



**OPTIMIZING YOUR  
CUSTOMER EXPERIENCE-  
FOCUSED ORGANIZATION:**

An Actionable Guide

northhighland®  
WORLDWIDE CONSULTING

# CONTENTS

- 4 **The Three Building Blocks of an Optimized Customer Experience (CX) Organization**
- 5 1) Prioritize CX in the boardroom and the break room
- 9 2) Focus on the moments and processes that matter
- 14 3) Measure and modify what matters



If you are reading this you recognize that you and your company have quietly entered into the fight of your life. You, and 89 percent of your fiercest competitors, are part of the vast majority of companies who plan to compete primarily on the basis of customer experience (CX) by 2016.<sup>1</sup> You have felt the market shift to a place where consumers value their experience as much as cost and quality, and CX has been elevated from a “nice to have” to the benchmark for all business success.

### Or failure.

Research shows that CX leaders consistently outperform the market—in fact, from 2007 to 2014 CX leaders’ cumulative returns were 49 percent greater than the S&P 500 Index. And those trailing the pack are similarly impacted: CX laggards underperformed the index by 162 percent during this same period.<sup>2</sup>

We believe those market leaders share three foundational elements, the common building blocks to great CX. First, they treat CX as a common organizational objective. Second, they are laser-focused on the things that create the best value for their customers. And third, they are constantly improving, bringing big ideas to life and iterating after each success or failure.

In reality, CX is not new. It’s a simple concept: provide your customers with an experience that keeps them coming back and inspires them to share it with others. Yet the process has become overly complicated, burdened by artificial frameworks and confusion. There is a wealth of information in the market about CX, but tools for real CX leaders, who are responsible for delivering real results, are limited.

We don’t believe you need to be further convinced that CX is important. We think you need a practical guide for competing and thriving in the Experience Economy, where nothing matters more than the experience you offer. From the foundation of three building blocks, we will show you how to enable and optimize your people and processes to drive ROI through experience. We will move beyond ideals and provide actionable steps to render authentic experiences that grow business.

This is not a fight for the faint of heart. Leaders in this journey must be willing to fail and have the courage and resilience to try again. And again. And again. Because the reward for excellent CX—career-defining transformation that fundamentally changes an organization for the better—is well worth the journey.

Welcome to the practical guide to optimized CX strategy.

### Optimized CX Building Blocks



## 1) Prioritize CX in the boardroom and the break room.

Over the last 100 years, organizations have architected organizations in ways that support conventional ways of doing business. Companies are organized by channel, with employees who are siloed and blinded to the holistic customer experience.

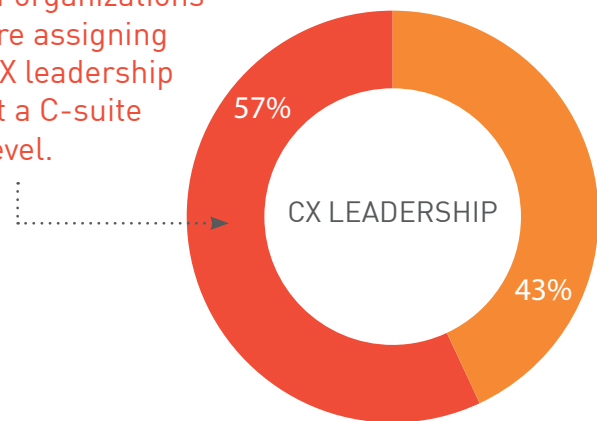
But to the customer, you are one company.

CX cannot be yet another siloed function in an organizational structure. To be effective, CX must have insight into and influence over every component of the organization. Leadership needs to be at the board level, and CX strategy must be tied to revenue expectations. The overarching functions and incentive programs for each employee must be aligned with CX goals. CX must go beyond the microeconomics of clicks and likes, to serving as the grounding function for all other operational elements. This macro approach requires an operational system in which CX leads decision-making, and is accountable for delivering value and growth.

Intel, whose top-level divisions had been organized around product groups or functional areas, adopted customer-centricity in 2005, and its improved knowledge of and commitment to customers has resulted in greater customer satisfaction. Dell, who adopted customer-centricity in 2009, has seen positive results too. After aligning its corporate business units around customer groups, such as large enterprises and

### Only 57%

of organizations are assigning CX leadership at a C-suite level.



consumers, the company learned to operate seamlessly in the new structure and improved its financial performance.

To gain a better understanding of how executives are stewarding CX transformation, North Highland conducted a global survey of more than 160 executives across a wide variety of industries. We discovered 57 percent of organizations have joined Intel and Dell in assigning CX leadership at a C-suite level. But for the remaining 43 percent, and those looking to optimize their current C-suite leadership position, they must have a strategy that every team member—from the C-suite to the call centers—can get behind and is responsible for delivering. To get there, we recommend you master the three building blocks to optimized CX by following these steps.

### Start by defining your vision.

If it's complicated, change it. A great CX vision doesn't describe what you do. Instead, it should conjure the feelings your customer experiences aim to create.

And those feelings should inspire action. Southwest Airlines powerfully rallies its 46,000 employees around its vision—**to become the world's most loved, most flown, and most profitable airline**—using it as the common purpose by which all employees are judged and acknowledged.

### Then, assess your operational readiness and culture.

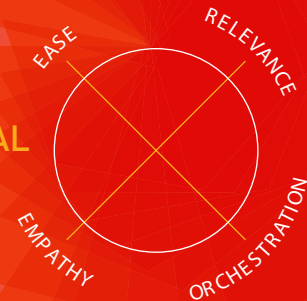
A cloudy view of one's current state is an impediment to growth. Work with an objective party to spotlight opportunities and threats to achieving CX optimization. Build your strategy off this assessment.

### Next, align your people.

The root causes of poor CX always stem from the inside, often from cross-functional disconnects.

So it comes as no surprise that our global survey found that 48 percent of organizations cite a lack of consistency across brand and locations as the number one pain point in delivering great CX.

## CX FOUNDATIONAL DIMENSIONS



CX should be viewed as a philosophy that is integral to every operational function. At the heart of this philosophy are four primary dimensions. These are the benchmarks against which every customer experience should be judged.

### Empathy:

Experiences are based on an in-depth understanding of customer behaviors, feelings and motivations.

### Relevance:

Solutions and services add value through utility and by meeting basic customer needs—all at the right time and the right place.

### Ease:

It is simple for customers to derive value from experiences. They are apparent, accessible, effortless and uncomplicated.

### Orchestration:

Specific interactions and touch points are designed and delivered as a system versus a discrete transaction.

Organizations can no longer organize themselves against what is most convenient to the business. In order to be truly CX-optimized, organizations must undergo an organizational makeover, realigning themselves in a way that makes customer engagement and collaboration easy.

To do that, you must be one, CX-focused organization. Blow up your structure organized by revenue stream and create one holistic revenue stream, with an associated ROI model to make the case for change.

And if you can't blow up revenue streams, build bridges.

Align everyone—from your executive team, to your entry-level employees—around CX, holding individual groups responsible for delivering against overall CX goals. Celebrate individual wins and acknowledge individual champions, tying incentive programs to CX goals.

## CX LEADERS SHARE THEIR STORIES

North Highland recently partnered with Fortune Knowledge Group to develop a research brief on the emerging trends in CX. Candid interviews with Chief Customer Officers, CEOs and other CX executives across multiple industries revealed rare insight into how the work of CX transformation actually plays out when real business objectives and real people—customers, employees, stakeholders, and other constituents—are involved.

The C-suite interviews, which are available in [“The Experience Imperative: Customer Experience Executives Share their Stories,”](#) honestly dissect struggles and celebrate successes in the CX journey. And one theme is glaringly clear: the organizations doing CX well are obsessively focused on the people and processes that matter.

## CASE STUDY: A customer-centric focus yields tangible results

**THE CHALLENGE:** A leading telecommunications company with operations around the world wanted to achieve market-leading customer satisfaction levels and reduce attrition. To do so, it needed a customer experience that was both differentiated from and superior to that offered by its competitors. The company needed to create a customer-focused design process, which would require new ways of working, a governance model and training, to transform the organization into a more customer-focused one. It had committed to placing the customer at the heart of everything it did, and it partnered with North Highland to make this vision a reality.

**THE CX JOURNEY:** North Highland worked together with the client to conduct interviews throughout the organization to understand problems with current processes and feelings about the existing and desired customer experience. The story was an emotional one, complete with videos featuring actual customers talking about themselves and their phone upgrade experiences, and quotes from the telecommunications company's leaders speaking passionately about the importance of the customer.

By designing a program for change that was tailored to the organization's unique wants, needs and challenges, North Highland sparked a revolution across the business, encouraging each team member to start thinking about the customer in everything he or she did. The North Highland team also conducted trainings at every level of the organization, from operations to executives, explaining how to select and interview customers, administer and analyze surveys, and design future customer experiences.

**THE VALUE:** Tangible results included a reduction in the average number of customer service contacts per customer by 2.7, amounting to a cost savings of more than \$12 U.S. per customer— more than \$3M U.S. in projected annual total savings. North Highland's work also fueled a true cultural transformation at the telecommunications company, inspiring its employees to change how they think about their customers. The telecommunications provider is now able to identify key risks and improvements to the customer experience well in advance of the launch of new products, services and enhancements, saving time and money, and helping create an optimal customer experience that sets the company apart in its industry.



## 2) Focus on the moments and processes that matter.

We've entered into a new economic model. This economy—the Experience Economy—marks a shift in the marketplace in which consumers value their experience as much as cost and quality. It transcends basic consumer need or reason, and demands a holistic understanding of customer relationships, journeys and interactions.

Over the last 24 months, North Highland clients have become increasingly invested in gaining that holistic understanding, and our journey-mapping capabilities have in turn become increasingly deep in the insight they provide.

But being able to identify the moments that matter is the cost of entry in the Experience Economy, and far too many companies are unable to convert those findings into action in a sustained way because internal processes aren't optimized or automated to do so.

What are the moments that really matter in the journey of a single customer, evolving from making one's first purchase, to sharing it with friends and family, to serving as brand loyalists?

For the brand, those moments strongly correlate to customer retention, impact advocacy, require employee interaction, and possess high-opportunity cost. What are the internal processes that enable those moments? These are the processes that matter. Recruit, hire, train and automate against them.

**Start with the moments that matter.**

**Get to know your current and future customers.**

Utilize all existing assets—surveys, social media, complaints, reviews, sales outcomes—and organize around patterns. From there, get out in the field. Ride along in delivery vans, answer customer service calls, speak with patients, conduct interviews with clients. Spend one week connecting with 200 customers and you'll have immediately actionable ways to improve.

Then look ahead. Utilize proprietary research, balanced between qualitative and quantitative results, to develop foresights into what will matter to your customer and potential customers in the future.

▶ Then,

Map your existing customer journeys to define opportunities to deliver real, lasting enhancements to the customer experience.

Many companies are gathering in-depth customer research, but few are converting that into real customer experiences. Doing so requires first,

1. developing detailed customer personas and journey maps.

From there,

2. dive deep. Identify patterns, pain points and opportunities.

Use those markers to

3. develop insights. Hone in on the greatest areas for improvement, both immediate and long-term.

Then,

4. produce a CX roadmap.

Start by identifying quick wins with products and propositions that meet and exceed your customers' expectations. These quick wins serve the purpose of demonstrating value to the customer and building momentum for your team.

With momentum harnessed,

5. co-create with your customer.

More than half of global CX officers place customers ahead of all other influencers, except the C-suite itself, as a strategic influence on their organizations. And they don't mean a research-derived best-guess at what the customer wants, they mean actively bringing customers to the experience design table: 82 percent of CEOs say they include customers in defining new products and services.<sup>3</sup> Microsoft has worked with customers to co-create more engaging ad formats and marketing messaging. Burberry customers can remotely participate in fashion shows, order items directly off the runway, and suggest designs for the next trench coat. These companies are demonstrating the power of co-creation by bringing the customer to the table at the right point of innovation.

## CASE STUDY: Taking the in-store customer experience to the next level

**THE CHALLENGE:** A large U.S. retailer called in North Highland to redesign its in-store pickup experience. The service accounted for about half of the revenue generated via the retailer's website, and projections for future growth were rosy. However, customers were saying that they were dissatisfied with the service. In post-purchase surveys, most of these customers said they wouldn't shop on the retailer's website again, and many reported that they wouldn't buy anything from the retailer's physical locations either—representing potentially millions in lost revenue.

**THE CX JOURNEY:** North Highland—along with expertise from our experience design division, Sparks Grove—partnered with the client to begin gathering insights in simple, innovative ways. In this rapid phase of intensive qualitative research, the team conducted in-store and phone interviews with customers and employees. The team also used crowdsourcing techniques to recruit customers who submitted video

feedback about their experience. In total, these 50 in-depth interviews allowed the team to identify patterns that shed light on the root causes of the low customer satisfaction levels with the service—all in just seven weeks.

These insights fed directly into brainstorming workshops with key members of the retailer's team. The sessions identified 100 ideas for improvement—potential solutions that were ultimately boiled down into 25 concepts, including employee training sessions, a redesigned service desk and dedicated lines for in-store pickup customers.

**THE VALUE:** Over the course of the pilot program, the retailer realized an increase in revenue due to repeat sales and referrals, with customers reporting increased levels of satisfaction during post-purchase surveys. The retailer anticipated significant cost savings as a result of the new, more efficient customer experience.

Next, map those moments against your internal people and processes that matter.

### Hire, train and reward

against an individual's ability to bring the experiences that matter to life. Reward for individual abilities to evolve with and nurture a customer's entire life cycle.

### Empower your employees.

If a call center operator must obey a decision tree and follow a script with no personal discretion, then his or her "human voice," the basic honesty in listening, assessing and diagnosing a real human issue with candor, is ultimately wasted—it is no longer an asset. Harness the realness, passion and humanity of your workforce and put it to work for your brand.

Amazon, where CEO Jeff Bezos often insists on leaving an empty chair at meetings to represent the "customer's voice," has a data-driven culture that actively encourages customer service employees to build experiments based on customer insight. Innovations such

"WE DON'T HAVE SCRIPTS, BECAUSE WE WANT OUR REPS TO LET THEIR TRUE PERSONALITIES SHINE DURING EVERY PHONE CALL, SO THAT THEY CAN DEVELOP A PERSONAL EMOTIONAL CONNECTION WITH EACH CUSTOMER."<sup>5</sup>

- Tony Hsieh, Zappos CEO

as shopping cart recommendations have been the direct result of entry-level employees taking initiative. Behavior-based search was first implemented by an intern, resulting in a three percent revenue increase.<sup>4</sup>

### Design enterprise solutions

that prioritize the most critical processes and embed controls points.

## CASE STUDY: Getting to the heart of human services

**THE CHALLENGE:** A local authority, responsible for serving some of its community's most vulnerable citizens was in need of some help of its own. It was struggling to recruit and retain experienced social workers in its children's services unit. And its ability to manage off-site community workers was impaired by cumbersome and overburdened human resources functions. Additionally, the authority sought to identify employee self-serve opportunities to drive efficiencies.

**THE CX JOURNEY:** North Highland first mapped the customer journey of recently hired children's services social workers. The mapping revealed

80 inefficient touchpoints in a "day in the life of a new social worker" persona. A parallel customer journey mapped and analyzed off-site employees seeking help from IT, finance and HR service desks, and identified numerous self-serve opportunities that could be used to drive efficiencies.

**THE VALUE:** An agile project was established to redesign the social worker onboarding process, which immediately started delivering a streamlined, improved service and more satisfied new employees. Additionally, self-serve options for off-site community workers created the opportunity for a 50 percent reduction in customer service effort.

### 3) Measure and modify what matters.

Digital has had a greater impact on CX than any other single factor. Because digital has formed the framework of the customer environment and is delivering industry disruption at break-neck speed, organizations cannot operate within a static strategy.

The effect of digital disruption on business has the potential to reshape markets faster than perhaps any force in history, according to a survey conducted by the Global Center for Digital Business Transformation. The survey of 941 business leaders in 12 industries and 13 countries showed that digital disruption will displace approximately 40 percent of all companies in each of the 12 industries studied for the report within the next five years.<sup>6</sup> Digital, and its role in CX, is so fundamentally important that we recently released a white paper, [“Getting From Zero to Digital: How to Future-Proof Your Bottom Line Through Digital Transformation,”](#) which lays out five steps to make digital transformation a reality.

Organizations must be in a constant state of beta, letting customers serve as co-creators—and judge and jury—for all business strategies. Instagram launched by rolling out a product, learning which features were most popular (image sharing, commenting and liking), and then relaunching a stripped-down version. The result was 100,000 downloads in less than a week<sup>7</sup> and seven million registered users in the app’s first nine months.<sup>8</sup>

#### THIRD-PARTY TOOLS ADD OBJECTIVITY AND AMPLIFICATION

Third-party tools and analysis are a great option for organizations looking to overlay their various CX inputs with advanced technology or insights.

ENGAGE.cx is one of the rare few offering enterprise overlays to make CX integration and measurement less cumbersome. Its Relationship Cloud™ service organizes disparate customer data and interactions, and maps it against the history of the customer’s full lifecycle to identify opportunities. ENGAGE.cx has been so successful in uncovering what co-founder David Trice calls “the blindspots related to the customer journey” that it recently nabbed \$2.9 million in funding to continue its mission to “reinvent CRM.”

Other vendors offer software tools that bring cohesion to scattered CX mechanisms. Suitecx, for example, creates customized software overlays, which integrate all CX measurement and processes into one platform.

BUILDING BLOCK 3: MEASURE

Today, you have weeks, not months, to deliver the right experience. Enable your teams to be bold, to work together to create experiences that can be scaled for mass execution.

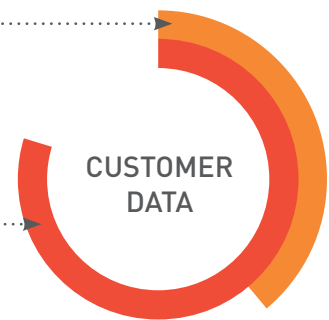
Consider Domino's Pizza as an example. After serving the same product for 50 years they embraced a digital transformation, showcasing critical customer feedback from Twitter and Facebook in a widespread ad campaign. Domino's turned customer feedback into action, highlighting their product redevelopment process online, real-time. Once the new recipe was launched, Domino's created a digital platform which enabled customers to order via a Tweet. As a result, the company doubled profits in a single quarter, topping \$23 million.<sup>9</sup>

This type of digital transformation requires a fundamental shift in how an organization works, especially within the budgeting, R&D, legal and regulatory functions, but it is critical to keep up in a digital environment.

Companies like Domino's, who are ready to reconfigure to the core to ensure CX optimization, take the following steps to ensure they are modifying and measuring what matters.

**Only 39%** of leaders feel they're capturing all relevant customer data

**80%** don't feel they're getting the value out of the data they already have



Prioritize your best ideas and prototype.

Be bold, take the first step and build momentum. Identify the activities you believe will have the greatest impact against your most critical CX needs.

Then, test with your real customers.

The only real way to know if something works in CX is to put it in front of customers and ask them what they think.

Iteratively amend ideas using feedback.

Be prepared to convert all feedback into action. Iterate, test, try again.

When you succeed at the prototype level, scale up.

BUILDING BLOCK 3: MEASURE

Comprehensive CX measurement is the enabler of adaptation.

Yet, according to our study, only 39 percent of leaders feel they're capturing all relevant customer data, and 80 percent don't feel they're getting the value out of the data they already have. Gaps in information and analysis are the kiss of death in the game of aggressive adaptation, where quick-turn, laser-focused decision-making is required to compete.

So, what does it mean to comprehensively measure the customer experience?

Start by defining metrics.

Measure the moments that matter at the interaction, journey and relationship levels. Examine quality (ease, relevance), perception and outcomes. Then align measurement of the processes that matter to determine efficiency and effectiveness.

Set up and agree on a measurement framework.

A CX measurement framework must create cohesion within metrics and inform actionable results.

Finally, fanatically measure and tweak.

THE TIME IS NOW

Three building blocks: prioritize CX in the boardroom and break room, focus on the right moments and processes, and measure and modify what matters.



These building blocks are your foundation, but they are not the end game. CX is not a destination. It is an evolution requiring the regular reevaluation of priorities and strategy. It permanently places the customer at the center of organizational thinking and requires companies to constantly demonstrate their commitment to perfection.

The Experience Economy is not a passing trend. It is part of a shift in the marketplace in which nothing else matters more than your ability to deliver a superior experience. Not your product, not your pricing, not your marketing. True, sustained success will come down to your ability to turn customer insights into improved experiences that are delivered seamlessly by empowered employees.

The time for redesigning and transforming your organization to achieve growth through experience is now.



## Our Customer Experience Capabilities

North Highland is unique in our ability to help clients operationalize CX across the entire experience ecosystem. We integrate diverse competencies to design and deploy compelling customer experiences for many of the world's leading organizations, while simultaneously partnering with our clients to build and embed lasting organizational CX capability.

### Our CX services include:

- Human Insights & Experience Analytics
- Experience Economics<sup>SM</sup>
- Experience Strategy & Planning
- Interaction Design, Deployment & Orchestration
- Capability & Culture Development

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## ABOUT NORTH HIGHLAND

North Highland is a global management consulting firm known for helping clients solve their most complex challenges related to customer experience, performance improvement, technology and digital, and transformation. We add value and support our clients across the full spectrum of consulting, from strategy through delivery. We bring the big ideas, then we make them real. North Highland is an employee-owned firm, headquartered in Atlanta, GA, with more than 3,000 consultants worldwide and 60+ offices around the globe.

The firm is a member of [Cordence Worldwide](#), a global management consulting alliance. For more information, visit [northhighland.com](http://northhighland.com) or connect with the firm on [LinkedIn](#), [Twitter](#) and [Facebook](#).

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