Lessons from Customer Experience Leaders

Fifth Quadrant’s 2021 APAC Customer Experience Maturity Report, sponsored by Verizon, provides a comprehensive analysis of how organisations are performing against the key attributes and enablers of customer experience.

From their ratings of the key attributes in Fifth Quadrant’s CX Maturity Model, organisations were classified into one of four maturity groups, these being, Laggards, Followers, Progressives, or Leaders.

Around a quarter of organisations in the region are classified as CX Leaders. While there is no universal playbook to achieving CX success, the report shows that CX Leaders have a considered strategy and plan that is well executed using CX best practices.

To gain some insight into how Leaders are lifting and improving experience across all the enabling factors, Steve Nuttall interviewed Stephanie Bauer, head of CX Consulting at Fifth Quadrant, and Amelia Diggle, Service Design Lead at Verizon Connect. You can listen to the full interview on Verizon’s collection of Enterprise Technology Podcasts.

Here you will find the key take outs and learnings about how to become a customer experience leader.
In this paper:

01 Impact of COVID-19 on CX
How leaders navigated changing customer expectations, while rethinking their business models and accelerating digital transformation.

02 CX Strategy and KPIs
How leaders integrate CX into the wider business strategy, and how CX KPIs should be aligned with the main commercial KPIs to prove a ROI.

03 Breaking down silos, and Customer Centricity
The importance of internal collaboration, and breaking down organisational barriers, whilst keeping the customer at the core of the strategy.

04 Culture
The importance of C-Suite involvement in the CX strategy, and the difference between top-down enforcement, and support from leadership.

05 The role of AI in CX strategy
How leaders have introduced automation from a wholistic perspective; using AI to improve efficiencies, whilst maintaining connections through human interactions.
Impact of COVID-19 on CX

COVID-19 has forced companies to rethink their business models, accelerate their digital transformation programs and respond to rising customer expectations. Working as a high-octane accelerant, the pandemic has triggered a rapid shift towards agility, digital and customer-centricity. CX Leaders were already positioned on the right side of these trends and have used the pandemic as a catalyst to transform and grow their business. As evidenced by our research, 55% of CX Leaders strongly agree that CX will be a differentiator in a post-COVID world, versus only 12%, of Laggards.

Laggards were caught on the back foot and had to quickly figure out how to maintain their workforce in a remote working environment, which took energy and focus to enable these new arrangements.

Conversely, those with higher levels of maturity typically already had that capability and the technology in place to rapidly enact remote working. 2020-21 has been a difficult and challenging year for Laggards and a rewarding year for Leaders, opening up business model, as well as customer design, opportunities.

"CX will be a key differentiator in a post-COVID world”
(% Strongly Agree)
CX Strategy

Leaders can consider these broader transformation opportunities because they think about CX strategy as part of a broader organisational approach that is driven from the top down across the whole organisation. In contrast, for the less mature groups, CX is often a standalone strategy that is separate from an enterprise-wide organisational strategy, something that's at the side with little commitment from the C-suite and without the requisite level of support.

When Leaders develop an enterprise wide CX Strategy they are setting out a plan for the total customer experience; which includes the entire organisation across all enablers including people, process, technology, the channels that are used for customers to interact, as well as the product, the pricing, and the positioning and the communication. All of which wraps together to provide that total customer experience.

If you have a strategy that isn't integral to all of these CX enablers (that traditionally may have been owned by a marketing function, or by a product team), then there tends to be a disconnect.

“CX strategy needs to encompass the whole organisation across people, process, technology, the channels that are used for customers to interact, as well as the product, the pricing, and the positioning and the communication.... all of it wraps together to provide that total experience.”

Stephanie Bauer, Head of CX Consulting, Fifth Quadrant

KPIs

Leaders integrate and align CX KPIs into the main commercial KPIs and measures of organisational health. This could be a target to increase revenue or a growth plan to increase revenue in the business, as well as managing operating costs and improving operational efficiency to keep the business healthy and lean. In turn, these are linked to more traditional KPIs around customer churn reduction and customer retention, and on the internal side, measures of employee engagement which have a direct correlation with good customer experience outcomes.
Breaking Down Silos

Departments acting in silos can be a significant barrier to achieving CX success. The issues around departmental silos are as much around organisational design, and culture, as they are about ownership and responsibility.

When we look at less mature organisations, there is often not a dedicated area of the business with a role that has sole responsibility for customer experience. In most organisations, it tends to be either a customer service function that looks after customers generally post-sale, a marketing department that looks after the acquisition journey, or an innovation department that looks after new product development. Hence, customer experience functions are fragmented.

Where we see it working well in organisations that are Leaders, there is either a role of Chief Customer Officer, or C-suite responsibility is assigned for customer experience across all of the traditional functional areas of a business. That means that there is cross collaboration, and there is a level of alignment in terms of goals and objectives that are set across those different functional areas.

Top 3 Obstacles to Improving CX:

1. Departments acting in silos
2. Too many competing priorities
3. Lack of alignment with other departments

Customer Centricity

For a Leader, the number one goal is putting the customer at the centre of everything that the organisation does, through decision making, policy making, product design, to sales, and through to service. In this operating model, the whole machine of an organisation works together to keep the customer at the centre of everything they do. To quote Jeff Bezos, CEO of Amazon: “The most important single thing is to focus obsessively on the customer. Our goal is to be earth’s most customer-centric company.”
Culture

A key take out from the conversation with Amelia and Steph is that organisations must undergo a cultural transformation to become CX Leaders.

Amelia talked about a whole of business transformation that has to be led from the C-suite down, but it can’t be top-down enforcement. It needs to be top-down trust and empowerment coming from an authentic leadership style that encourages and promotes a learner mindset. This means giving permission to try new ideas out and give things a go, encouraging people to self-form teams to solve customer problems and having the right people around to sense check solutions.

“I think the shift that businesses need to make to be a CX Leader is to put the people who are designing the services and the products and the new experiences, really in the hot seat to be able to influence those decisions and point out issues without fear.”

Amelia Diggle, Service Design Lead at Verizon Connect

In less mature organisations, with a top-down enforcement culture, people don’t point out customers problems, which means they are less likely to be fixed and more pain for customers. When teams are formed to solve the customer’s problems, natural connections happen and a culture of customer centricity starts to work, utilising processes such as design thinking, service design, human centricity, and Lean User Experience.

“When that learner mindset culture sets in, it can get really exciting, but it’s a huge cultural change for some organisations.”

Amelia Diggle, Service Design Lead at Verizon Connect
Role of AI In Channel Strategy

This top-down trust, customer problem solving mentality is evident in the way Leaders are using AI as part of their broader channel strategy. If we think about human interaction channels being the most expensive, and automated and digital channels of interaction being the least, then being able to transfer more simple interactions to automated channels obviously helps in terms of reducing operating costs. But from a human perspective this also means that the level of skill, knowledge and expertise required from frontline teams tends to increase. Recognising this, CX Leaders have introduced automation which in turn has created more interesting roles for front line staff, that requires more autonomy to solve problems, rather than just necessarily following process.

Main Use Cases Of AI For CX

<table>
<thead>
<tr>
<th>Use Case</th>
<th>Leaders</th>
<th>Laggards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Facing Chatbots and Virtual Assistants</td>
<td>58%</td>
<td>26%</td>
</tr>
<tr>
<td>Frontline Employee Support</td>
<td>52%</td>
<td>32%</td>
</tr>
<tr>
<td>Robotic Process Automation in Customer Service</td>
<td>47%</td>
<td>40%</td>
</tr>
</tbody>
</table>

For complex queries where the preference is to have a conversation, Leaders offer human interactions to solve problems, whereas simpler questions are automated into digital channels. The more mature organisations can deliver this channel experience because they already have in place a good level of integration across the channel mix, supported by knowledge management systems that provide one source of truth about the customer across the organisation.

Leaders then take this a step further and start using AI to get to that next level of maturity to achieve cost to serve reduction. That is particularly the case for more simple transactions where customer preferences to have an easy, low effort, automated service.

Ultimately, Leaders see the importance of looking holistically at the whole channel environment, and not just looking at one channel in isolation, and focus instead on integration to ensure that customers are looked after in the most effective and efficient way.
Where to Start Your CX Journey

Having listened to the views of the experts and seen the journey that Leaders have been on, getting some education is always a good place to start. If you’re at the beginning of your journey, try to create a common understanding and agreement across your organisation of what CX is and what it needs to be for you as an organisation. Get those definitions in place to start the journey then start looking at a framework and build out a road map of how you’re going to travel on that journey of continuous improvement.

Your CX Roadmap

Please contact Fifth Quadrant if you are looking for guidance in and help to understand how you can lift and improve customer experience across all the enabling factors. We look at everything from channels through to people, process and technology, helping you to bring all those elements together to deliver and lift your customer experience.

For more information please contact:

**Steve Nuttall**
Director, Fifth Quadrant
snuttall@fifthquadrant.com.au