RESULTS-FOCUSED LEADERSHIP—THE CATALYST FOR CX TRANSFORMATION

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Customer experience (CX) has taken the world by storm. Not only have we witnessed the CX industry develop and grow, many private and public organizations are proactively hiring CX strategists to design and guide their customer-centric transformation initiatives. Other organizations are choosing to self-navigate a learning curve to explore how to make CX improvements.

In the case of self-navigators, beginning their CX journey with simple-to-solve problems may seem like a natural first step. Unfortunately, a focus on "low-hanging fruit" is often inconsequential to larger, more complex organizational challenges. What's the next step?

In the absence of a comprehensive, effective CX strategy, CX improvements will underperform. After weighing the dollars and efforts invested thus far, executives may question: "Is the juice worth the squeeze?"

It is not enough to make a change and move on to the next area of opportunity. A well-designed and structured performance management system is needed that is aligned with the overall organizational strategy. The performance framework must include a clear set of goals and roles, as well as systematic and measurable steps. Above all, it should be *results-focused*.

Understanding the Theory of Performance

In a 1994 *Harvard Business Review* article, authors James Heskett, Earl Sasser and Leonard Schlesinger describe a "theory of performance," called the service-profit chain, where profit and growth are stimulated primarily by customer loyalty.

The authors suggest the precursor to customer loyalty is customer satisfaction, the result of products and services being valued.

The value in products and services are created by employees who feel supported and enabled, and who are satisfied, loyal and productive.

According to the authors, the relationships between profitability, customer loyalty, and employee satisfaction, loyalty and productivity are linked.

In today's environment, as widespread interest in CX transformation grows, nurturing these relationships to achieve performance results requires cross-organizational alignment—from the front line and back offices to management and the leadership team.

## Building a Strong, Results-Focused Organizational Culture

Achieving performance results must begin with results-focused leaders—people who are driven to meet or exceed specific goals and objectives as quickly as possible. Results-focused leaders know exactly where they are going and what the next steps are. If there are changes required along the way, they will leverage resources and solve problems creatively to get the job done.

A strong sense of purpose, combined with the ability to motivate, mobilize and engage others toward fulfilling a singular mission, can do wonders for the pace of productivity across an organization.

When results-based leaders are at the helm, a customer-centric organization will be moving toward and continuously improving on:

- A strong, results-focused organizational culture that encourages results-based performance management
- A leadership team that agrees on the expected results
- A narrative that describes the performance story to all employees (for enterprise-wide organizational alignment)
- Effective and timely management systems for reporting and analyzing performance

FIGURE 1: Using a Balanced Scorecard Approach
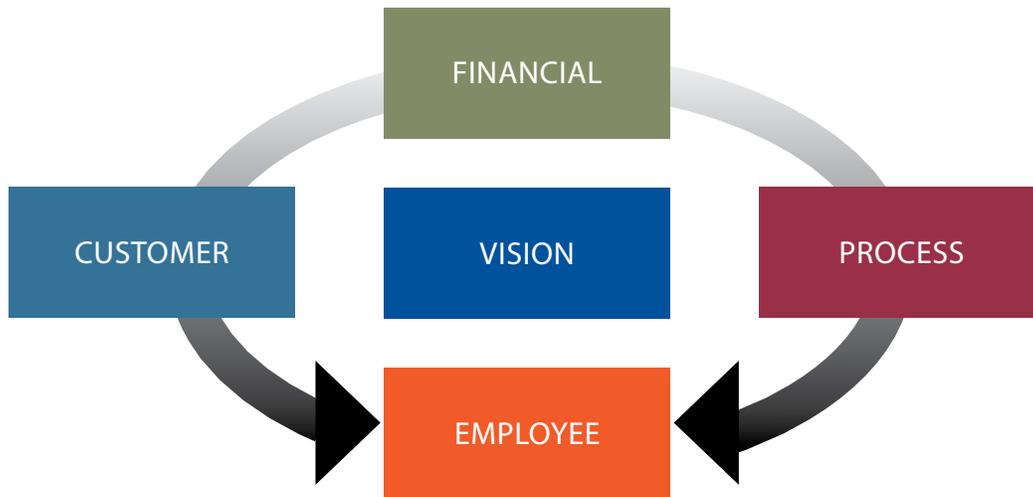
Source: Janet LeBlanc + Associates Inc., janetleblancassociates.com

- Follow-through to inform, drive or course-correct performance improvements throughout the entire organization

For employees to feel accountable for results, they must have a clear line of sight for how their work contributes to the expected results and why they should care. Employees need to feel connected to the vision and what the team has set out to achieve, while knowing exactly how they impact the organization's strategic goals.

CX leaders who embrace a results-focused leadership approach don't stop at customer loyalty scores. They take a "balanced scorecard approach" to ensure all aspects of the organization are meeting performance expectations (SEE FIGURE 1).

Setting Performance Expectations

If performance expectations can be met, they must first be set. However, even the most experienced results-focused leaders may find setting clear performance expectations to be challenging.

In "Clarifying Goals, Reporting Results" (Wiley), Joseph Wholey wrote, "The most important initial step in performance-based management is getting a reasonable degree of consensus on key results to be achieved."

In a recent blog titled, "The 5 Must Have Customer Metrics," "Chief Customer Officer" author Jeanne Bliss is aligned with this perspective: "Because the customer is not owned like a discipline, customer metrics come and go, but not much sticks. Occasionally the customer becomes a hot topic in meetings, but that thinking disappears as people return to their respective silos. In the absence of real leadership, all parts of the organization churn out their version of customer information."

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When setting performance expectations, CX leaders need to make sure they are specific, well-defined and have clear parameters so that employees understand exactly what is being measured and reported.

For example, a performance expectation might ask employees to work together to reduce the number of product delivery complaints for Product X by 10% over the next 12 months. In this example of a best practice performance expectation, employees can now understand:
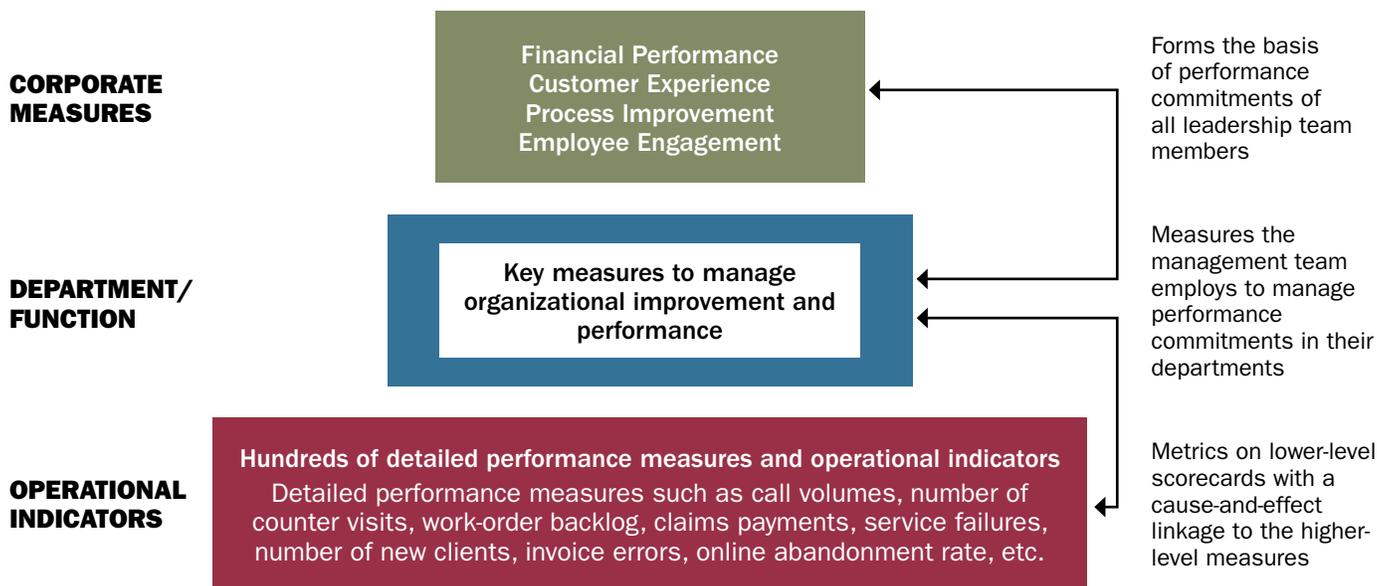
- Which target group will benefit from the CX improvement (the customers who purchased Product X)
- The extent of the results to be achieved (10%)
- The time frame for achieving the results (12 months)

If leaders and employees are reluctant to set clear and concrete performance expectations, there may be a resistance to the idea of performance evaluations (which is a cultural barrier). Or, there may be a lack of awareness about the fundamentals of CX. In both cases, there is much work to be done before performance expectations can be set.

Measuring Performance

In the late 1970s, Dr. Aubrey C. Daniels coined the term "performance management" to describe a method for managing both behavior and results—the two critical elements of what is known as performance. "In simplest terms, [performance management is] a way of getting people to do what you

FIGURE 2: Hierarchy of Performance Measures

CORPORATE MEASURES

> Financial Performance
> Customer Experience
> Process Improvement
> Employee Engagement

Forms the basis of performance commitments of all leadership team members

DEPARTMENT/ FUNCTION

> Key measures to manage organizational improvement and performance

Measures the management team employs to manage performance commitments in their departments

OPERATIONAL INDICATORS

> Hundreds of detailed performance measures and operational indicators
> Detailed performance measures such as call volumes, number of counter visits, work-order backlog, claims payments, service failures, number of new clients, invoice errors, online abandonment rate, etc.

Metrics on lower-level scorecards with a cause-and-effect linkage to the higher-level measures

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

want them to do and to like doing it," says Daniels.

Measuring performance requires a comparison of what was expected with what was achieved. It is not possible to assess performance without knowing the current level of performance (baseline results) and what level of performance was expected. By measuring and monitoring improvements, providing feedback, and recognizing positive improvements to employees, a performance management system is formed.

Measuring performance should not be punitive. Instead, it should positively reinforce and recognize improved performance or a change in behavior that leads to the achievement of performance results.

"It doesn't really matter if this reinforcement is tangible or social, scheduled or unscheduled, but it must be frequent and must be meaningful to the employee. What matters most is that reinforcement is contingent upon performance improvement," says Dr. Daniels.

For CX practitioners, recognizing improve-ments in customer experience provides an ideal opportunity to reinforce the behaviors that align to the ideal customer experience.

Providing Timely Reporting of Performance

Performance reporting tools such as CX dashboards have significantly grown in popularity over the last few years. A CX dashboard should be readily available and highly visual, with interactive data about customers and their experiences with an organization.

Episodic data, behavioral data (such as web analytics), voice of the customer feedback, and transactional/point of sale data are all typical examples of customer metrics included within a dashboard.

Employees should be able to log in to a customer dashboard and view a consolidated view of KPIs related to a customer journey, drill down for a more in-depth view of one stage of the journey, or investigate the pathway of one individual customer.

One of the challenges inherent within customer experience dashboards is that they can sometimes drive the wrong behavior. For example:

- Employees become paralyzed by too much data and can't decide how to act.
- There is a mix of performance data that ranges from strategic measures such as customer loyalty scores, to transactional data such as call center response times.
- There are too many conflicting measures included in a dashboard that should be intended to represent "overall barometer measures of success." For instance, having a customer satisfaction measure, a Net Promoter Score and a customer effort score in the same dashboard are conflicting measures. Together, they risk confusing employees about which measure they are fundamentally responsible to improve.
- Measures that are only chosen to reflect more positively on an organization. For example, reporting customer satisfaction scores of 99% is unrealistic and flags the need for a redesign of the voice of the customer program to more accurately reflect the strategic direction of the organization going forward.

Successful customer dashboards are designed to report results for different audiences, bringing together a consolidated view of customer data to help users discover insights quickly and with minimal effort.

Ideally, customer experience dashboards should be shared and accessible across the organization as a go-to resource to help everyone make better and more informed

FIGURE 3: Using a Balanced Scorecard Approach to Identified Measures Across Three Levels of Measures

CORPORATE MEASURES			
IMPROVE FINANCIAL PERFORMANCE	**IMPROVE THE CUSTOMER EXPERIENCE**	**OPTIMIZE PROCESS EFFICIENCY**	**IMPROVE EMPLOYEE PRODUCTIVITY**
Increase Customer-led Growth	Improve Customer Loyalty	Reduce Cost to Serve	Improve Employee Engagement
DEPARTMENT MEASURES			
% Increase in Average Number of New Customers Per Year	% First-Contact Resolution	% Reduction in Invoice-to-Cash Cycle Time	% Roll-out of Workforce Management
OPERATIONAL MEASURES			
% Improvement in Customer Conversion	% Reduction in Claims/ Escalations	% Reduction in Back Orders	% Improvement in Scheduling Efficiency

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

decisions.

Most importantly, a dashboard should give users the story behind the numbers. The most effective customer experience dashboards provide a clear hierarchy of the information displayed, contributing to an understanding of the results-chain or the theory of performance. In other words, it should tell the story of how customer experience initiatives improve the overall results of an organization.

Telling the Performance Story

Creating a performance story that is central to CX success helps employees focus their thinking on what they are really trying to measure and accomplish. It also helps them understand how their contribution, whether it is at an operational or tactical level, is making a difference toward achieving strategic goals. It provides a sequence of cause-and-effect relationships in which each level of the results is related to the next higher one by means of achieving the previous one.

The cause-effect linkages can be expressed as "if... then" statements, representing the internal logic of the customer experience program or project. For example, "if" the outputs are achieved as expected, "then" we should achieve the expected outcomes; and, "if" the outcomes are achieved as expected, "then" we should achieve the ultimate results, which is the desired business results.

In order to demonstrate how customer experience activities and outputs are expected to lead to the achievement of the expected business results, a results-chain or tiered hierarchy of performance results should be developed (SEE FIGURE 2).

This hierarchy of results helps define clear links between detailed operational indicators such as number of counter visits, work-order backlog, claims payments, etc., to the desired business results and ultimate impact.
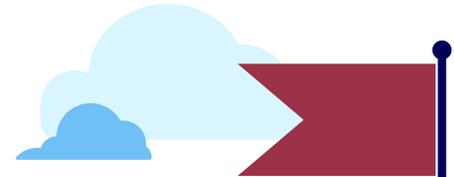
FIGURE 3 shows how a performance management framework uses a balanced scorecard approach to identified measures across three levels of measures—from strategic to operational. It provides a clear performance story of how customer experience will have a direct impact on business results and a storyline for how employees can see how their performance improvements will impact the business overall.

Take the Lead to Get Results

A CX leader understands that the connection between the voice of the customer and performance results drives a customer-centric organization forward. That's a great start.

A *results-focused* CX leader knows the way forward should be mapped out in advance. Goals and roles should be clear. The performance framework should be systematic and measurable.

Along the way to building a strong, results-focused organizational culture, results-focused CX leaders set performance expectations, measure performance and ensure there is timely performance reporting. They also recognize the importance of telling the performance story so that every employee understands their role in contributing to CX improvements.

When employees feel included, enabled and supported with clear guidance and expectations, productivity and performance improvements are inevitable. The result is satisfied, loyal employees who are in tune with what customers want. And, when customers get what they want, satisfied customers become loyal customers.

That's the performance result that makes everyone happy. ⊕

Janet LeBlanc is a business strategist, keynote speaker and author. She is a leading authority in customer-centric leadership with award-winning results in driving transformational change. She coaches senior leaders of Fortune 100 companies and public institutions around the world to connect with customer perspectives and collaborate on how to design and deliver a Branded Customer Experience®. Branded Customer Experience® is a registered trademark of Janet LeBlanc & Associates Inc. All rights reserved. (janet@janetleblancassociates.com)

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