ClearAction Customer Experience Optimization Consulting

www.clearaction.biz
1.408.687.9700 tel
OptimizeCX@ClearAction.biz
Guiding company-wide action on a clear view of customers

Model for Customer Experience Management Strategy

by Lynn Hunsaker

Strategy for customer experience management is lacking for most organizations, according to numerous studies, and lack of strategy is a cited widely by customer experience (CX) practitioners as a key obstacle to achieving business results. A close look at the most prevalent CX practices underscores this dilemma: we're "putting the cart before the horse" with near-brute-force on business results and by forgoing the essential building blocks to sustainable CX ROI.

Truth About Customer Experience Goals

Most of us are pursuing retention, loyalty, service excellence, and customer experience differentiation. Let's explore the nature of these goals:

- Customer retention (duration of relationship) and loyalty (share of budget, recommendations) are outcomes that cannot magically occur through marketing campaigns or enticements, except with short-term spikes.
- Service excellence would be much easier to achieve if routine confusion externally and internally was prevented, freeing up front-line employees to focus on value-add opportunities rather than remedial issues.
- Customer experience differentiation would be more feasible if:
  o Voice-of-the-customer methodology was designed to help the company make necessary transformations.
  o Customer intelligence integrated all sources of CX data for a holistic picture of customers' plight.
  o Everyone across the company had an insatiable curiosity about customers and passion for innovating the customer experience.

Why the Cart's Before the Horse

Career path biases of CX practitioners, pet projects of executives, ambitious purveyors of CX technologies, and eagerness to embrace shiny silver bullets are some of the perpetrators of the gold-rush strategy for customer experience business results. We need to step back and take a look at logical cause-and-effect of business and human behavior (externally and internally), with a holistic viewpoint, in order to get on the right track toward our goals for differentiation, excellence and financial rewards.

How to Get Customer Experience Business Results

To put the horse in front of the cart so your customer experience efforts have a fighting chance of making a strategic impact and delivering ongoing business results, develop your CX strategy with the essential building blocks:

(1) Customer voice
(2) Customer intelligence and lifetime value
(3) Customer experience improvement and innovation
(4) Customer-centricity roadmap
(5) Internal branding
(6) Branding

And keep reminding everyone that all 6 of these building blocks must be in-play to achieve sustainable growth (ROI). What will it take to adopt this model in your organization?

Here are 6 truths:

1. Revenue comes from customers. We are pretty good at "tuning our radar" to what turns on/off our boss who has power over our salary and career progress, so it makes sense to likewise tune our radar to our ultimate boss: customers.
   -- *This is the **Customer Voice** building block.*

2. Collation and interpretation of data picked up by our radar becomes valuable intelligence, and if we can quantify the value of our relationships, we're equipped with the necessary knowledge and motivation to adjust our behavior to what's needed for success with our boss.
   -- *This is the **Customer Intelligence & Customer Lifetime Value** building block.*

3. Dedication and creativity allow us to improve and innovate ourselves and our situation so that the boss sees us as indispensable to our collective success.
   -- *This is the **CX Improvement & Innovation** building block.*
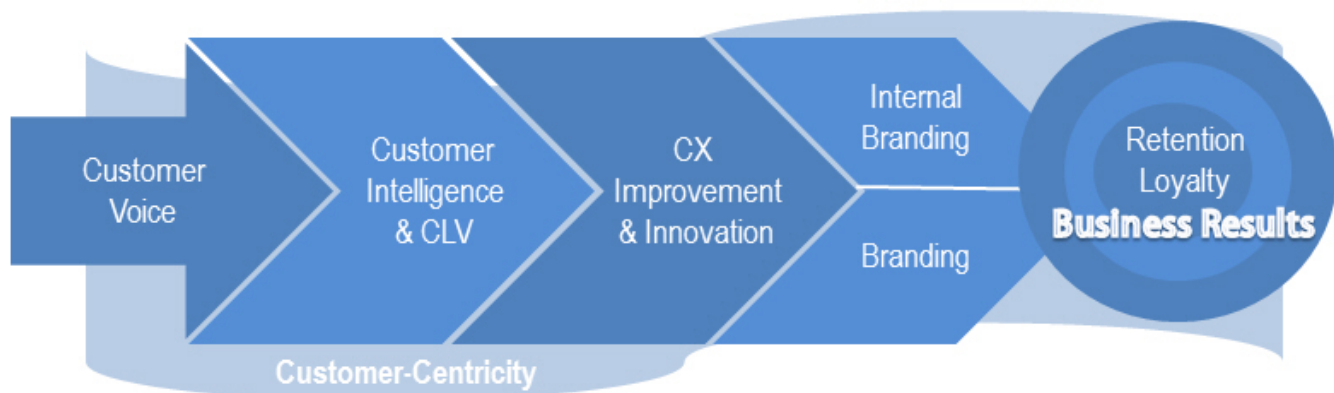
4. Keeping our boss' well-being at the center of our decisions and actions gives us a secure backdrop for moving things forward on-the-fly and for being in the right place at the right time to make the most of the best opportunities.
   – *This is the **Customer-Centricty** building block.*

5. It certainly makes sense to center our teams accordingly: get everyone on the same page with regard to what makes the boss tick and how their work impacts the boss' well-being and our collective success, and to engage everyone in proactively managing their work for the best outcomes.
   – *This is the **Internal Branding** building block.*

6. With all these building-blocks in place, now you can feel at ease to toot your own horn. Let your stakeholders know about the great things you're capable of providing, and make it compelling for them to help themselves through your capabilities.
   – *This is the **Branding** building block.*

Important Note: It is through these 6 building blocks that sustainable retention and loyalty are achieved. Like so many laws of nature, one cannot short-circuit this process and expect lasting results. In fact, attempts to leapfrog any of the building blocks will likely lead to inefficient resource use and customer distrust, with suboptimal profitability and short-term revenue growth, at best.

Another way of looking at the 6 essential building blocks of customer experience management strategy:
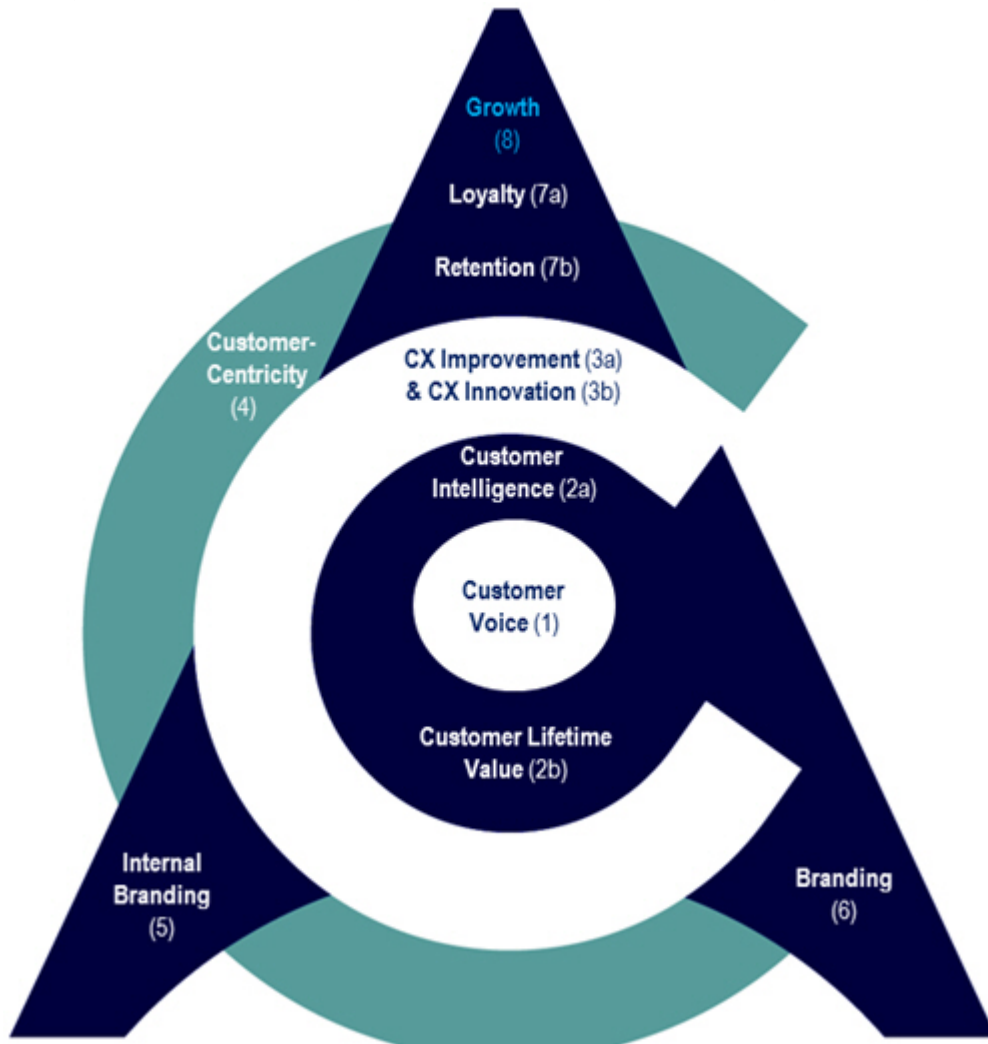
Model for Customer Experience Management Strategy
This model illustrates the coordinated efforts required in CX optimization strategy: $C^4 + I^2 + B^2$ = Business Results

Aim: Growth of profit & revenue
via **Loyalty** (i.e. share of budget, recommendations)
x **Retention** (i.e. relationship duration)

C^4: Customer-Centered, Customer Voice, Customer Intelligence, Customer Value
- *Command Module*: **Customer Voice**
- *Propellant:* **Customer Intelligence** (VoC & ops/market data)
  + **Customer Lifetime Value** (CLV)
- *Parachute* (for safe landings): **Customer-Centricity**
(i.e. customer well-being at the center of everyone's decisions & actions)

I^2 *Engine*: **CX Improvement + CX Innovation**
(i.e. acting on intelligence & CLV)
- *Turbines:* VoC Action Plans, Touch-points, Journey Maps, User Experience, Co-Innovation, Complaint Resolution, Service Excellence, Customer Care (i.e. conscience & outreach for customers' well-being)

B^2 *Thrust:* **Branding + Internal Branding**
(i.e. making + keeping promises)
- *Lift:* [Internal Customer Satisfaction + Employee Engagement] x [Experiential Marketing, References, Community, Advocacy (i.e. word-of-mouth), CRM]