key points of customer contact.ⁱⁱⁱ

The key to success with customer experience mapping is to stay at the right level of detail – and that is as much art as science. Instead of launching a multi month project to map the dozens and even hundreds of touch points, at the outset it is essential to focus on the critical few touch points that matter most to customers. This can be done effectively in a few weeks.

Identification of the critical to customer metrics is just the first step. Linking customer experience to financial outcomes and assuring the critical few customer metrics become part of the senior leadership team’s scorecard are equally important. As the old management adage states, “*you can't manage what you don't measure!*”

How is your organization doing in these areas? How ready are you to map and measure what matters to customers?

ⁱ <http://blog.vovici.com/blog/bid/111213/Customer-Feedback-Fatigue>, accessed on December 2, 2012

ⁱⁱ Spanyi, Andrew, *Business Process Management is a Team Sport: Play It to Win!*, Anclote Press, 2003

ⁱⁱⁱ Carlzon, Jan, *Moments of Truth*, Harper Business, 1989