

WHO OWNS THE CUSTOMER EXPERIENCE?

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WHO OWNS THE CUSTOMER EXPERIENCE?

The critical importance of a CX governance operating framework.

BY JANET LeBLANC, JANET LeBLANC + ASSOCIATES INC.

- Executive control over the CX strategy and outcomes;
- Clear and well-understood decision-making authority and reporting lines;
- Effective oversight of, and insight into, ongoing progress and direction;
- Better control over assigned roles so that scopes of work are well-defined, manageable and achievable; and
- A quicker response to identify opportunities for improvement and course corrections as emerging trends unfold.

Before reviewing the steps required to design a CX governance operating framework, it's important to understand corporate governance in its simplest form and how it differs from a governance operating framework.

What Is Corporate Governance?

Governance comes from the word “govern,” which means to control the actions of a group for the benefit of the whole. Corporate governance refers to a system put in place to meet the legal requirements of governance such as preventing conflicts of interest, detecting fraudulent activities before they occur, and meeting legislative compliance. When a corporation becomes a public company, corporate governance expands to include securities rules and providing transparency for shareholders. Corporate governance distributes the rights and responsibilities among different stakeholders such as the board, managers and other stakeholders.

Compare this to operating governance, which refers to the way managers within an organization make decisions, delegate roles and responsibilities, and structure policies and processes to achieve set objectives.

When the objective is to become more customer centric, designing a CX governance operating framework will clarify not only who will track, measure, communicate, and control the process to deliver on CX improvements, but also how the organization will integrate customer perspectives into the organization's decision-making process.

Direct Access to the Chief Executive Is Essential for CX Success

By its nature, governing CX efforts requires a heavy focus on cross-functional collaboration,



Consider this scenario: “Lisa” has landed a new role leading a customer experience (CX) program. As a first-time CX practitioner, Lisa decides that her first order of business should be to identify the quick wins, so she begins to tackle customer problems already well known within the organization.

Motivated by the introduction of a new CX program, frontline employees and senior leaders alike begin to forward challenging situations for Lisa to address. Before long, every customer project or discussion about a customer issue requires her input and involvement. Lisa becomes overwhelmed by the growing volume of tasks and the competing priorities across multiple functions and business units.

Without proper governance to help determine what customer priorities matter most and how to manage them effectively, Lisa's situation will only get worse. CX management is far too complex and cross-functional to rest on the shoulders of a single person, nor can it be expected to fall in line with traditional organizational structures and reporting lines.

Why CX Governance Matters

Establishing the governance for a CX program is one of the most important first steps in the successful launch of a CX management program. It has a direct correlation with the potential for long-term success because governance enables CX leaders to ensure:

- Established links to the enterprise business strategy and direction;

seamless process improvements focused on customer requirements, and a relentless push to consider customer perspectives in every business decision. For these reasons, CX practitioners should ideally have direct access to the chief executive.

Without direct access or the influence and direction of a chief executive, CX practitioners working at lower levels within the organization will not have the authority or influence to prioritize CX efforts with senior functional leaders.

The Chief Customer Officer (CCO) Role

For many organizations, establishing a Chief Customer Officer (CCO) role demonstrates customer centricity is a priority and there are dedicated resources in place to channel the voice of the customer across the organization.

While it is an important addition to the C-suite, it can be a challenging role if much needed alignment to manage the cross-functional nature of the customer journey has not been factored or addressed. Without an established CX governance operating model, CCO leaders may find themselves spread too thin.

Successful CCOs establish a CX governance operating framework early in their tenure to manage how customer issues will be prioritized, when and by whom.

6 Steps to Design an Effective CX Governance Operating Model

In practice, a CX governance operating model should:

1. DEFINE THE GOVERNANCE STRUCTURE:

A clear organizational design and reporting structure that aligns well with the organization's corporate governance model is critical. To be truly effective, the governance structure must conform with the organization's overall management philosophy and approach. The CX team and governance operating model must fit seamlessly within the day-to-day management of operations. Reporting processes, frequency of meetings and communications approaches must be established and communicated widely.

2. CLARIFY ACCOUNTABILITIES AND RESPONSIBILITIES:

Expectations of each senior leader, roles and responsibilities, and rules of engagement help employees understand: "Who is responsible for making this happen?" C-suite oversight, management accountability and authority, and committee mandates are needed to ensure that roles and oversight responsibilities are clearly understood.

3. ESTABLISH INCENTIVES AND PERFORMANCE MANAGEMENT:

Leaders and employees should have set CX targets to achieve that are specific to their functional

roles. When cross-functional collaboration is needed, establishing a shared goal between two functional units will drive collaboration and cooperative efforts.

4. SPECIFY A STAKEHOLDER COMMUNICATIONS STRATEGY AND CHANGE MANAGEMENT PLAN:

Driving an enterprise-wide CX program will ultimately have an impact on every employee within the organization. Being truly customer centric means that everyone in the organization understands what they need to do (and what they could do better). That means every employee has a stake in the CX program and should be considered a key stakeholder in the push to drive CX excellence.

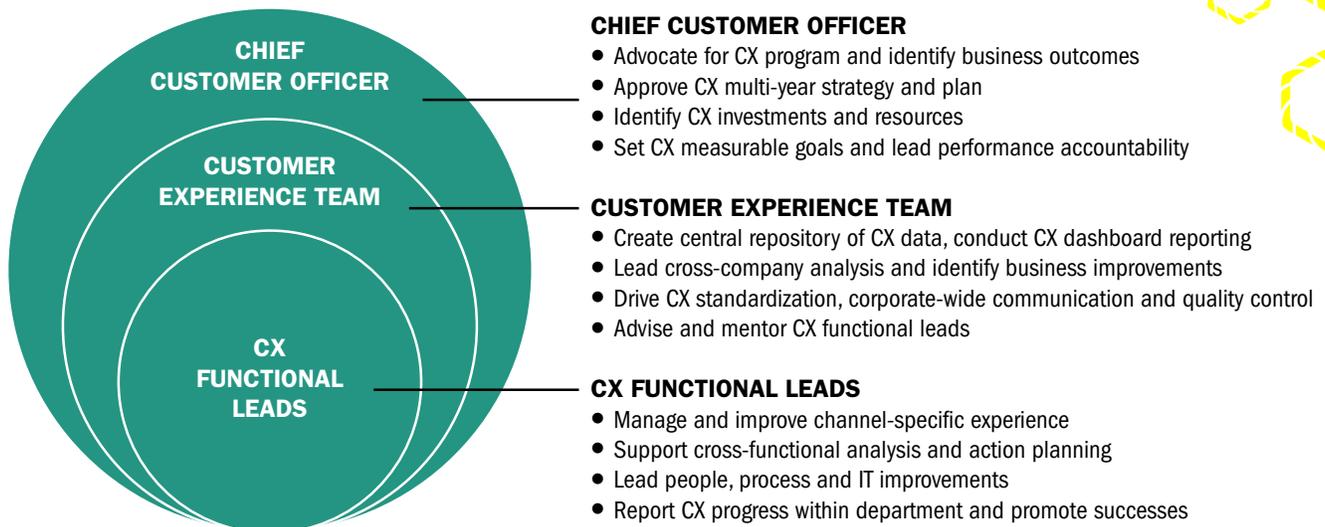
5. CONFIRM RISK MANAGEMENT AND ISSUES MANAGEMENT:

One of the challenges for CX practitioners is the inclination to be pulled into every CX issue and discussion. A good CX governance approach identifies functional leaders as accountable to manage risks associated with the implementation of new programs and the management of customer issues. A consensus is needed on how to identify, classify and prioritize risks and issues. A well-developed problem-management approach will minimize the impact of problems on the organization to prevent recurring resolution.

6. ESTABLISH A CX DASHBOARD:

Ongoing checks and balances are needed to ensure

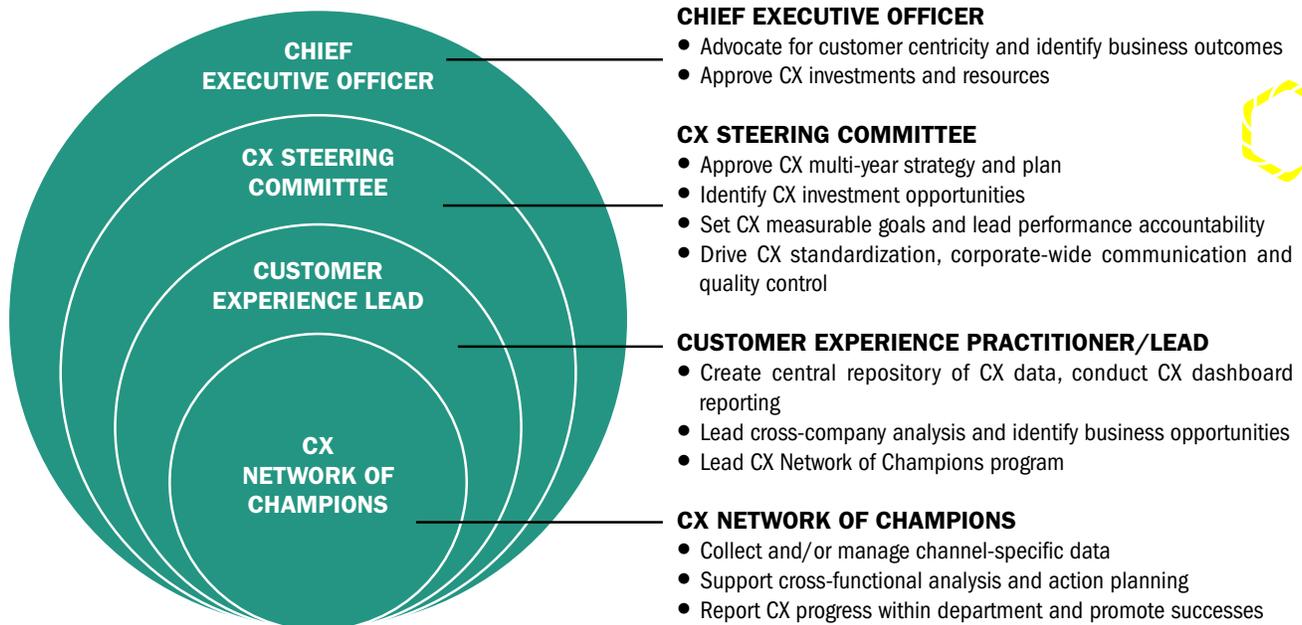
FIGURE 1: CX Governance Operating Model *Centralized* Approach



Source: Janet LeBlanc + Associates Inc., janetleblancassociates.com



FIGURE 2: CX Governance Operating Model *Decentralized Approach*



Source: Janet LeBlanc + Associates Inc., janetleblancassociates.com

everyone is fulfilling their tasks and meeting deadlines. The cross-functional nature of CX means that projects often rely on more than one group or department to be successful. An IT project delay may impact the ability of the call center to fulfill promised improvements to the CX and potentially miss established corporate targets. To prevent this, a CX dashboard of activities, targets and projects at risk will help track and measure performance against set goals.

Two Common Approaches to CX Governance

While CX governance operating models can be designed or customized in different ways to meet the unique needs of every organization, there are two common approaches that can be considered as starting points:

CENTRALIZED APPROACH

Using a centralized approach (FIGURE 1), a CX leader such as a Chief Customer Officer will have clear accountabilities all managed within one function. This may include identifying the shared vision of the ideal experience, gathering customer insights, conducting root-cause analyses, and setting improvement initiatives. A centralized function works well with small, flat organizations where

interactions between groups is a natural part of the organization’s culture. In this model, cross-functional initiatives are structured and project management is conducted by a CX practitioner and team.

DECENTRALIZED APPROACH

In the decentralized approach (FIGURE 2), a CX leader or practitioner acts as a coach and internal consultant, sharing best practices and guiding the organization to understand the cross-functional nature of the customer’s journey. The practitioner collects and validates customer insights, facilitates root-cause analyses, and ensures functional leaders are moving forward with CX initiatives. This approach works best when coupled with a committee structure that includes an executive council of individuals accountable for CX in their own functional area as well as cross-functional teams leading specific initiatives.

Taking Ownership of CX Includes Good Governance

CX is a discipline requiring organizations to comprehensively manage multiple channels, interactions and relationships across an organization. It includes the processes to design, organize and oversee every interaction between a customer, the organization and its

partners throughout the customer lifecycle.

The way an organization manages itself at the highest level and the operating systems put in place to achieve its objectives will ultimately define who it is as an organization, how it represents itself in the marketplace and how well it performs.

The conscious design of a CX governance operating framework is critical to the longevity of a CX program. Organizations that forgo or delay the development a governance operating model could suffer the consequences of unclear decision-making, conflict and a lack of alignment and accountability across functional units.

An effective CX governance operating model provides the role definition, accountabilities, information flow, and expectations needed to achieve CX excellence. ☉



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