



THE FIVE PILLARS OF CUSTOMER CENTRICITY

2018 NORTH AMERICAN STUDY ON CUSTOMER CENTRICITY

INTRODUCTION

As our *2018 North American Study on Customer Centricity* will demonstrate, most senior leaders agree that a customer-centric culture is a vital ingredient to a successful business. It requires the commitment of the entire organization to understand the ideal customer experience and how to consistently deliver it across multiple channels.

When an organization has captured the true essence of a customer-centric culture, it has created an environment that establishes customer experience management as its core operating principle and values that are conducive to high performance.

A well-integrated, customer-centric team—one that has created a powerful synergy focused on the customer—is largely self-sustaining. If a team leader is replaced or a key member moves on, the team remains focused on doing its utmost to deliver the ideal customer experience. Customer-centric teams seem to ‘click’ together with a powerful energy that takes on a life of its own.

Successful organizations that have embraced customer experience as a cultural adoption have a distinct and sustainable advantage. Not surprisingly, it can be one of the most challenging transformational change initiatives for any senior leader.

Building customer experience management as a business discipline and competency requires a strong coalition and the commitment of senior leaders across the entire enterprise. This includes developing a clear understanding of what drives a customer-centred culture and identifying the key drivers of change.

In studying customer centricity since 2012 and working with senior leaders who have had the most success, we have identified the specific behaviours and actions that build a customer-centric organization.

This book provides a framework for understanding the four phases of the customer-centric journey, the five pillars of customer centricity, as well as best practices to guide implementation. It tracks improvements across the top 15 key value drivers of customer centricity and provides proven strategies for leading customer experience transformational change.

ABOUT JANET LEBLANC



Janet LeBlanc is an award-winning business strategist, keynote speaker, and leading authority in the area of customer centricity. As president of Janet LeBlanc + Associates, she coaches senior leaders on how to use client-centric strategies to improve business and financial results. Janet works with Fortune 100 companies and public sector institutions to overcome silo-based obstacles, connect with customer perspectives, and collaborate on how to design and deliver the ideal Branded Customer Experience®.

janet@janetleblancassociates.com

FOUR PHASES OF THE CUSTOMER-CENTRIC JOURNEY

Customer Experience Management is the discipline used to comprehensively manage a customer’s cross-channel exposure, interaction and transaction with a company, brand or service. It includes the processes to design, organize and oversee every interaction between a customer and the organization throughout the customer lifecycle.

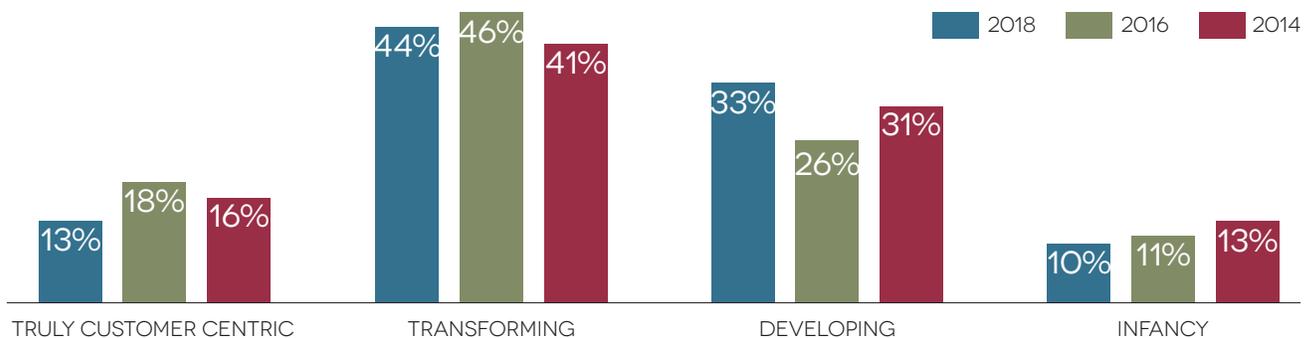
Janet LeBlanc + Associates’ Customer-Centric Index® maps the progress of organizations across four phases on their journey to becoming truly customer centric. This index was used to group participants of the *2018 North American Study on Customer Centricity* into one of four phases of the journey.

Based on results of the study, 10 percent reported their organization is in the first phase, where many are in the process of developing their strategy or taking their first steps of implementing transformational change. Dropping down five percent from 2016, only 13 percent of North American companies view themselves as having reached the fourth and final “Truly Customer Centric” phase.

Our findings suggest that many senior leaders tend to underestimate the time it takes to lay the foundation needed to build a truly customer-centric culture. For example, they may assign a small team and smaller budget to the “customer centricity project” before understanding how much corporate alignment is actually involved.

In this scenario, faced with suggestions such as designing new apps or harnessing new digital technologies, the project team might wrestle with how to select and prioritize the right solutions within an ever-expanding scope of work and limited budget. They might also struggle with how to educate the organization on what being customer centric really means and what senior leaders need to do differently to realize its benefits.

As truly customer-centric organizations can attest, the transformation will be smoother if the architects of customer experience design and delivery understand the critical need for informed, measured and manageable strategies and tactics at every phase of the journey.



INFANCY	DEVELOPING	TRANSFORMING	TRULY CUSTOMER-CENTRIC
Strategic alignment and building leadership support is essential at this phase. Setting the vision and strategy for aligning the customer experience with business strategies and goals is essential.	Building a coalition of sponsors and recruiting change advocates is needed during this phase. Educating employees about what the future will look like helps employees understand their role in driving customer experience improvements.	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 duration of the journey.	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.

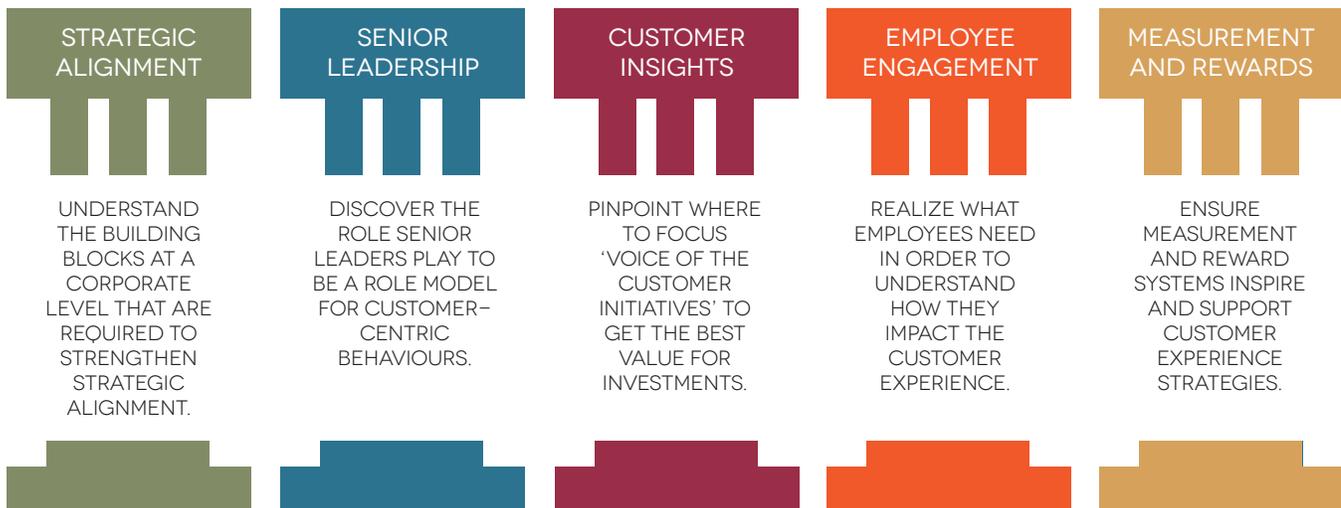
Customer-Centric Index® is a registered trademark of Janet LeBlanc + Associates Inc.

THE FIVE PILLARS OF CUSTOMER CENTRICITY

Beyond the four phases of the journey that organizations navigate to become truly customer centric are the essential practices required to drive this progress. Janet LeBlanc + Associates designed a standard framework of essential practices containing five pillars of customer centricity.

Together, these pillars identify the various behaviours needed to instill customer experience as the core operating model for the organization—to shift the culture towards customer centricity. For this reason, they were designed to be interdependent. By achieving objectives in one pillar, an organization is essentially strengthening its capacity to achieve objectives in other pillars. Our findings suggest that more senior leaders are integrating customer experience into their core business strategies to design and deliver a customer experience that will outperform legacy models and the traditional ways of doing business.

This aligns with global trends, where customer-centric business models are disrupting, reshaping and redefining new markets. For example, Airbnb has emerged as the world's largest accommodation provider without having to purchase real estate or hire staff to host guests. Netflix has been streaming thousands of movies worldwide for years but only recently began to explore the movie theatre business—a strategic move to enter a new market and transform it. Amazon, which enticed millions of shoppers to purchase online, is now redirecting its loyal customers to Amazon-branded bricks and mortar options. These global firms prove that embracing customer experience as a cultural adoption provides a distinct and sustainable advantage.



2018 NORTH AMERICAN STUDY ON CUSTOMER CENTRICITY

This report is based on an online survey titled "What is Your Customer-Centric DNA?" conducted in collaboration with *Customer Strategist* and *Contact Center Pipeline* in September 2018. A total of 118 senior leaders across North America participated in the survey. Business leaders were asked to rate their organization on three overall barometer measures to test their level of maturity on achieving customer centricity and to delve deeper into the key factors that define a customer-centric organization. This report identifies key areas where North American firms are performing well across five pillars of customer centricity. It also identifies key value drivers of customer centricity using multi-variate analysis techniques. Results from this benchmarking study have also been reported in *Customer Strategist* and *Contact Center Pipeline*.

UNDERSTAND HOW TO STRATEGICALLY ALIGN AROUND THE CUSTOMER

Strategic alignment is the act of gaining buy-in for your vision. It is a clear and coherent medium to long-term strategy that is both actionable and linked to the overall mission, vision and values of the organization. When organizations have achieved strategic alignment, the contributions of people, process and other inputs such as technology are laser-focused on a specific outcome, with everyone knowing their role in making it happen.

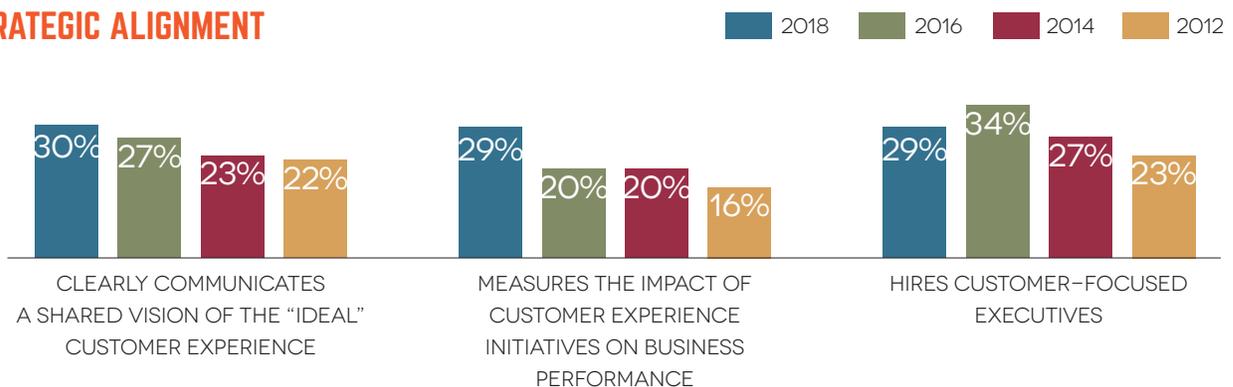
Strategically aligning around the customer requires the senior leadership team to define and unite the organization around a shared vision of the ideal experience (what we want to be), with a clear sense of purpose defined for everyone’s role in serving the customer. It also requires a clear articulation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

Measuring the impact of customer experience improvements, hiring customer-focused executives, and directly tying customer experience improvements to executive compensation and performance management are critical areas needed to ensure the organization is strategically aligned around the customer.

The 2018 survey results on customer centricity show an impressive gain of 13 percent since 2012 of those who measure the impact of customer experience initiatives on business performance.

Monetizing the customer experience has been a major stumbling block for many organizations. Despite the rise in interest in customer experience, many executives still struggle with building a business case to prove that customer experience improvements drive business results. *(For more information, read Monetizing the Customer Experience, by Janet LeBlanc).*

KEY DRIVERS OF STRATEGIC ALIGNMENT



Percentage represents those respondents of the 2018 North American Study on Customer Centricity who rated a "9" or a "10" on a 10-point scale

RECOGNIZE THE IMPORTANCE OF SENIOR LEADERSHIP

While watching a high-performance team in action, such as first responders, surgical teams, athletes, film crews, or string quartets, it is easy to recognize the shared sense of purpose with clearly defined roles and responsibilities. Everyone knows what they need to do in order to achieve team goals.

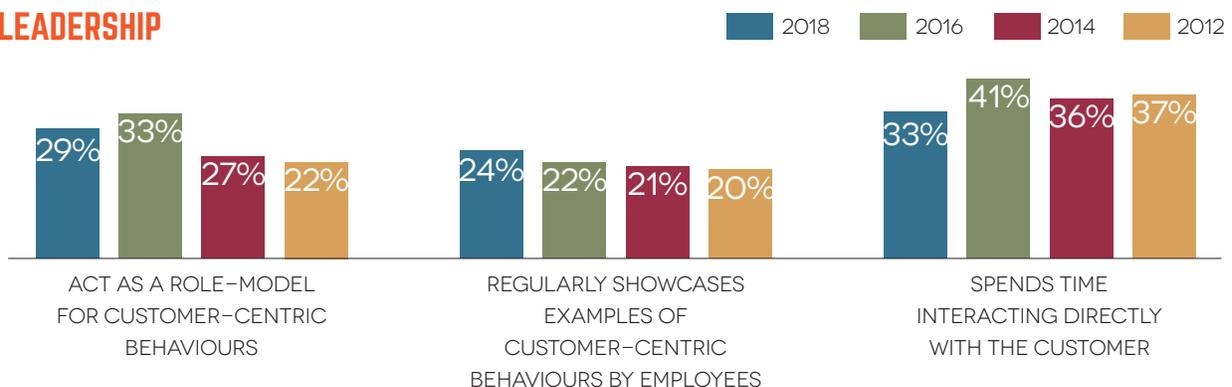
The role of the senior leader in any transformational change is fundamental. Without a strong leader at the helm, the transformation will move too slowly and can even stagnate at some point during the journey.

Today’s senior leaders need to move beyond simply promoting the importance of the customer experience or customer centricity. They need to do the hard work required to move from silo-based business planning to focusing on customer priorities—a clear indication of a customer-centric mentality. When senior leaders use shared metrics and cross-functional accountability to deliver the ideal customer experience, they are taking another important step towards becoming truly customer centric.

Many of today’s organizations are struggling to secure sustainable funding for customer experience initiatives. When funds are in short supply or short-term targets are in danger of not being met, customer experience improvements can take a back seat to other priorities. As these customer experience initiatives struggle to gain traction during difficult financial years, the leadership team’s commitment to long-term customer experience improvements could be questioned by employees.

The focus on the customer must be visible throughout the organization in good times and in bad. Customer experience needs to be a continuous leadership message to employees. Senior leaders must work together to understand where customer experiences are unreliable and develop a clear picture of how they need to work collaboratively to break down silos and put customer priorities at the forefront of the business.

KEY DRIVERS OF SENIOR LEADERSHIP



Percentage represents those respondents of the 2018 North American Study on Customer Centricity who rated a “9” or a “10” on a 10-point scale

INTEGRATE CUSTOMER PERSPECTIVES INTO EVERYTHING YOU DO

Almost half of those surveyed for the *2018 North American Study on Customer Centricity* report being able to respond immediately to pressing customer issues. One third regularly ask customers to evaluate their performance relative to competitors.

With rapidly changing customer expectations, organizations today have a stronger will to aggressively understand customer requirements and how they perceive the quality of the experience. The need to collect and understand customer feedback through a variety of sources, from structured surveys to social media feedback, has increased significantly.

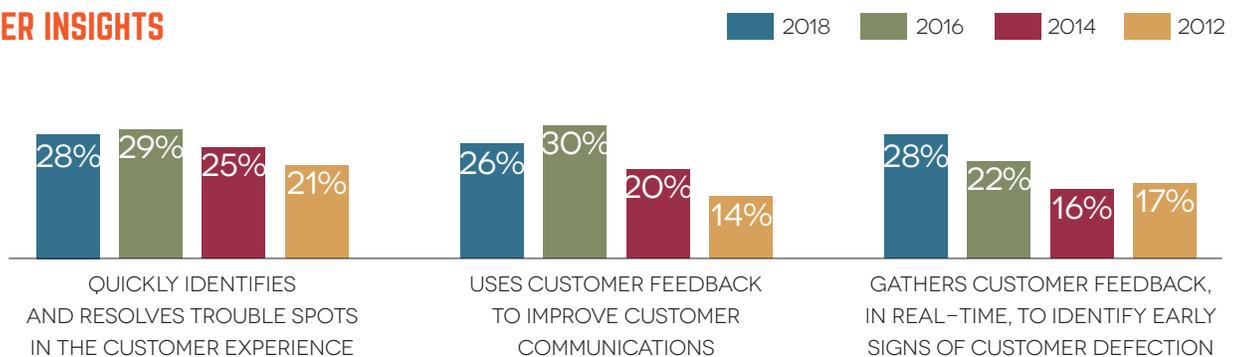
Many organizations today are building comprehensive voice of the customer programs to develop a 360-degree view of the customer across all products, channels and interaction points. “Voice of the customer” is a term used to describe a corporate-wide system designed to capture customer perspectives about their experiences. These perspectives are then integrated into business planning systems, process improvement initiatives and employee engagement practices.

Voice of the customer programs manage customer data centrally in a coordinated effort to prioritize improvements and organizational change helping to make acting on customer feedback part of everyday decision-making.

There are multiple ways to collect customer feedback, including qualitative methods such as interviews or focus groups, as well as quantitative methods from relationship or transactional surveys and syndicated studies. Internal measures from customer complaints, CRM metrics, feedback from account managers, and employee insights also contribute to a single view of the customer. Organizations need to listen effectively to what customers are saying and use a variety of means, both solicited and unsolicited, to systematically collect, analyze, disseminate, and act on customer expectations and preferences.

The 2018 study findings revealed an 11% increase in organizations rating themselves as excellent when gathering customer feedback, in real-time, to identify early signs of customer defection. Real-time tracking provides the infrastructure needed to immediately respond to pressing customer issues and to resolve trouble spots in the customer experience.

KEY DRIVERS OF CUSTOMER INSIGHTS



Percentage represents those respondents of the *2018 North American Study on Customer Centricity* who rated a “9” or a “10” on a 10-point scale

ENGAGE EMPLOYEES TO DELIVER THE IDEAL BRANDED CUSTOMER EXPERIENCE®

Beyond ensuring customer experience design and delivery are effective, those who extend their focus to incorporate a Branded Customer Experience® will not only align employees more quickly, but also accelerate the transition from brand recognition to brand loyalty in customers.

The first step is through a brand promise, which assures customers what the brand stands for and what they can expect no matter how (or how often) they interact with it. Whether overt or subtle, the brand promise can be introduced, reintroduced and reinforced through a series of “brand cues.”

A Branded Customer Experience® is a designed experience—one by which these brand cues are strategically created and integrated as part of the ideal customer experience. Delivering on a brand promise, like brand cues, should be consistent, believable and achievable.

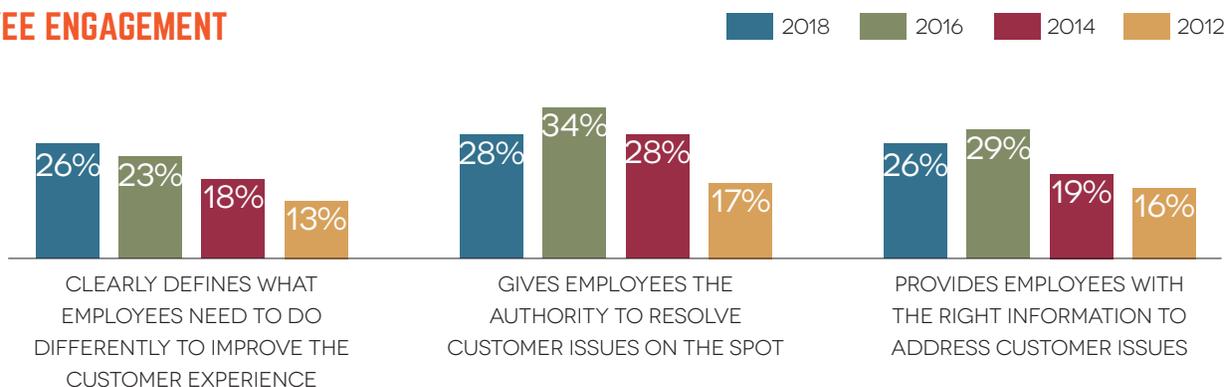
Delivering a Branded Customer Experience® is not possible until everyone in the organization understands their role. Its value should be vividly understood by senior leaders and communicated effectively across all departments and functions. All employees, even if they are not customer-facing, should be invested and aligned.

Four organizational behaviours are fundamental to engaging employees in delivering a consistent branded experience:

- Clearly communicating what customer centricity means across the organization
- Training employees on how their role impacts the customer (both front and back office)
- Helping employees translate customer feedback into specific action plans
- Clearly defining what employees need to do differently to improve the customer experience

Employees can make or break your customer experience. They are the face, the voice, the character and the performance of the company, any part of which can impact a customer’s impression. The ability to deliver a consistent, high-quality experience across every interaction is what separates the good from the great.

KEY DRIVERS OF EMPLOYEE ENGAGEMENT



Percentage represents those respondents of the 2018 North American Study on Customer Centricity who rated a “9” or a “10” on a 10-point scale

MEASURE AND REWARD CUSTOMER EXPERIENCE IMPROVEMENTS

Employees are more easily motivated by what is measured and rewarded. Linking customer experience metrics to a corporate-wide compensation system helps to accelerate the pace of change.

In the *2018 North American Study on Customer Centricity*, almost forty percent of North America companies were not, or were having difficulties, setting customer experience targets (such as on an employee performance scorecard) and rewarding employees for meeting them.

Tying customer metrics to a compensation system requires a delicate balance between the goal of achieving improved business results with the objective of motivating employees to improve a higher level of performance. Any imbalance might jeopardize the positive effects that a solid compensation model can have on a customer experience management program.

The first principle to successfully tie customer experience metrics to compensation is selecting a metric that is easy to understand. Metrics that are easier to explain will be adopted earlier. If employees don't understand the metric, then tying compensation to it will have little impact on their behaviour.

Secondly, employees must clearly understand—and believe—that any change in their behaviour will positively impact results. If employees don't think they have the necessary skills, tools or opportunity to make the required improvements, their response toward the overall customer experience program will be negative.

Tying an appropriate amount of compensation to the metric is a third important principle. If there is too much compensation offered, some employees might manipulate the metric or their behaviour. If too little compensation is offered, they might ignore it entirely. Either way, the behaviour will not motivate employees to deliver a better customer experience.

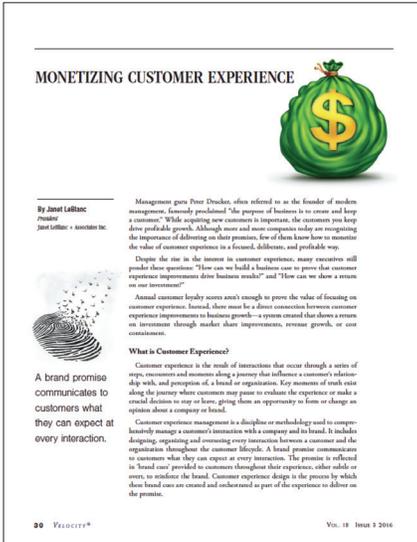
The benefits of incorporating customer experience metrics into a performance management system are clear. Employees want to be recognized for changing their behaviours. When an employee is rewarded, it gives the organization a chance to communicate the behaviours expected of employees and to demonstrate why a change in behaviour is worthy of a reward. It provides senior leaders with an opportunity to share the vision of the ideal experience and provide stories of customer-centric behaviours in action.

KEY DRIVERS OF MEASUREMENT & REWARDS



Percentage represents those respondents of the *2018 North American Study on Customer Centricity* who rated a "9" or a "10" on a 10-point scale

LEARN MORE ABOUT CUSTOMER CENTRICITY IN THE FOLLOWING ARTICLES WRITTEN BY OR BASED ON THE WORK OF JANET LEBLANC.



MONETIZING CUSTOMER EXPERIENCE

By Janet LeBlanc, President, Janet LeBlanc + Associates Inc.

Management guru Peter Drucker, often referred to as the founder of modern management, famously proclaimed "the purpose of business is to create and keep a customer." While acquiring new customers is important, the customers you keep drive profitable growth. Although more and more companies today are recognizing the importance of delivering on their promises, few of them know how to maximize the value of customer experience to a focused, deliberate, and profitable way.

Despite the use of the internet in customer experience, many executives still ponder these questions: "How can we build a business case to prove that customer experience improvements drive business results?" and "How can we show a return on our investments?"

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

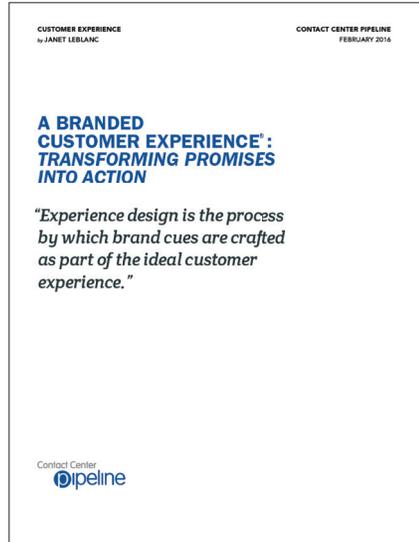
What is Customer Experience?

Customer experience is the result of interactions that occur through a series of steps, processes and systems along a journey that influence a customer's relationship with, and perception of, a brand or organization. Key moments of touch occur along the journey where customers may pause to evaluate the experience or make a crucial decision to stop or leave, giving them an opportunity to form an opinion about a company or brand.

Customer experience management is a discipline of methodology used to comprehensively manage a customer's interaction with a company and its brand. It includes designing, organizing and executing every interaction between a customer and the organization throughout the customer lifecycle. A brand promise communicates to customers what they can expect at every interaction. The promise is reflected in brand cues provided to customers throughout their experience, either subtle or overt, to reinforce the brand. Customer experience design is the process by which these brand cues are created and implemented as part of the experience to deliver on the promise.

30 Velocity® Vol. 18 Issue 3 2016

MONETIZE THE CUSTOMER EXPERIENCE



CUSTOMER EXPERIENCE
by JANET LEBLANC

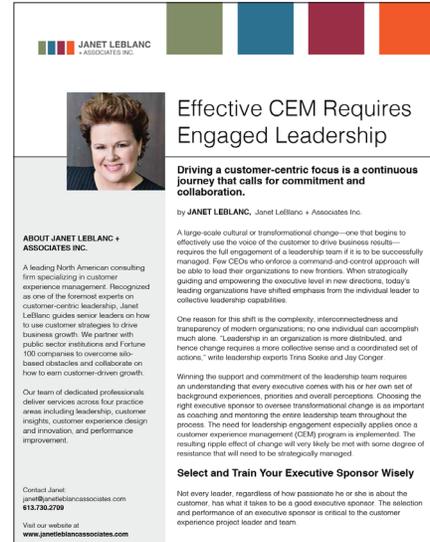
CONTACT CENTER PIPELINE
FEBRUARY 2016

A BRANDED CUSTOMER EXPERIENCE: TRANSFORMING PROMISES INTO ACTION

"Experience design is the process by which brand cues are crafted as part of the ideal customer experience."

Contact Center Pipeline

TRANSFORMING PROMISES INTO ACTION



JANET LEBLANC
ASSOCIATES INC.

Effective CEM Requires Engaged Leadership

Driving a customer-centric focus is a continuous journey that calls for commitment and collaboration.

by JANET LEBLANC, Janet LeBlanc + Associates Inc.

ABOUT JANET LEBLANC + ASSOCIATES INC.

A leading North American consulting firm specializing in customer experience management. Recognized as one of the foremost experts on customer-centric leadership, Janet LeBlanc guides senior leaders on how to use customer strategies to drive business growth. We partner with public sector institutions and Fortune 100 companies to overcome silo-based obstacles and collaborate on how to earn customer-driven growth.

Our team of dedicated professionals deliver services across four practice areas including leadership, customer insights, customer experience design and innovation, and performance improvement.

Contact Janet
janet@janetleblancassociates.com
613.738.2709

Visit our website at
www.janetleblancassociates.com

A large-scale cultural or transformational change—one that begins to effectively use the voice of the customer to drive business results—requires the full engagement of a leadership team. If it is to be successfully managed, few CEOs who enforce a command and control approach will be able to lead their organizations to new frontiers. When strategically guiding and empowering the executive level in new directions, today's leading organizations have shifted emphasis from the individual leader to collective leadership capabilities.

One reason for this shift is the complexity, interconnectedness and transparency of modern organizations: no one individual can accomplish much alone. "Leadership in an organization is more distributed, and hence change requires a more collective sense and a coordinated set of actions," write leadership experts Tina Sooka and Jay Corger.

Winning the support and commitment of the leadership team requires an understanding that every executive comes with his or her own set of background experiences, priorities and overall perceptions. Choosing the right executive sponsor to oversee transformational change is as important as coaching and mentoring the entire leadership team throughout the process. The need for leadership engagement especially applies once a customer experience management (CEM) program is implemented. The ripple effect of change will very likely be met with some degree of resistance that will need to be strategically managed.

Select and Train Your Executive Sponsor Wisely

Not every leader, regardless of how passionate he or she is about the customer, has what it takes to be a good executive sponsor. The selection and performance of an executive sponsor is critical to the customer experience project leader and team.

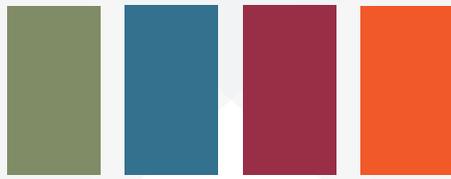
EFFECTIVE CEM REQUIRES ENGAGED LEADERSHIP

ABOUT JANET LEBLANC

As an award-winning transformational leader, Janet LeBlanc and her team use proven techniques to support organizations—from public sector institutions to Fortune 100 companies—whose goal is to drive a customer-centric culture. Book Janet LeBlanc for your next consulting or speaking engagement by contacting her at janet@janetleblancassociates.com.

<p>LEADERSHIP</p> <ul style="list-style-type: none"> • Culture Assessment and Transformation • Customer Experience Strategy Development • Leadership Engagement and Alignment 	<p>CUSTOMER EXPERIENCE DESIGN</p> <ul style="list-style-type: none"> • Brand Strategy Development • Ideal Customer Experience Design • Customer Experience Journey Mapping
<p>CUSTOMER INSIGHTS</p> <ul style="list-style-type: none"> • Customer Value and Loyalty Management • Voice-of-the-Customer Strategy Development • Customer Service Transformational Change 	<p>PERFORMANCE IMPROVEMENT</p> <ul style="list-style-type: none"> • Employee Engagement and Training • Performance Management and Process Improvement • Enterprise-Wide Change Management

Visit www.janetleblancassociates.com to discover more ways to create a company-wide focus on customers. Call today at 1-613-730-2709.



JANET LEBLANC
+ ASSOCIATES INC.

INCREDIBLE EXPERIENCES BY DESIGN

JANET@JANETLEBLANCASSOCIATES.COM

613.730.2709 | JANETLEBLANCASSOCIATES.COM