THE 5 PILLARS
OF CUSTOMER CENTRICITY

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THE FIVE PILLARS OF CUSTOMER CENTRICITY

HIGHLIGHTS FROM THE 2016 NORTH AMERICAN STUDY ON CUSTOMER CENTRICITY

by Janet LeBlanc, Janet LeBlanc + Associates Inc.

There is growing evidence that North American organizations are becoming more customer-centric. Today's organizations recognize the strategic advantage of using customer experience to build, reshape or even disrupt markets. Customer experience management is becoming a core competency for many organizations as they drive customer perspectives throughout all aspect of their business.

In 2016, Janet LeBlanc + Associates, in collaboration with the Peppers & Rogers Group, conducted an online survey for North American business leaders to ask the question: "What Is Your Customer-Centric DNA?" The purpose of the research was to understand the progress made by North American organizations on becoming customer-centric. Over 200 senior business leaders in North America were asked to rate their organization on three overall barometer measures to test their level of maturity on customer centricity and to delve more deeply into the key factors that define a customer-centric organization. This longitudinal study, conducted since 2012, measures progress against five pillars of customer centricity and 45 essential practices needed to achieve customer experience maturity.

This article presents highlights from this research study and provides CX practitioners and leaders with the opportunity to reflect on how well they have progressed along the journey toward customer centricity.

The Journey Toward Customer Centricity

Every transformation toward customer centricity is a journey—in this case, a four-phase journey. Each phase of the journey toward customer centricity requires a different focus of attention from senior leaders and a strong commitment and collaboration across all business units and functional areas.

Mastering the five pillars of customer centricity relies on an organization's ability to experience the following four phases:

INFANCY: Strategic alignment and building leadership support are essential at this phase. Setting the vision and strategy for aligning the customer experience with business strategies and goals is also essential.

DEVELOPING: Building a coalition of sponsors and recruiting change advocates are needed at this phase. Educating employees about what the future will look like helps employees understand their role in driving customer experience improvements.

TRANSFORMING: Commitment and endurance are needed during this phase to see a long-term transformation come to fruition. Corporate patience is a must to keep customer experience initiatives on track for the

FIGURE 1: WHERE ARE ORGANIZATIONS ON THE JOURNEY TO BECOMING CUSTOMER-CENTRIC?
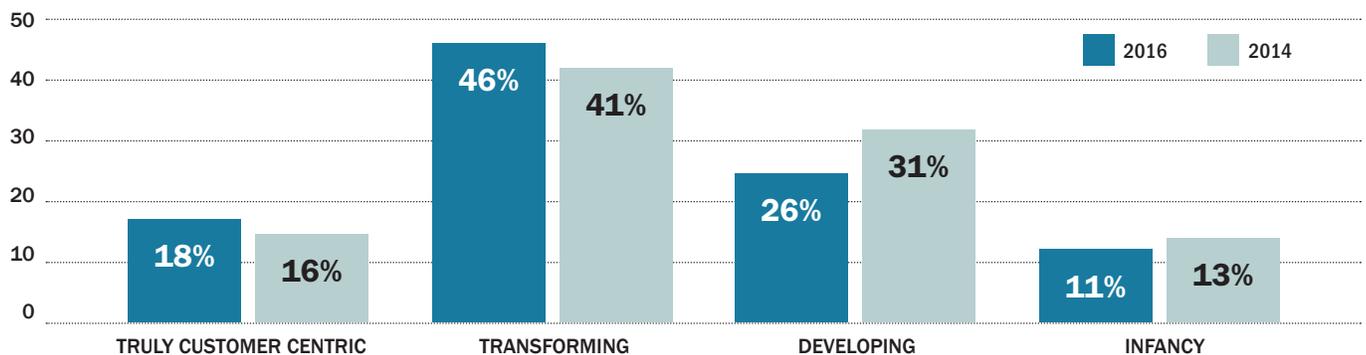
duration of the journey. Communicating success stories helps to keep employees motivated and on track.

TRULY CUSTOMER-CENTRIC: Achieving customer centricity is a major accomplishment and must be recognized and reinforced. Organizations must protect against complacency by keeping the organization focused on emerging customer expectations.

Survey responses were mapped along Janet LeBlanc + Associates' Customer-Centric Index® to understand how organizations have made progress on their journey to becoming truly customer-centric. The majority are either starting their journey, developing their strategy or deep into transformational change. Only 18% have achieved true customer centricity. (**SEE FIGURE 1.**)

The 5 Pillars of Customer Centricity

The five pillars of customer centricity are foundational building blocks for a customer-centric organization. These building blocks are interdependent: by recognizing the achievement of objectives in one pillar, this will strengthen the capacity to achieve objectives in other pillars.

PILLAR 1: UNDERSTAND HOW TO STRATEGICALLY ALIGN AROUND THE CUSTOMER

Strategically aligning around the customer requires a shared vision of the ideal experience. It requires a clear articulation of how the customer fits within the organizational mission (why we exist) and within the firm's values statements (what we believe in and how we behave). It also requires the senior leadership team to unite the organization around a shared vision of the ideal experience (what we want to be) with a clear sense of purpose defined for everyone's role in serving the customer.

David Berman, president of RingCentral, wrote in a recent post about how he drives alignment within his software-as-a-service business. "One of my responsibilities as RingCentral president has been to lead efforts to build a shared understanding of our mission, vision and values. Leading on culture is a role I know well from my years building up the worldwide sales team at WebEx, from start-up through to its acquisition by Cisco. We knew we needed a statement that tied our commitment to customers to our main value proposition. After a process that included several committee meetings and intense discussion, we landed on our agreed common mission: Empowering Customers to Communicate Effectively in the New World of Work."

VIA Rail, Canada's national passenger rail service, has a mission statement that is very customer-centric: "Passengers first. We continuously strive to offer them a smarter and safer travel experience across Canada."

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Beyond vision, mission and values statements, promoting the concept and importance of the customer without concrete practices in place to drive customer experience improvements will inevitably slow progress. Truly customer-centric leaders value action over words. Action, with strategic intent, will drive transformation. (**SEE TABLE 1.**)

PILLAR 2: REALIZE THE IMPORTANCE OF SENIOR LEADERSHIP

More and more organizations today recognize the importance of senior leadership engagement and commitment in driving a customer-centric culture. Improvements in senior leadership results over 2012 show the market is maturing. Organizations recognize that no one leader can achieve customer centricity alone. A strong coalition must exist across the organization to bring about transformational change.

Senior leaders need to channel the voice of the customer throughout all aspects of the organization and advocate for customer experience improvements at the boardroom table. They need to regularly showcase examples of employees who demonstrate consistent and exemplary customer-centric behavior.

Organizations must find ways to channel the voice of the customer with a clear understanding of what customers are expe-

TABLE 1: KEY VALUE DRIVERS OF STRATEGIC ALIGNMENT

	Measure the impact of customer experience initiatives on business performance.	Clearly communicate a shared vision of the ideal customer experience.	Hire customer-focused executives.
2016	**20%**	**27%**	**34%**
2014	**20%**	**23%**	**27%**
2012	**16%**	**22%**	**23%**

Percentage represents those respondents of the 2016 North American Study on Customer Centricity who rated a "9" or a "10" on a 10-point scale.

riencing and a vivid description of what the future should look like. Amazon CEO Jeff Bezos asks all employees (including himself) to work in the customer service line for two days every second year to remind them who is the most important person in the company: the customer. (**SEE TABLE 2.**)

PILLAR 3: INTEGRATE CUSTOMER PERSPECTIVES INTO EVERYTHING YOU DO

Making customer issues visible throughout the company at all times helps bring the customer to the forefront of the business. Similar to Amazon's approach to engage all employees through customer service integration, firms must look for ways to interact with customers to fully understand their perspectives. As RingCentral's Berman says, "Invite your customers in for a conversation." Customer panels, advisory boards, focus groups and online chats are all effective ways to engage with customers and genuinely get to know them.

Our 2016 North American Study on Customer Centricity revealed that immediately responding to pressing customer issues, resolving trouble spots in the customer experience, and using customer feedback to improve communications showed impressive gains over 2012. Organizations today are also using customer expectations to drive new product development with a 10 percentage point improvement in the top two box scores since 2014. (**SEE TABLE 3.**)

PILLAR 4: ENGAGE EMPLOYEES TO DELIVER A BRANDED CUSTOMER EXPERIENCE®

Only one in four North American business leaders who participated in this survey report clearly communicating what customer centricity means across the organization. The majority neglect training employees to deliver a consistent experience across all channels. As omnichannel marketing becomes more prevalent and seamless, customers will expect a more personalized experience regardless of the channel they choose.

Omnichannel strategies must allow customers to pair channels together to facilitate an easier experience. Customers don't want to tell their story every time they switch channels. Instead, they want organizations to proactively guide them to channels that are more efficient and effortless.

The challenge of ensuring a consistent, high-quality experience across every channel can be a struggle. Firms often equip one channel with the necessary customer details but may not share that information with other channels. Some employees may receive more in-depth or different training related to the customer experience. This inconsistent application of information, training and development can lead to many employees not understanding how their role impacts the overall experience. (**SEE TABLE 4.**)

PILLAR 5: MEASURE AND REWARD CUSTOMER EXPERIENCE IMPROVEMENTS

The fifth pillar of customer centricity focuses on measurement and rewards. This often-overlooked area provides an important avenue for senior leaders to accelerate the pace of transformational

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TABLE 2: KEY VALUE DRIVERS OF SENIOR LEADERSHIP

	Act as a role model for customer-centric behaviors.	Regularly showcase examples of customer-centric behaviors by employees.	Spend time interacting directly with customers.
2016	30%	22%	41%
2014	27%	21%	36%
2012	22%	20%	37%

Percentage represents those respondents of the 2016 North American Study on Customer Centricity who rated a "9" or a "10" on a 10-point scale.

TABLE 3: KEY VALUE DRIVERS OF CUSTOMER INSIGHTS

	Quickly identify and resolve trouble spots in the customer experience.	Use customer feedback to improve customer communications.	Gather customer feedback, in real-time, to identify early signs of customer defection.
2016	29%	30%	22%
2014	25%	20%	16%
2012	21%	14%	17%

Percentage represents those respondents of the 2016 North American Study on Customer Centricity who rated a "9" or a "10" on a 10-point scale.

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change and achieve a mature customer-centric environment.

Annual customer loyalty scores are not enough to prove the value of focusing on customer experience. Instead, there must be a direct connection between customer experience improvements and business growth—a system created that shows a return on investment through market share improvements, revenue growth, and/or cost containment.

For customer service professionals, informal recognition is typically an integral part of a contact center team environment. To further drive customer centricity, recognition must be aligned to the vision of the ideal experience and core principles identified that exemplify the core elements of the brand strategy. For example, if "being knowledgeable" is considered a key customer experience principle, senior leaders need to identify employees who exemplify these behaviors. When you recognize an employee, it provides the leadership team with the opportunity to reinforce the new behaviors expected of employees and why a change in behavior is worthy of a reward—from the customer's and employee's perspective.

The Ritz-Carlton is a great example of an organization that has created a working system around the customer experience. They have built a comprehensive customer experience program that includes extensive on-boarding, a clearly defined vision and a robust customer experience management program. They have also developed policies and programs that reward employees for going above and beyond to delight guests. (SEE TABLE 5.)

Becoming Truly Customer-Centric is a Mastery Process

The process of mastery—no matter the focus or intent—requires commitment, perseverance and consistency. On the journey toward achieving true customer centricity, organizations typically experience the phases of infancy, development and transformation. Only then can the building blocks of customer centricity be laid: understanding how to strategically align around the customer; realizing the importance of senior leadership; integrating customer perspectives into everything they do; engaging employees to deliver a Branded Customer Experience®; and measuring and rewarding customer experience improvements.

Customer-centric leaders who have mastered the ability to design and implement a consistent, intentional customer experience, one that delivers on their brand promise, will outperform the competition. This mastery of customer centricity, in turn, will drive performance results to new heights. ®

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TABLE 4: KEY VALUE DRIVERS OF EMPLOYEE ENGAGEMENT

	Clearly define what employees need to do differently to improve the customer experience.	Give employees the authority to resolve customer issues on the spot.	Provide employees with the right information to address customer issues.
2016	6.2	6.8	6.6
2014	5.9	6.3	6.2
2012	5.5	5.9	6.0

Rating on a 10-point scale where "1" means "Poor" and "10" means "Excellent."

TABLE 5: KEY VALUE DRIVERS OF MEASUREMENT AND REWARDS

	Use rewards, other than monetary, to reinforce customer-centric behaviors.	Reward and recognize achievements of customer experience improvements.	Track the effectiveness of customer experience action plans and initiatives.
2016	19%	18%	20%
2014	19%	17%	16%
2012	14%	14%	13%

Percentage represents those respondents of the 2016 North American Study on Customer Centricity who rated a "9" or a "10" on a 10-point scale.

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