



THE HUMAN EXPERIENCE IMPERATIVE

THE NEXT GENERATION OF CUSTOMER EXPERIENCE

September 2016

**The evolution from customer experience
to human experience challenges
businesses to be something more.**

NORTH HIGHLAND

A photograph of a suspension bridge, likely the Clifton Suspension Bridge in Bristol, England. The bridge's massive steel towers and intricate network of cables are the central focus. A white rectangular text box is overlaid on the left side of the image. In the background, a cityscape and a flag are visible under a clear sky. A few people can be seen walking on the bridge's wooden deck in the distance.

IN THIS PERSPECTIVE

Three Key Factors Are Prompting the HX Evolution

Expanding the Dimensions of Experience:
Human Experience (HX) Requirements

Bringing HX to Life:
Purposeful, Conscious, Adaptive and Cognitive

HX Transformation Principles

Do you remember when customer-focused organizations were a novelty? Do you remember when brands were able to operate without regard to customer feedback or social media commentary? Do you remember a time before Steve Jobs, Tony Hsieh or Jeff Bezos set the benchmark for CEOs' complete and total obsession with customer experience?

We don't either.

What once served as a source of unique competitive advantage – Customer Experience (CX) – is becoming a cost of entry. In fact, 89% of companies now plan to compete primarily on the basis of CX. ¹

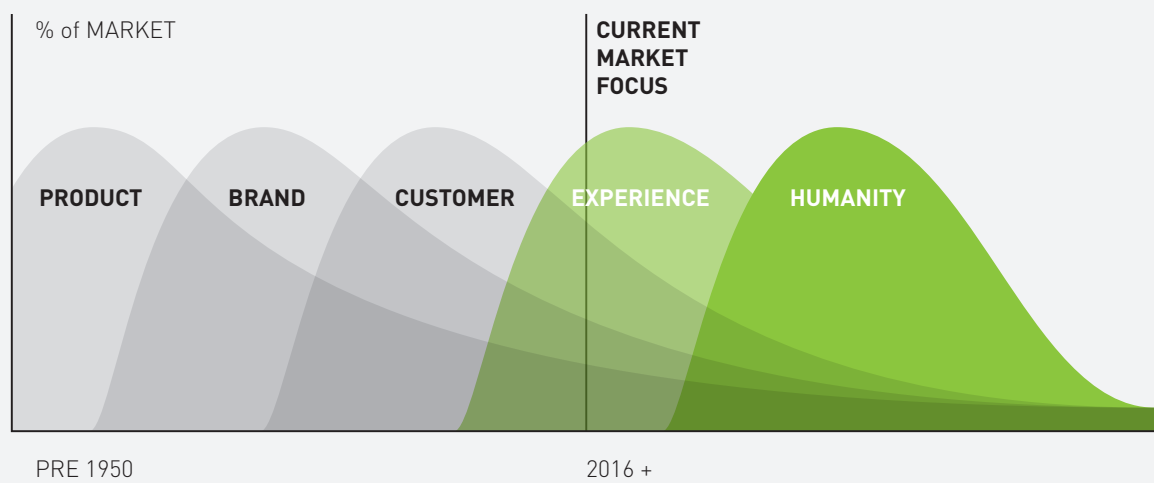
As with all successfully revolutionary ideas, CX is becoming co-opted and commoditized. Commoditization is one of the most timeless and predictable of business patterns, and the practice of CX is steadily tracking toward the same fate of every great commoditized idea: it will become a foundational cornerstone, a standard operating procedure, from which the next great competitive differentiator will emerge.

The elevation of CX has created a new set of customer standards, and in turn sparked a sophistication in customer expectations.

It has helped create a marketplace of consumers who value corporate conscience and the way a company reflects its own ethics and ideals as much as cost, quality and customer service. Meanwhile, new technology and unprecedented access to information is driving a shift in power between companies and consumers.

And while the vast majority of companies are struggling in the present to create a compelling customer experience, a few trailblazing organizations are already beginning to define what's next.

EVOLVING SOURCES OF CORPORATE DIFFERENTIATION OVER TIME



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Through our experience design work with more than two dozen Fortune 500 organizations in industries ranging from healthcare to travel to financial services, we have had the opportunity to observe and help foster this next great evolution. It is an evolution that demands a new mandate and a new operating structure, one obsessively focused on human relationships. It requires businesses to organize around purpose versus profit. And it calls for emotional connections that go beyond basic consumer need or reason.

We call this evolution Human Experience (HX), and we believe it is the next great business imperative.

HX is emerging, but our work suggests it will soon be the next evolution necessary to weather disruption, engage prospects and customers, and achieve the differentiation required for growth.

The perspective that follows will present the foundational requirements of HX, and provide companies with the insights and inspiration needed to expand on an existing CX focus by adding core HX requirements and cascading them throughout the organization.

PREPARE YOURSELF FOR THE HX EVOLUTION.

THREE KEY FACTORS ARE PROMPTING THE HX EVOLUTION

TRANSPARENCY IS FORCING TRUE AUTHENTICITY

Communications, technology and social media have made it impossible for organizations to hide behind a veil of secrecy, public relations spin, or empty marketing promises. Every action and the related demonstration of values a company makes effectively becomes public information. Consumers find it increasingly important to align with organizations that share their values and purpose.

CUSTOMER EXPERIENCE GOES BEYOND DIRECT CUSTOMER INTERACTIONS

Technology has made everyone a brand ambassador. This means anyone with a story to share about a brand or company is now part of the “customer experience.” Companies used to craft their brand. Now, customers, employees and partners collectively create a company’s story and its resulting brand based on their personal experiences.

MEANINGFUL EXPERIENCES TRANSCEND BASIC NEEDS

A host of new technologies combined with an ever-increasing focus on customer insights enable companies to understand and serve people better. Successful companies look beyond commercial needs to understand and meet more meaningful human needs, such as freedom, identity and creation. Companies who recognize and address fundamental human needs, in addition to meeting functional and transactional needs, are able to deliver meaningful experiences that build relevance and value with their customers, employees and partners.

EXPANDING THE DIMENSIONS OF EXPERIENCE

CX REQUIREMENTS



Organizations must begin by meeting and delivering on the foundational requirements of CX.

EMPATHY

Empathy is the critical organizing structure around which CX is built. Successful customer experiences are based on an in-depth understanding of customer behaviors, feelings and motivations.

EASE

It must be simple for customers to derive value from experiences. Interactions should be accessible, effortless and uncomplicated.

RELEVANCE

Communications and solutions must be tailored to a customer's specific circumstances and delivered exactly when and where needed.

ORCHESTRATION

Specific interactions and touch points should be designed and delivered as a narrative system versus discrete transactions.

As critical as these CX requirements are to connecting with and designing for customers today, they will not be enough to compete in the near future. Future-ready organizations must do more.

Where traditional CX models emphasize an understanding of the customer's

experience with a brand, HX goes a step further to predict and design against the more dynamic, high-level variables of customer, employee and partner needs. Delivering against those needs requires an understanding of motivations, values, emotions, aspirations, and context – expressed and unexpressed, conscious and unconscious, current and future.

Human Experience requires companies to expand upon their CX practices, evolving to incorporate core HX requirements.

ADDITIONAL PERSPECTIVE

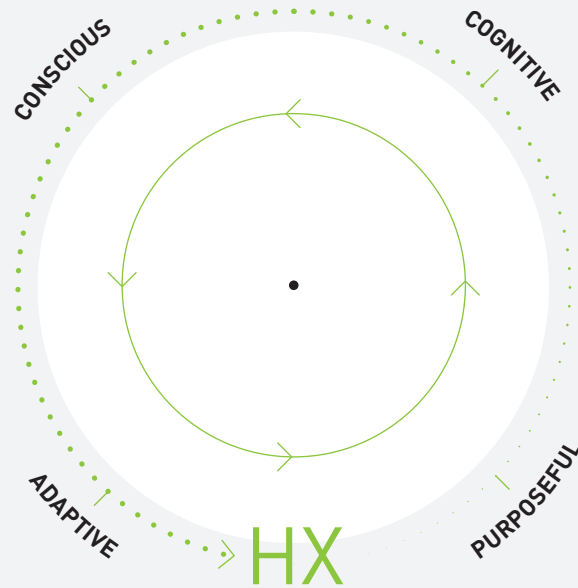


If you are reading this perspective, chances are CX is already a strategic priority for you and your company. Understanding the evolution of the Experience Economy is critical for future-focused organizations seeking to position themselves for enduring success through HX.

In our November 2015 whitepaper, "Optimizing Your Customer Experience-Focused Organization: An Actionable Guide," we provide insights and recommendations that allow you to address customer experience through the lens of three critical building blocks:

- 1. Prioritize CX in the boardroom and the break room**
- 2. Focus on the moments and processes that matter**
- 3. Measure and modify what matters**

HX REQUIREMENTS



Human Experience demands organizational commitment to achieving the following requirements.

PURPOSEFUL

Organizations must have an established reason for being that gives employees and customers a reason to believe in and belong to their brand.

COGNITIVE

Differentiated experiences are elevated by an organization's ability to understand human needs on levels that are intuitive, abstract, emotional and existential and to identify patterns of behavior from the data that every human now creates.

CONSCIOUS

Organizations must operate with awareness and integrity that consistently and authentically manifests their purpose and extends beyond commercial objectives. Their strategy must be guided by a conscious awareness of the potential impact of their choices on stakeholders and society.

ADAPTIVE

Companies must be structured and organized to rapidly respond to customers' needs and evolve to meet changing market demands in a way that is apparent and valued by their employees, customers and stakeholders.

HX IS THE EVOLUTION OF CX – AND IT'S PURPOSE DRIVEN

As consumers seek out new ways to connect with the world around them, a company whose purpose moves beyond the commercial and who designs and delivers experiences that meet not just a person's needs as a customer, but also his or her needs as a human, will attract the most loyalty and advocacy.

They will find ROI through the acquisition of new customers and deepened relationships with existing ones. They will be unencumbered by the implications of

transparency and instead be positioned to use the powerful insights and opinions of customers as an enabler. They will be firmly integrated into the lives of their customers and employees through a bond that will be nearly impossible for competitors to replicate. And they will experience improved efficiency and boosted innovation by attracting and engaging employees.

In short, the organizations who embed HX principles into their long-term strategy are the ones who will succeed.

On the following pages, see how HX pioneers are accelerating the Experience Evolution by demonstrating their purpose, consciousness, adaptability and cognition today.

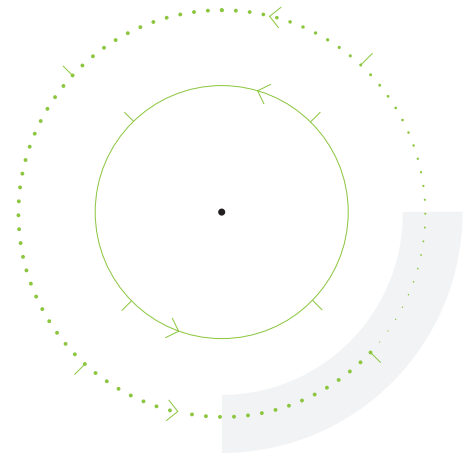
BRINGING HX TO LIFE:

PURPOSEFUL

Purpose is not a statement, it's an operating model, and it's the central organizing structure for HX.

HX is a transformation of the relationship between brands and people, driving meaning based on shared purpose and a reason for being.

HX creates the kind of authentic, deep connections people now seek from companies. When companies start first by examining and establishing their true reason for being — their purpose — and align that with their customers and employees, relationships will become more authentic. For those organizations who have lost, misplaced or forgotten their purpose, the transparency inherent in today's world will require they find or redefine it in order to survive and grow.



PURPOSE APPLIED

Etsy, the world's largest online marketplace of handmade and vintage items, set out with a purpose to "re-imagine commerce in ways that build a lasting and fulfilling world."

Etsy

With this purpose held strongly at its core, Etsy has fostered an internal culture in which 91 percent of its employees feel their values align with the company, and has created a platform for 15 million sellers to bring their crafts to a marketplace of more than 54 million members.

In 2015, 10 years after its founding, Etsy completed an IPO with a valuation of more than \$3.5 billion. This purpose-driven company is now the largest certified socially responsible company, or B Corporation, to go public in the United States.

PURPOSE IS MORE THAN A TAGLINE

These companies are living their purpose and using it as the driver for every single business decision:

GE

"A world that works better."

HONDA

"Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality, yet at a reasonable price for worldwide customer satisfaction."

IKEA

"Create a better everyday life for the many people by offering a wide range of well-

designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them."

INTEL

"Foster innovation worldwide."

METHOD

"Inspire a happy and healthy home revolution."

NIKE

"Bring inspiration and innovation to every athlete in the world."

PATAGONIA

"Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis."

USAA

"Facilitate the financial security of those who serve their country and their families."

THE POWER OF PURPOSE

A fifteen year study revealed that purpose-driven organizations outperformed the S&P 500 by a ratio of 10 to 1.

FIRMS OF ENDEARMENT

10 TO 1

A strong and well-communicated corporate purpose can impact financial performance by up to 17%.

IMD BUSINESS SCHOOL

UP TO 17%

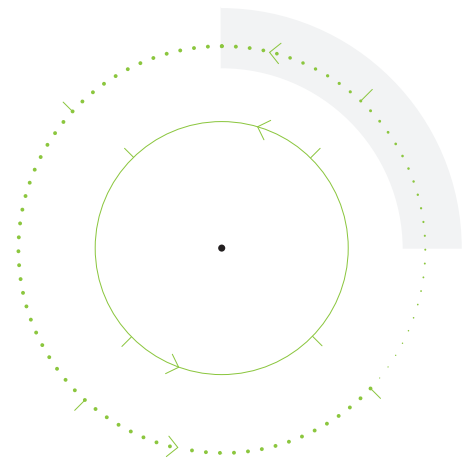
58% of millennials would take a 15% pay cut to work for an organization that shares their values.

NET IMPACT

58%

BRINGING HX TO LIFE:

COGNITIVE



Designing and deploying next-era experience requires human understanding that reaches beyond empathy. Cognition integrates multiple sources of insight to create a unified, explanatory and predictive understanding that extends beyond stated or known needs. Individual transparency supported by digital technology and social media is making this deeper level of understanding possible.

According to a study from the International Data Center (IDC) the world created 2.8 zettabytes of information in 2012. IDC's forecasts for 2020? A whopping 40 zettabytes. The same study suggests that only half of 1 percent of it is analyzed in any way. ⁴

This data is coming from everywhere – social media posts, digital pictures and videos, purchase transaction records – and the data sources are growing with the expansion of machine-driven data, coming from the types of devices that automatically report vital health statistics to your doctors while you exercise, or the sensors and networking technology used to help with predictive maintenance of power turbines.

Data is just the first requirement to achieving cognition – but there is no data record for the future. Achieving a truly predictive understanding of human needs means systematically studying and mapping shifting human values and behaviors within a changing landscape to reveal unspoken, immeasurable desires that exist outside of any data set. The most progressively cognitive companies now employ credentialed futurists to do just that.

The point is not to be overwhelmed by the volume of data and the pace of change, but rather to use it to illuminate the future and reveal our strategic blind spots.

COGNITION APPLIED

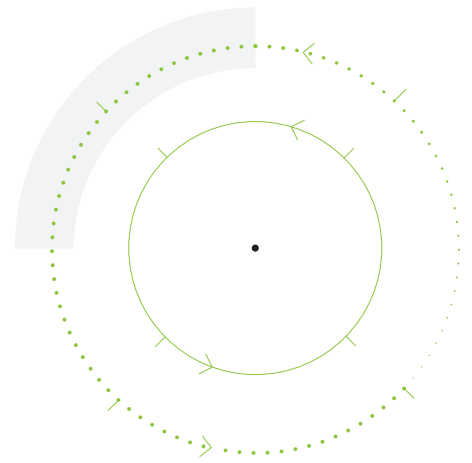
The core CX attribute of empathy drove Apple to design a compelling and useful interface for its popular iPhone 6. Yet, it is cognition that has prompted Apple to introduce features that meet unexpressed and unknown needs.



The September 2015 release of iOS 9 includes predictive traffic routing notifications for users on the go, using historical travel patterns to anticipate future destinations and provide relevant trip times and weather information.

BRINGING HX TO LIFE:

CONSCIOUS



Consciousness is what fuels an organization's decision-making beyond next quarter's earnings. A conscious organization considers its impact on society to be as important as its impact on shareholders' bank accounts. Conscious organizations are deliberate and consistent in their integrity, ever marching toward the beat of their purpose beyond commercial gains.

“Well run, values-centered businesses can contribute to humankind in more tangible ways than any other organization in society.”

Bill George, former CEO of Medtronic, in his introduction to “Conscious Capitalism”

The theory of conscious capitalism, outlined in a book of the same title by John Mackey, founder and co-CEO of Whole Foods, and Raj Sisodia, a business professor, is that consciousness can be a force for both economic and social good.

In the book, Sisodia looks at 28 companies he identifies as the most conscious – “firms of endearment,” he calls them – based on characteristics such as their stated purpose, compensation plans, customer service quality, community investments and environmental impact.

The publicly traded companies in the list outperformed the S&P 500 index by a factor of 10.5 from 1996 to 2011. And we all know why. The employees of conscious companies are more engaged, productive and likely to stay. These companies are more welcome in their communities, and their customers are more satisfied and loyal. The more conscious companies give, the more they get in return.

CONSCIOUSNESS APPLIED

While Howard Schultz, the founder and CEO of Starbucks, loudly proclaimed goals to double the company's market value to \$100 billion in May 2014, he has simultaneously become a trailblazer of consciousness in business.



Schultz has used Starbucks' platform and power to tackle some of the world's toughest social issues, everything from racism to poverty. And Starbucks' commitment to employee-related issues has set the bar for other conscious companies.

All Starbucks workers are offered healthcare benefits, for example, and employees that serve more than 20 hours a week are offered equity in the company in the form of stock options.

Starbucks also pays for its employees' college education. In April 2015 Starbucks expanded its College Achievement Plan to offer all 140,000 of its full- and part-time employees a fully paid, four-year degree through Arizona State University's online program.

Over the next three years, Starbucks also has committed to hiring 10,000 "Opportunity Youth," a population of nearly 6 million

adolescents between the ages of 16 and 24 who are not working or in school. With the right skills and training, Starbucks believes Opportunity Youth represent a huge, untapped talent pool for American businesses, and through employment and access to higher education, hopes to help create a sustainable future for these young Americans.

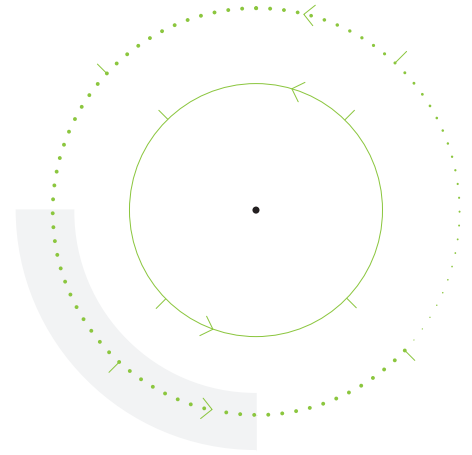
"Profitability is a shallow goal if it doesn't have a real purpose. We are equally proud of what we are doing in the community, what we are doing with our people and how the company has built itself around a purpose that is not just about making money."

Howard Schultz, founder and CEO of Starbucks.³

Starbucks shares have outperformed the S&P 500 index by a factor of six since early 2009.

BRINGING HX TO LIFE:

ADAPTIVE



Companies operating in the HX economy cannot be static. They must harness their adaptive advantage, responding to customers' needs with a nimbleness that allows them to adjust at the right time in the right way.

Those that thrive are quick to act on signals of change. They design organizations that experiment rapidly, frequently and economically – not only with products and services but also with business models, processes and strategies that will provide the greatest benefit to their customers while enabling them to achieve their purpose.

“The economic problem of society is mainly one of rapid adaptation to changes... the ultimate decisions must be left to the people who are familiar with these circumstances, who know directly of the relevant changes and of the resources immediately available to meet them.”

F. A. Hayek, “The Use of Knowledge in Society”

And perhaps most importantly, they have learned to unlock and empower their greatest resources – the people who work for them.

ADAPTABILITY APPLIED

USAA, a member-based insurance and banking institution established in 1922, is widely recognized as an organization that empowers HX through innovative adaptability. Ninety-five percent of USAA employees participate



in company-sponsored innovation programs, resulting in 493 patents between 2010 and 2014. They have introduced innovative experiences like remote deposit capture, voice-activated banking, and face, voice and fingerprint recognition. They continue to build out digital offerings around life events like buying a home or car, making those experiences increasingly personal. It's no surprise then that the company has been recognized with the #1 Customer Experience rating in their sector by Temkin Experience Ratings. Most importantly, 92% of USAA members plan to stay with the company for life.

Empowering and enabling employees to better serve customers is not only an example of inspired adaptation, but it also demonstrates how to fulfill employees by allowing them to create and participate in the purpose of the organization. And it's consistently landed USAA on Fortune's Best Companies to Work For ranking as well as the magazine's Most Admired Companies list.

APPLYING THE HX REQUIREMENTS TO CREATE AN ECOSYSTEM

No single core requirement is effective without the others. Cognition is of little value without adaptability; organizations must be enabled to respond and react to their cognitive capabilities quickly in order to evolve at the pace of the market. Adaptability is misguided, even dangerous, if not aligned against an organization's consciousness. And purpose, the central organizing structure for HX, is nothing without the vehicles of consciousness, adaptability and cognition to deliver it.

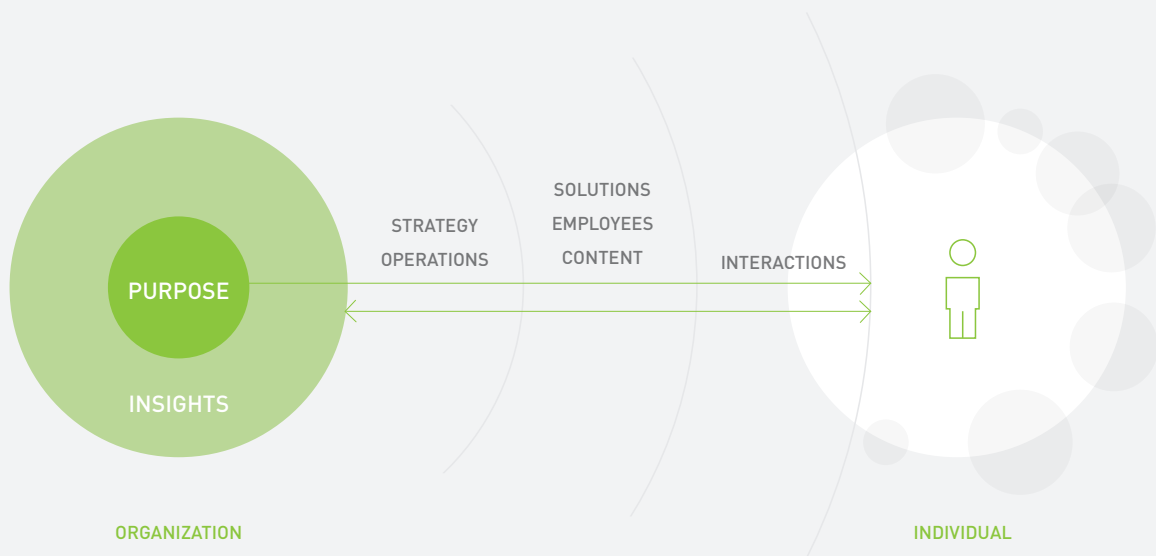
This duality of HX delivery is critical, and it is the powerful connection between purpose, consciousness, adaptability and cognition from which the HX Ecosystem is born.

The HX Ecosystem is the product of an organization's every decision, action and inaction. It is founded on a shared purpose and informed by explanatory and predictive customer insights. It is enabled by strategic and operational business decisions, enforced by the organization's solutions, content and employees, and manifested in the interactions between the company and its customers, all with a consideration for the customer's entire human context beyond his or her relationship with the organization.

Ultimately, companies must be prepared to create an HX ecosystem that is so authentic, so functional and so relevant to everyday life that it secures a significant and permanent position in their customers' own ecosystems.

The ability to create and foster HX ecosystems is new, uncharted territory for business. It requires a holistic view, an unwavering commitment, and a cross-organizational collaboration model, which, for many companies, is unprecedented. But it is critically important to their long-term success. To help, we have identified five HX principles that can be adopted immediately to serve as the foundation for HX transformation.

HX ECOSYSTEM



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HX TRANSFORMATION PRINCIPLES

PRINCIPLE 1

LIVE YOUR PURPOSE

Let purpose be the clear and enduring reason for customers and employees to belong to your brand.

INSPIRATION

Celebrate corporate milestones. Incorporate purpose and passion screeners when hiring talent. Demonstrate your purpose to customers, stakeholders and employees in unexpected ways. Support causes that reflect your company's reason for being. Establish and nurture corporate rituals that bring your purpose to life.

PRINCIPLE 2

ALIGN EFFORTS

Ensure all business decisions are aligned to your purpose, and empower employees to be your conscious compass.

INSPIRATION

REI closes on Black Friday. Ritz Carlton employees have a budget to help ensure guests are completely satisfied. 3M encourages employees to use 15% of their time thinking about new ideas. Take action that pushes your organization to be a better version of itself.

PRINCIPLE 3

ELEVATE INTERACTIONS

Reach a deeper level of customer understanding to not only explain, but predict customer needs—then design experiences to exceed them.

INSPIRATION

Co-create with customers and clients. Encourage leaders and employees to spend more time talking with customers. Emphasize the metrics that support the moments that matter most. Introduce a new way for customers to share input.

PRINCIPLE 4

USE INSIGHTS TO ADAPT

Test frequently, learn by doing, and adjust ahead of the pace of change.

INSPIRATION

Find the things that “have always been done that way” and change them. Celebrate failures in order to share lessons learned. Encourage work shadowing, role swaps, expansion and short-term assignments. Be open to imperfection—it’s human.

PRINCIPLE 5

INVEST IN THE NOW & THE NEXT

Focus on the experiences you can improve today while cultivating an organizational commitment to CX transformation.

INSPIRATION

Engage customers and employees from the onset. Determine and prioritize the moments that matter—take an educated guess if you have to. Then pick one thing to start improving today. Go do it.

HARNESSING OUR HUMANITY

HX provides a framework for companies to be the best versions of themselves. An HX-optimized organization is not content to keep its head above water in the current economy, but instead chooses to move ahead, expand relationships, and seize economic opportunities. It is the type of company that refuses to be a transactional service or product provider, but instead seeks to be an integral and inspirational lever in society. And it's the kind of company that makes the world a better place with its people, products and economic contributions.

The HX economy is almost upon us. The relationships you forge now and the steps you take to apply the HX requirements and principles outlined in this perspective will set the stage for your future success.

Harness your humanity, unleash your potential, and position yourself to thrive in the HX economy.

¹ Gartner, 2014

² CECP's Giving in Numbers, 2014

³ CNBC's "Mad Money," June 27, 2013

⁴ The Digital Universe of Opportunities: Rich Data and the Increasing Value of the Internet of Things, IDC

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Rob is North Highland's Global Customer Experience Lead. With over twenty years of strategic marketing and customer experience expertise, Rob specializes in helping clients expand their market presence by delivering experience-based differentiation. Previously, Rob served as Director of Worldwide Marketing Communications for Delta Air Lines where he was responsible for the strategic direction and execution of all brand and marketing communication initiatives worldwide. Rob is a graduate of LSU where he received a bachelor's degree in International Trade & Finance, and he holds an International MBA from the University of South Carolina.



ABOUT NORTH HIGHLAND

North Highland makes change happen, helping businesses transform by placing people at the heart of every decision. It's how lasting progress is made. With our blend of workforce, customer, and operational expertise, we're recognized as the world's leading transformation consultancy. We break new ground today, so tomorrow is easier to navigate.

Founded in 1992, North Highland is regularly named one of the best places to work. We are a proud member of Cordence Worldwide, a global network of truly connected consultancy firms with the ability to think and deliver together.

This means North Highland has more than 3,500 experts in 50+ offices around the globe on hand to partner with you.

For more information, visit www.northhighland.com or connect with us on [LinkedIn](#), [Twitter](#), and [Facebook](#).



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