

Customer Experience Excellence

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The Six Pillars of Growth

David Conway and Tim Knight



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Legal

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FOREWORD

Every day, each of us awakes with an objective, a mission, a *raison d'être* and a purpose. Each of us wants to accomplish something. Small. Large. Whimsical. Relevant. Lasting. Passing. Rudimentary. Life changing. Memorable. Equally on our journey, we are a customer, consumer or business oriented, an employee, a citizen, a colleague and – always – we are human.

We also know how those who treat us well make us feel. We know what a good experience feels like and we want to engage with those who make an experience worthwhile. This applies to all who partake in the experience. Those who deliver it. Those who receive it.

Most of us can recall and recount a story of an outstanding experience and a dreadful experience. It is through our tone, volume and emotion that we make it clear where we will spend our precious time, resources and energy in the future and where we will not. In our digital world this perspective is amplified.

Senior executives, management and employees around the world profess to want to deliver a great experience to attract and retain customers in order to propel growth. Every morning, thousands of employees at companies around the world go to work with the goal of serving customers. Most have the desire to do a great job, connect emotionally and create great experiences for their customers. For the fortunate few this is an enervating, human and life-enhancing remit. For many, though, it is just another day of frustration as they grapple with outdated processes, disconnected systems and broken cultures.

Every month, business leaders worldwide study their accounts and forecasts, looking for evidence of high growth and profit. However, many are frustrated as their carefully wrought strategies, tactics, investments and passion fail to deliver. Many tend to look towards technology to help them change the trajectory, yet they continue to struggle to transform and serve the market in a manner that delivers profitable and meaningful customer experiences.

This need not be so. The path to excellence is evolving, but there are key milestones and guides that can help us on the journey. While each company's journey is its own, there are lessons from former leaders that can help. It is

a path that any willing organization can study and adopt. This book is about that approach.

My colleagues David and Tim co-founded the Customer Experience Excellence Centre (CEEC) out of the UK in 2010, seeking to quantify and codify what it takes to be a leader in delivering great customer experiences and generating strong outcomes for the business, for customers, for employees and for shareholders. When we started working together, I was immediately struck by the simplicity and relevance of the Six Pillars. These Six Pillars helped articulate how to navigate the ever-changing experiential requirements of the marketplace.

Working together, we chose to extend the work worldwide. Initially this involved reports in countries such as Australia, the USA and the UK. More recently, we have expanded to 34 markets, examining over 3,500 brands. The work tells us who leads, how they do it and how their principles can be applied to the business challenges each of us is struggling with.

Using this and other source material, the authors have captured their learning into a single volume. It's about a better, more human and more connected way to grow businesses.

As such, it is not just a beacon of hope for companies striving to achieve excellence, but a guide to help your business move forward. It outlines a sequential process through which better customer, employee and marketplace engagement is the outcome. The lessons are based on the culmination of millions of customer data points, financial analysis and hundreds of interviews with business leaders.

I believe this material should be essential reading for anyone who wants to engage with the marketplace, be they customers, employees, students, shareholders, regulators or suppliers. Have a read, walk in each of these individuals' shoes and contemplate the guideposts to consider.

The good news is that you can benefit from the knowledge of leaders who preceded you. The bad news is that there is no silver bullet. Despite the promises of customer gurus and technologists, no single factor guarantees success. Indeed, the pathway is multifaceted and requires organizations to multitask in a cohesive and integrated way. It requires an appreciation of ever-changing market demand – from consumers, employees and stakeholders. It also requires the hard work of understanding that execution needs to be done in a way that is informed, managed, connected and aligned, where each element is mutually self-reinforcing. It demands a new type of leadership.

It may seem a tall order but in every country there is an elite set of companies that have demonstrated the science and art of excellence. At the heart of this is a human, emotional connection, enabling better experiences for customers, colleagues and, consequently, shareholders.

In uncertain and volatile times, I'd argue that these lessons on business and human excellence have never been more important.

Julio Hernandez

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We would also like to thank the amazing people of KPMG who have taken the Six Pillar system to clients so that they can reap the benefits of a structured approach to customer experience and have continually refined and improved the concepts. In fact, this work would not be possible without the outstanding research expertise of everyone who works for KPMG Nunwood and the consulting expertise of the wider KPMG – it has been a privilege to work alongside you.

It has also been a privilege to have access to the intellectual expertise of our colleagues whose thought leadership on the ‘connected enterprise’ and the ‘Me, My Life and My Wallet’ (the ‘5 Mys’), ethnographic research we draw upon extensively in this work. For Connected Enterprise, Mariam Hernandez-Kakol, Julio Hernandez, Duncan Avis and Adrian Clamp have led the way. For the ‘5 Mys’, Coleen Drummond, Eliza Radford, Jennifer Linardos, Urvashi Roe and Willy Kruh provided inspirational content.

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At Kogan Page, Stephen Dunnell has been insightful and supportive in equal measure and has provided great insight and recommendations on how the book could be improved and refined.

Finally, there is one person who has taken the Customer Experience Excellence Centre from a good idea to a global think tank now conducting primary research in 34 countries and respected around the world. Tamsin Jenkins, who leads the CEEC, has been the mainstay of its work for over a decade and without her it would have remained just a good idea. Thank you, Tamsin.

PREFACE

For the past 12 years, we have researched customer and employee excellence around the world. We have examined the world's best businesses and those that have transformed most rapidly.

From the outset, we were curious about what defines the connection between brands and the humans they serve. What does a mutually rewarding emotional connection look like? How do leaders create this at scale? And what are the human and economic rewards of success?

Initially, we had five objectives in mind:

- We wanted to define what a great experience looks like from the perspective of the customer and the colleague. We sought to understand at a fundamental, psychological level why a particular type of emotional connection influences future commercial behaviour or productivity.
- Crucially, we wanted to identify the exemplars: the leading organizations across the globe that consistently deliver outstanding experiences. We used quantitative analysis and league tables to track these and the rising stars, the organizations that were making significant progress despite technological, market or regulatory constraints.
- We wanted to codify how leaders created consistency and scale. Most organizations can deliver a great experience on occasion but rarely do so consistently, interaction after interaction. This requires something special. By forensically examining the capabilities and leadership paradigms of exemplars, we set out to uncover the keys to scaling excellence.
- We sought to define the rewards of achieving this. Meaningful, human connection with customers and employees is arguably an end in itself: a higher purpose for business leaders. However, we also aimed to establish the economic payback, through both the lens of revenue growth and reduced costs.
- Finally, we sought to codify this secret sauce in a way that would enable aspiring companies to embed best practice across their organizations. To short-cut to success, sequence their plans better and unlock excellence.

Working with KPMG, these objectives inspired one of the world's largest ongoing research programmes on customer excellence. Over the past 12 years, this research has spanned 34 markets across 4 continents, encompassing more than 4 million consumer evaluations of their experiences with 3,500 brands. The research findings have been made publicly available across the globe and are in use in over 100 countries, from Brazil to Russia, where they shape and define the strategies of the world's leading companies.

At the heart of the research has been the discovery of a universal set of emotional qualities that define excellence in employee and customer experience. These are the Six Pillars of Experience: integrity, resolution, expectations, time and effort, personalization and empathy. Each of the Six Pillars leads into a behavioural framework, a set of competencies and design principles, which can be applied to any digital and human interaction.

They are universal, defining human connections that reward us emotionally and financially. They 'explain' common headline metrics, like Net Promoter Score (NPS), and predict business outcomes, such as loyalty, acquisition, lifetime value and cost to serve.

In writing this book we have drawn on the CEEC's published findings, other works and – most importantly – our experiences embedding best practice in some of the world's leading brands. The combined result is intended to be valuable to anyone whose job it is to serve humans – from customer practitioners and digital leaders to CEOs and beyond.

Is this book for you?

Do you need to move the dial on growth? Billions are being invested globally in customer experience. Yet, with a few notable exceptions, customers have yet to feel a difference. What we don't perceive does not cause us to behave differently or to spend more. Equally, employees increasingly report a gulf between their own experience and the espoused aspirations of their leaders.

Many executive teams struggle to address this. The lack of a consistent, scientific approach to managing customer and employee experiences is frustrating many. Most want to know why their latest investments in digital transformation are failing to move the dial or deliver promised benefits. As well as growth, every CEO is under growing pressure to create clear,

visionary purpose and inclusive culture. However, most preside over disconnected approaches to customers and employees.

The rewards for getting this right are enormous. Creating experience is the key to fulfilling purpose: the only way strategy is made real is by what human beings see and hear as a result. Creating excellence in human experience is a chance to do good, delighting others at scale. Economically, the organizations that do this outperform the market. In an analysis conducted in 2016 we observed that organizations which are highly effective at customer experience achieve higher revenues and twice the margin of their lesser competitors (www.nunwood.com/media/1294/making-memories-2016-uk-customer-experience-excellence-analysis.pdf).

So, whether you are a CEO, HR director, CMO, customer director or practitioner, this book has been written for you. If you are running Finance, or IT, or Operations, you will find principles herein that can make your teams more customer-centric and your business better. It is for anyone whose job it is to create great organizational results by leading other humans. It is the distillation of over a decade of research and hundreds of conversations with business leaders around the world. It seeks to answer the universal questions:

- We've struggled to adapt our operating model or structure to deliver customer centricity – how do we manage the internal change?
- We have implemented Net Promoter Score and invested in the latest customer relationship management technology – why is the dial not moving?
- We've laid out a lot of sensible principles for colleagues and customers – why is the organization ignoring them?
- We've targeted growth – but all we are seeing are more change requests and more costs.
- We've prioritized the customer – but how do we balance what sounds sensible in the long term with immediate regulatory or shareholder pressures?
- We've defined our purpose and culture – but we're struggling to make it real for our customers and colleagues. How do we rewrite the 'unwritten rules' of our business?

- We've got a lot of different frameworks and theories – we are overburdened with insights and consultants. How can we connect these ideas to real business impact?

The reason for many of these universal questions is that customer and employee experience is not part of a mature management discipline, or a well-trodden path. Technology and social expectation have been colossal forces for change over the last decade, rewriting what every business needs to do to succeed. Most businesses have struggled to keep up.

Consequently, organizations around the world are populated with millions of people who, unfortunately, are having to make it up as they go along, supported by dozens of consultants offering single point solutions that do not endure into the long term. The available literature is strong on *what* organizations need to do but, unhelpfully, is much sparser on *how*.

That is the gap this book seeks to fill. Our research demonstrates there is a clear pathway to success. A pathway that leaders and CX practitioners can follow, secure in the knowledge that this path has been forged by leaders in their field. Following it will provide not just improved customer and colleague experiences but a better way of doing business.