

A magnifying glass with a black handle and frame is positioned over a blue background. The lens is focused on the word "value" written in a bold, black, sans-serif font. The word "value" is reflected below it. The background also shows some blurred text, including "value" and "margin".

TRANSFORM
CX VISION
INTO **TANGIBLE
ACTION.**

HOW TO TRANSFORM **VISION** INTO **VALUE**

THERE IS A

FUNDAMENTAL TRUTH

FOR ANYONE INVOLVED IN
IMPROVING THEIR CUSTOMER
EXPERIENCE THAT NO ONE LIKES
TO TALK ABOUT AND IT GOES
SOMETHING LIKE THIS...

As business challenges become harder and increasingly complex, more companies are taking a customer-centred approach in an attempt to solve these problems. Despite this increased customer focus, they are finding that the ideas they have developed just aren't delivering the boost in customer satisfaction, or the return on investment, the business expected.

THIS PAPER SHINES THE LIGHT ON WHAT'S MISSING IN TURNING A CUSTOMER EXPERIENCE VISION INTO TANGIBLE BUSINESS VALUE. HOW DO YOU USE ALL THAT IS GOOD AND USEFUL FROM TYPICAL CUSTOMER EXPERIENCE APPROACHES? HOW DO YOU ADD COMMERCIAL RIGOUR AND THE HARD CORE ANALYTICS IN A WAY THAT ONE COMPETENCY DOESN'T DOMINATE THE OTHER? WHAT IS THE SECRET IN BRINGING TOGETHER THE SKILLS AND PERSPECTIVES THAT RESULT IN A GREAT CUSTOMER EXPERIENCE AND AN EQUALLY GREAT COMMERCIAL OUTCOME?

With more formal Customer Experience (CEX) functions within companies, we thought it was time to place Customer Experience under the microscope and see how well the true recipients of these programs, the Customer AND the Business are currently being served.

What is increasingly evident is that Customer Experience programs are proving very good at focusing attention on an organisation's customers, but they are not always as good at translating this increased focus and effort into tangible business outcomes.

LET'S START WITH SOME QUICK DEFINITIONS.

vision

A VISION OUTLINES WHAT AN ORGANISATION WANTS TO BE

...or how it wants the world in which it operates to be (an "idealised" view of the world). It is a long-term view and concentrates on the future. It can be emotive and is a source of inspiration. For example, a charity working with the poor might have a vision statement which reads "A World without Poverty."



value

THE TYPE OF VALUE WE ARE INTERESTED IN

...is the type that creates strategic, operational and financial value for an organisation. In addition, we are also interested in customer value which is less able to be measured directly in monetary terms. It must also contribute to the core of the health, well-being and prosperity of a company. This totality of tangible, intangible, monetary and non-monetary assets ultimately determines what a business or business opportunity is worth.



YOU WILL NEVER FIND THE
RIGHT ANSWER,
IF YOU HAVEN'T
FOUND THE **RIGHT**
QUESTION

In market research, the focus is traditionally on searching for answers to pre-determined questions. Questions like “What do and don’t customers like about the service experience and how might it be improved?”. In our experience the majority of market research focuses on answering “WHAT” questions. What is the problem? What does the customer like and dislike? What is their preferred channel to deal with the organisation?

The problem with only focusing on “WHAT” questions, is that the research always remains at a higher, less valuable level. It doesn’t spend the time on the much richer customer vein which is unleashed when you ask the question “WHY?”. “Why does this concern you? Why is it less valuable in helping you?” Asking more “WHY” questions of customers unlocks deeper motivations and emotional drivers that can be used to shape customer experience delivery.

There are three layers to finding and fixing business challenges.

- The first layer answers the obvious question or symptom that the business faces. It asks...
“What is the problem?”
- The second layer digs more deeply and seeks to understand the underlying issue behind the problem. It seeks to ask the question...
“Why is this a problem?”
- Once the problem and the underlying reason is uncovered, the third layer comes into play, focused on developing informed solutions or...
“How should we solve this problem?”

Organisations need to move from trying to find the right answers to focusing on finding the right questions.

A focus on finding the “right answer” only yields an understanding of customers at the level at which they understand themselves. To understand customers better than they understand themselves requires discovering the question behind the question. It is never what comes to mind first that drives the next five years of growth for a business. It is what lies behind it. The killer question is usually hidden from view because it’s too big for everyday business to address. To get to it, organisations need to move from trying to find the right answers to focusing on finding the right questions.

Every one of your competitors is asking the same question, “how do we improve customer experience and do it in a differentiated way?” Playing this “same question” approach tends to make growth a function of execution rather than strategic differentiation. We all know that in a service-based business this is one of the most difficult things you can do.

Looking for the question behind the question is not about challenging the brief or postponing the work. It is the work. It is an essential part of solving 21st century wicked problems and it is a crucial component of any customer experience professional’s job.

TO UNDERSTAND CUSTOMERS BETTER THAN THEY UNDERSTAND THEMSELVES, means they cannot just be asked why they prefer product A over product B. They rarely know. You have to help them find out what they REALLY feel and think. Also, you have to help them make this explicit to you.

That is because both customers and organisations can only provide a perspective on themselves at a surface or conscious level. It is too hard to objectively explain why you do something a particular way or not.

The real value for business is in understanding that “problems” articulated by both themselves and customers are often just a symptom of a much larger problem. When this is understood, it opens the floodgates to the creation of ideas and value for both the customer and the business.

What this means is that, instead of attempting to solve a number of less important customer issues in the pursuit of improved customer experience, the emphasis changes to solving far more meaningful and important problems. These more important problems, when solved, will create a real impact across both customers and the business. This creates the type of value that generates consistent and reliable growth from your customer experience programs.

How do service customers define value? It sounds like a straight forward question. However, upon closer inspection, it becomes quickly apparent that few companies know the answer. Lacking this knowledge means they also lack the essential ingredient in profitably improving the customer experience.

We hire a Doctor to diagnose and treat an illness. We hire a courier to transport goods. We hire education to build career advancement skills. When services are seen through the filter of the job the customer is trying to get done (or hiring a service to do the job) in place of the service itself, then the definition of value ceases to be tied to the current service offering. What this means is that customers do not value one particular service solution over another. What they really value is the ability to get the job done well, whatever that job is.

By focusing on the job the customer wants to achieve, this provides a more stable and consistent filter to work with. Improving existing services or developing new ones

might make for interesting work, but knowing that a customer's loyalty is only to getting the job done changes your perspective. This allows businesses to focus on helping the customer get the job done, rather than on a particular solution. This will make for much happier customers and more profitable business outcomes.

In this context, using ideas as a currency in isolation has had its day. The world is not short of ideas. In fact, most people we talk to within organisations tell us they have too many ideas to successfully implement. The ideas are coming from everywhere like a gushing fire hydrant. It is hard enough to control the hose let alone work out which ideas are the right ones to pursue. Without the right framework, using 'idea led' service innovation to improve the customer experience might result in some good 'brainstorming' experience, but it will not transform you into a customer experience leader in your category or organisation.

IT'S ALL ABOUT JOBS.



USING 'IDEA LED' SERVICE INNOVATION TO IMPROVE THE CUSTOMER EXPERIENCE MIGHT RESULT IN SOME GOOD 'BRAINSTORMING' EXPERIENCE, BUT IT WILL NOT TRANSFORM YOU INTO A CUSTOMER EXPERIENCE LEADER.

**MANAGERS ACROSS ORGANISATIONS
FIND IT DIFFICULT TO EVEN AGREE
ON THE ANSWER TO THE MOST
FUNDAMENTAL QUESTION: "WHAT
IS OUR CUSTOMER TRULY
TRYING TO ACHIEVE"?**

THE VALUE OF UNDERSTANDING
**THE TYPICAL JOB AND NOT THE TYPICAL
CUSTOMER.**

During lunch hours in summer, people are swiftly moving from aisle to aisle to grab a tomato, a cucumber, a can of tuna and a small sized salad dressing. They tap their feet whilst waiting at the check-out queue. If you understand this typical customer through their needs, you would believe that they prefer fresher tomatoes, crunchier cucumbers and more varieties of tuna. But the truth is, the job that these ingredients serve, is a fast, cheap and satisfying summer salad. Understanding the context of the customer experience is how Coles developed the pre-packaged salads which are now the champion products at the entrance of Coles which are conveniently located near their speedy self-checkouts. Just one reason Coles have grown their market share against Woolworths for the past 8 quarters in a row.

There is a lot of talk about organisations needing to be customer centric and moving the customer to the centre of the business. In this process of discovery, the focus on understanding the customer naturally increases. The complication is that managers across organisations find it difficult to even agree on the answer to the most fundamental question: "What is our customer truly trying

to achieve?" If there isn't an agreement as to what the customer is really trying to achieve when they use your service, the chance of moving forward in a unified and meaningful way is limited.

It should be noted that the question is not focused on ideas or customer needs, it is focused on what the customer is trying to achieve. What are the tangible outcomes he or she is looking for from the service? Once this is understood, the game changes. The ability to determine what is the most efficient and profitable way services can be delivered to achieve those customer outcomes and do it in a way that generates market leading margins and revenues, makes the answer to the question much clearer.

There is also a school of thought that uses 'customer needs' as the currency by which to improve the service experience. The theory is that if you uncover both the articulated and unarticulated

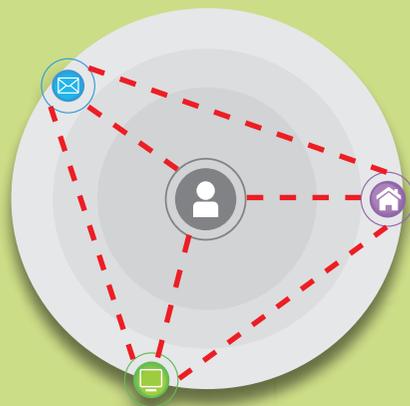
needs of customers and solve them, a good experience will result. The small problem with addressing needs is that no-one ever seems to be able to agree on which needs are the most important to customers. If there is a form of agreement, the question of how addressing these needs should be translated into execution becomes mired in subjective points of view.

**THAT'S WHERE
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VISION TO TANGIBLE
BUSINESS VALUE.**

This thinking was pioneered by Tony Ulwick and can be summarised in this way:

Current products and services are merely point-in-time solutions that enable customers to execute jobs. They should not be the focal point for value creation.

Once the job is accepted as the primary unit of analysis, it begins to have important downstream implications for organisations: it frees them up to stop thinking that customer needs only relate to the use of their service and the service experience. Instead, they begin to understand that needs actually relate to how well the customer is getting a job done. It allows the organisation to figure out that helping customers get a job done better or helping them get other or new jobs done is the real goal of customer experience improvement.



1980
banking ecosystem



2012
banking ecosystem

THE DEATH OF COMPLEXITY

With the acceleration of technology and the internet, the ability to offer and launch new distribution channels has accelerated at a rapid rate over the past 10 years and is only getting quicker. This means that organisations have a far greater ability to think up and introduce new channels that they believe would be of value to their customers.

WHO HASN'T BEEN IN A MEETING WHERE SOMEBODY HAS SAID
"LETS INTRODUCE A MOBILE APP" OR "CAN WE MAKE IT
AVAILABLE ON IPAD".

JUST BECAUSE YOU CAN, DOESN'T MEAN YOU

Cast your mind back to banking 30 years ago. The only way to interact with a bank was to go to the actual bank, use an ATM or use phone banking. There were only 3 ways or channels to interact with a bank. Nowadays, add in the internet, call centres, mobile apps, third parties like Australia Post just to name a few. There are now close to ten different ways to interact and transact with your bank.

SHOULD.

On the surface, enabling your customers to use additional ways to interact with your organisation can appear to be a good idea. However, what is not apparent is that organisations could have, in effect, ten different departments responsible for developing and delivering that branded experience for customers. What are the chances that all ten departments talk to each other and transfer information freely? Has the organisation stepped back to understand what the customer journey looks and feels like when encountering those different touch-points? The level of complexity to deliver all these touch-points consistently and seamlessly is

enormous. This is the reason why a lot of organisations are finding that the expensive introduction of new customer channels are not gaining as much traction as they hoped for or providing the expected return on investment.

Most people don't appreciate the backend complexity of ensuring those additional customer channels look, transfer information and act in a similar and consistent way to the existing channels. The effort required to achieve this is logarithmic. Developing a new app or new channel is only 10% of the work. The other 90% is in ensuring the seamless and consistent integration of each of those channels for customers.

MOST PEOPLE DON'T APPRECIATE THE BACKEND COMPLEXITY OF ENSURING THOSE ADDITIONAL CUSTOMER CHANNELS LOOK, TRANSFER INFORMATION AND ACT IN A SIMILAR AND CONSISTENT WAY TO THE EXISTING CHANNELS. THE EFFORT REQUIRED TO ACHIEVE THIS IS LOGARITHMIC.

CUSTOMERS EXPECT ORGANISATIONS TO ENSURE THAT EACH OF THOSE CHANNELS ARE INTELLIGENT ENOUGH TO KNOW WHAT THE OTHER CHANNELS KNOW. IF CUSTOMERS CAN PRINT OFF STATEMENTS ONLINE AND TRANSFER FUNDS, THEY HAVE AN EXPECTATION THAT THE MOBILE APP WILL OFFER THAT FUNCTION TOO. IT IS NOT ENOUGH THAT IT IS JUST A VIEWING OR INFORMATION PLATFORM.

Sometimes, ensuring your existing channels all work together as your customers expected and delivering a seamless and consistent experience along the customer journey is far more valuable. Valuable for customers because they can achieve what they need, quicker and easier. More valuable for organisation, because it reduces wasted investment and focuses expenditure on delighting customers across existing service experiences.

PROMISES, PROMISES

Have you wondered why when signing up for a 24 month relationship with a mobile phone company, the majority of the interactions and communication takes place in the first few weeks of that relationship? Does it make sense that despite the value being generated over 24 months, that very little of the interaction with the customer takes place once the customer has signed on for two years.

Take most relationships between service providers and customers and you will see something similar played out. The vast majority of organisations are structured to make promises and ensure the systems are in place to acquire customers. What they are less good at is ensuring those same customers to have a great experience with them across the lifetime of the relationship. This occurs despite the fact that this is when the majority of the value is actually generated for the organisation.

Wouldn't it make more sense for a customer you gain value, not just at the beginning or maybe at the end when it is time to re-contract, but more particularly over the entire life of the relationship?

The business world, and in particular marketing departments, have been tasked over the past few decades with developing

the brand vision and communicating that vision in the advertising and other marketing activities. This approach has created customer perception gaps on three fronts: the Expectation Gap, the Brand Gap and the Delivery Gap (see diagram).

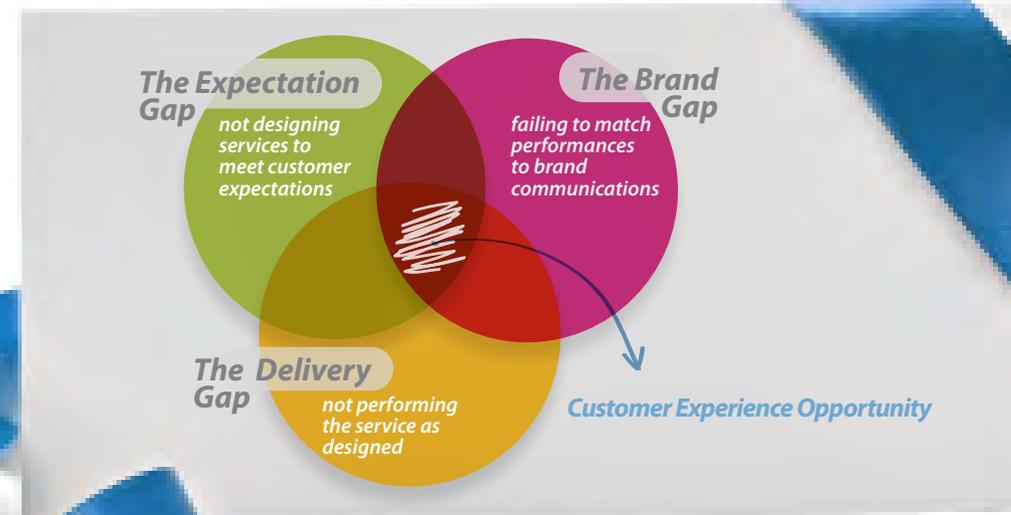
The business world does not need more organisations adding more features and making more promises to their customers. Organisations need a better way to fill the gaps by commercially packaging customer promises in a way that delivers on promises made. When this occurs, it will deliver much greater value for both customers and the organisations across the lifetime of the relationship.

By re-directing focus and resources to enabling and keeping the promises made by organisations, it closes the large gap between what a brand often promises and what it delivers.

The result is customers stay longer, spend more, buy more associated services and cost less to maintain, leading to revenue growth and increases in tangible business value.

Branding is the promise you make, Customer Experience is the promise you keep.

*Remember Branding is
the promise you make,
Customer Experience
is the promise you keep.*



THE RESULT IS CUSTOMERS STAY LONGER, SPEND MORE, BUY
MORE ASSOCIATED SERVICES AND COST LESS TO MAINTAIN,
**LEADING TO REVENUE GROWTH AND INCREASES IN
TANGIBLE BUSINESS VALUE.**

Talking Points

SERVICE DESIGN PERSPECTIVES



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