



## REVOLUTIONIZING THE CUSTOMER JOURNEY

Distinctive strategy built on exceptional customer experience

# The Transforming Caveat Emptor

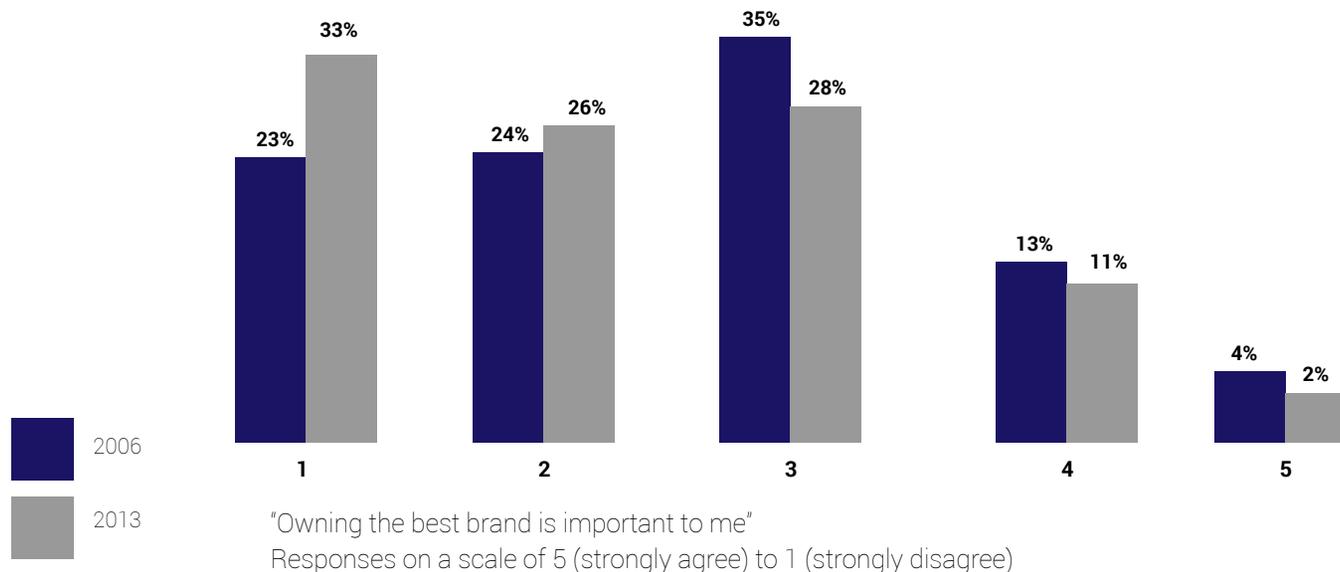
The information-fueled market has bestowed unprecedented power to the customers. The internet has mobilized buyers to new heights of negotiation and transformed buyer behavior. Modern economic transparency has led buyers to question more and raise their expectations. Eighty-one percent of shoppers now conduct online research before buying.<sup>1</sup> Consumers scrupulously pick apart online reviews, websites, and social media sites before committing themselves to a product or service.

The erosion of brand loyalty has required companies to redefine value propositions. Customer power has raised the stakes for all companies, creating competitive convergence across all markets. No longer can a distinctive brand name or quality product or service propel a company to success independently. In the modern market, companies must create authentic interactions with customers and provide a "social" experience. Companies must offer an exceptional customer experience.

Because of this shift in power, understanding customers has become a near-obsessive objective in most organizations. Eighty-nine percent of companies intend to focus on CX as a primary business objective this year.<sup>2</sup> *What do my customers even care about? How can my company serve the customers better than the competition? How can I provide a first-class experience without incurring excess expense?* The importance of what companies provide has taken a back seat to how they provide it.

Companies, too, have leveraged the information economy to gain an analytic advantage over competitors. Currently, 90 percent of businesses integrate analytics to help them better understand their markets.<sup>3</sup> By gathering information including customer age, gender, location, and interests, organizations are crafting targeted marketing messages.

**American's attitude toward brand loyalty is experiencing a steep decline**



Source: Forrester's NACTAS 2006 Benchmark Survey

1. Kimberlee Morrison, "81% of Shoppers Conduct Online Research Before Buying," Adweek, November 28, 2014.
2. "Three Building Blocks of an Optimized CX Organization," North Highland, November 3, 2015.
3. "CDW Retail Innovators Report," CDW, January 15, 2016.

# 80% of CEOs think they deliver an excellent customer experience. Only 8% of customers agree.

The customer experience centers around a dynamic interactive journey, rather than a series of touchpoints. In our book *Delivering Value*, we discuss how customer-centric strategies driven by core value drivers result in strategic-powered growth. This makes customer/company interplay harder to predict and requires a deep understanding of the end-to-end customer experience to be engrained in every employee. Because of our limitless access to companies via in-person, phone, and internet communication, employee scripts have grown obsolete.

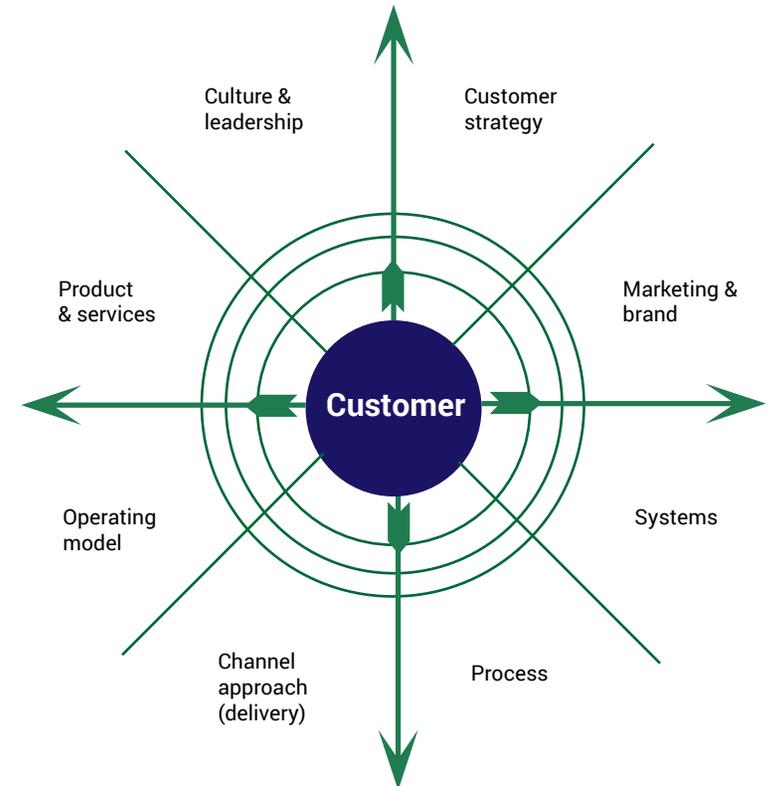
Today's unsettled business environment defies traditional organizational structure. The customer does not care (or oftentimes even consider) who is in charge of processes like billing, onboarding, or taking a service call. They care about the comprehensive, big picture experience.

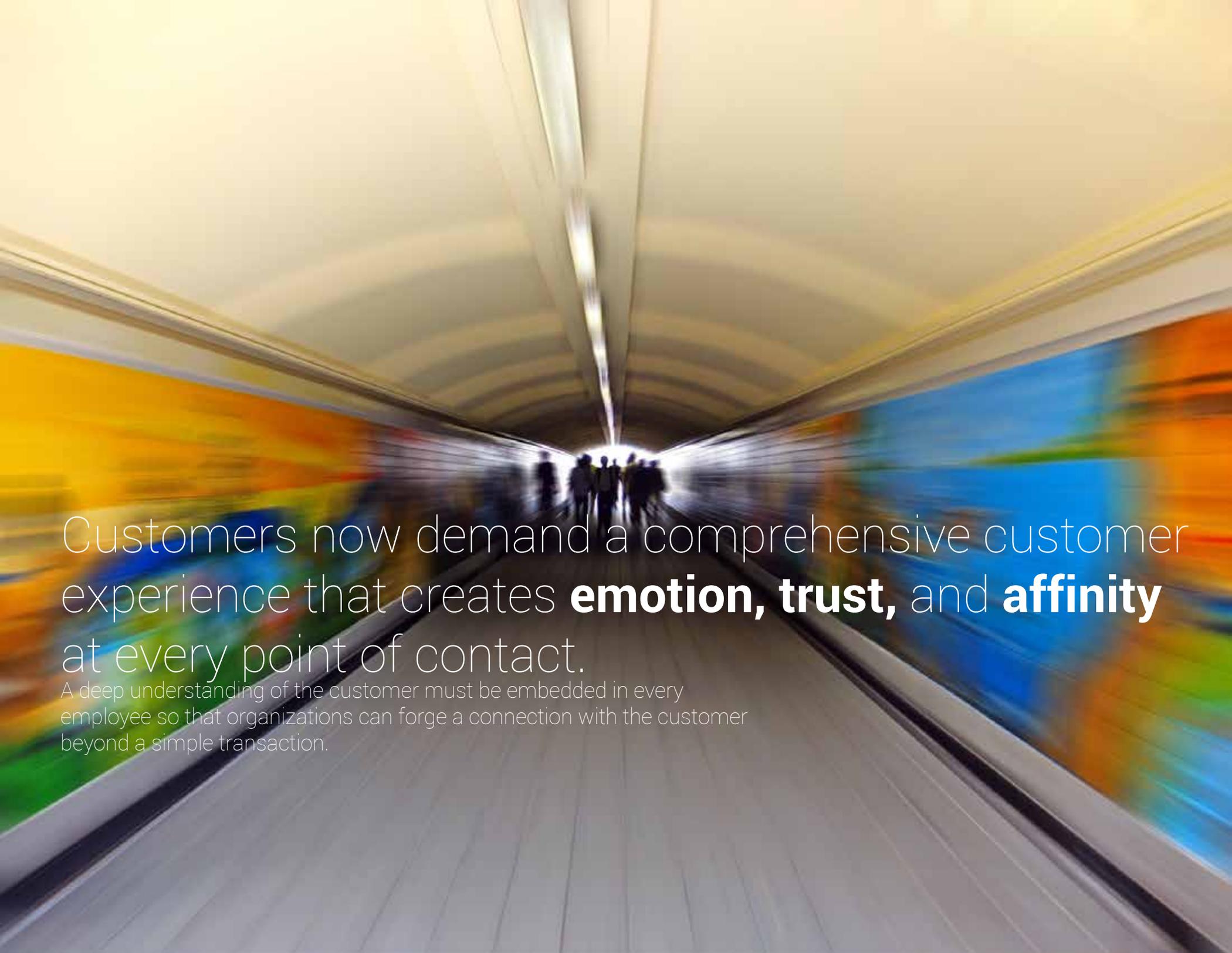
Effective customer experience implementation relies on every single stakeholder from low-level employees to suppliers. It requires improvisation. Every person who accompanies the customer on this journey must understand his or her individual purpose and contribution to the end experience. All must strive to understand where they fit in each unique customer's journey; they must recognize how their work shapes the following stages of the customer experience:

1. Discovery
2. Evaluation
3. Purchase
4. Access
5. Use
6. Receive support

While companies can make general inferences based on customer analytics, management is unable to predict direct reactions. This is where computer insights must be supplemented with human action. Unless all employees are aligned in how they (individually and organizationally) will deliver the ultimate customer experience, companies will be unable to make significant change.

Eight orientation areas that influence the customer experience





Customers now demand a comprehensive customer experience that creates **emotion, trust, and affinity** at every point of contact.

A deep understanding of the customer must be embedded in every employee so that organizations can forge a connection with the customer beyond a simple transaction.

# Transformation Road Map

Reinventing a strategy to be more customer-centric requires extensive work by the entire organization. If the initiatives become overwhelming, they will not be achieved. Successful implementation requires prioritization.

Creating a transformation road map will help companies understand when the different initiatives will occur. Every individual initiative must link to the overarching goal of providing a better end-to-end customer experience- while providing a short-term tactical solution that can be easily understood and accomplished by team members. Effective implementation relies on simplicity, structure, and understanding.

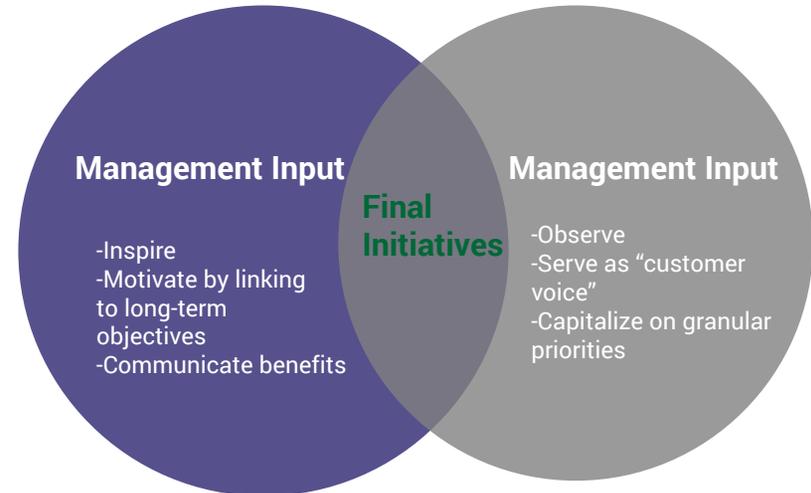
The customer experience begins and ends with employees. Management should receive employee feedback for each proposed initiative. Overhauling a strategy requires consensus, so top employees should be open to suggestions in how to improve specific steps in the process. Oftentimes, employees at different levels will form meaningful connections or interact with customers differently than top-level management. It is critical to bring these experiences to the drawing board.

Once finalized, each initiative should link directly to an employee benefit. Companies must foster a shared aspiration among diverse team members to unify the group around a common goal. The aspiration cannot only relate to the customer, however. To recognize the importance and commit additional time and effort to the strategy, the initiatives must also communicate the benefits to the employees.

For example, a construction company was seeking to implement a cloud-based project management software with a dynamic customer portal. This would empower clients to easily manage billing and maintain an awareness of project progress. When initially introduced (demonstrating only perceived customer benefits) however, the technology implementation was met with disdain. Onboarding the technology would require more upfront training hours in the field. Employees grappled with piling on additional work as they already struggled to balance busy schedules.

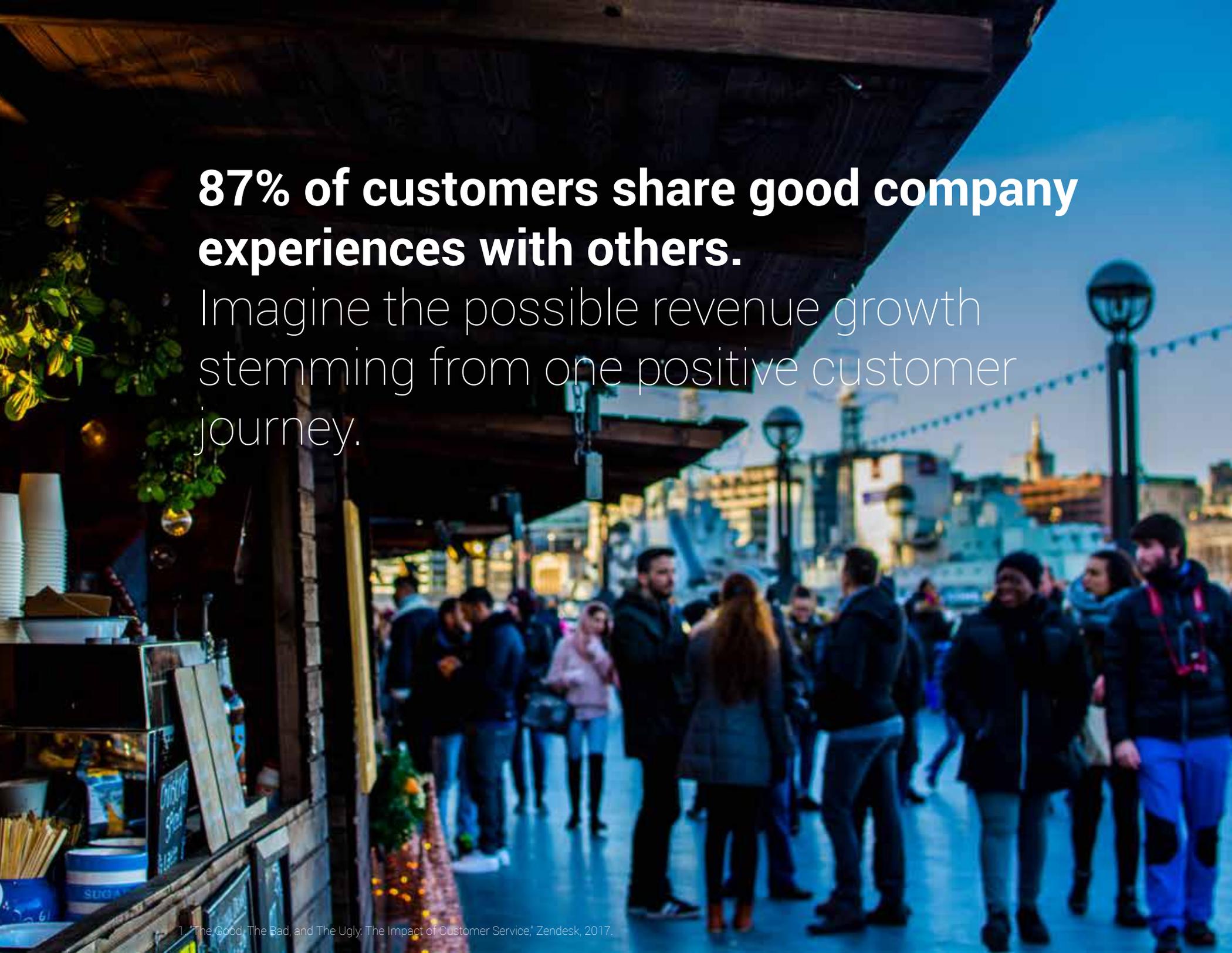
The initiative was only accepted and successfully executed when employees could see the benefits that they would reap (in addition to the customer benefits). When management explained that digitizing the processes would ultimately result in operational efficiency and less time in the field leading to improved profit margins and larger bonuses, employees were onboard.

**Creating a transformation road map relies on insights driven from diverse areas of the organization**



A transformation road map directs strategic initiatives

<b>01.</b>	<b>Analyze current strategy &amp; operating model</b>	<b>Define brand value proposition:</b> How does the company distinguish itself from competitors? <b>Identify challenges:</b> What issues must first be addressed to propel effective CX strategy?
<b>02.</b>	<b>Evaluate the Perfect Customer</b>	<b>What progress does the company create?</b> Evaluate emotional, functional, and social dimensions of target market <b>Current customer journey</b> What touchpoints define the company's current customer experience?
<b>03.</b>	<b>Access customer journey &amp; strategic design</b>	<b>Desired journey</b> How can you maximize CX while maintaining a cost-conscious position? <b>Strategic Definition &amp; implementation</b>
<b>04.</b>	<b>Leadership alignment</b>	<b>Human capital alignment strategy</b> <b>Resource alignment strategy</b> <b>CX communication &amp; buy-in</b> How do you communicate CX transformation and foster consensus?
<b>05.</b>	<b>Transform business processes</b>	<b>Process audit</b> <b>Process redesign</b> Support desired customer journey with processes <b>Replicate processes in actionable CX playbook</b>
<b>06.</b>	<b>Measure &amp; adjust</b>	<b>KPI's &amp; analytic enablement</b> Establish "hard and soft" measures to determine progress <b>Customer feedback mechanism</b>



**87% of customers share good company experiences with others.**

Imagine the possible revenue growth stemming from one positive customer journey.

# Digitizing CX

Customers accustomed to the immediacy of the internet are demanding agile processes and quick response times. Data shows that digitized companies greatly outperform their competitors, generating shareholder returns that are, on average, 35 points higher than the market at large.<sup>1</sup>

The key to implementing effective customer strategy is knowing *where* to digitize. Companies must know the areas of the business where customers crave personal attention (for example, 53% of customers become irritated if they must speak to a customer service robot before reaching a human on the phone<sup>2</sup>) and where they prefer a digital connection. For example, companies found that by creating a more dynamic website help section, a customer service team would reduce the number of calls on average by 5%.<sup>3</sup>

The emergence of technologies such as “track and trace” interfaces allow customers to monitor their progress along a specific customer journey. Client portals often contain pertinent information about supplier equipment including

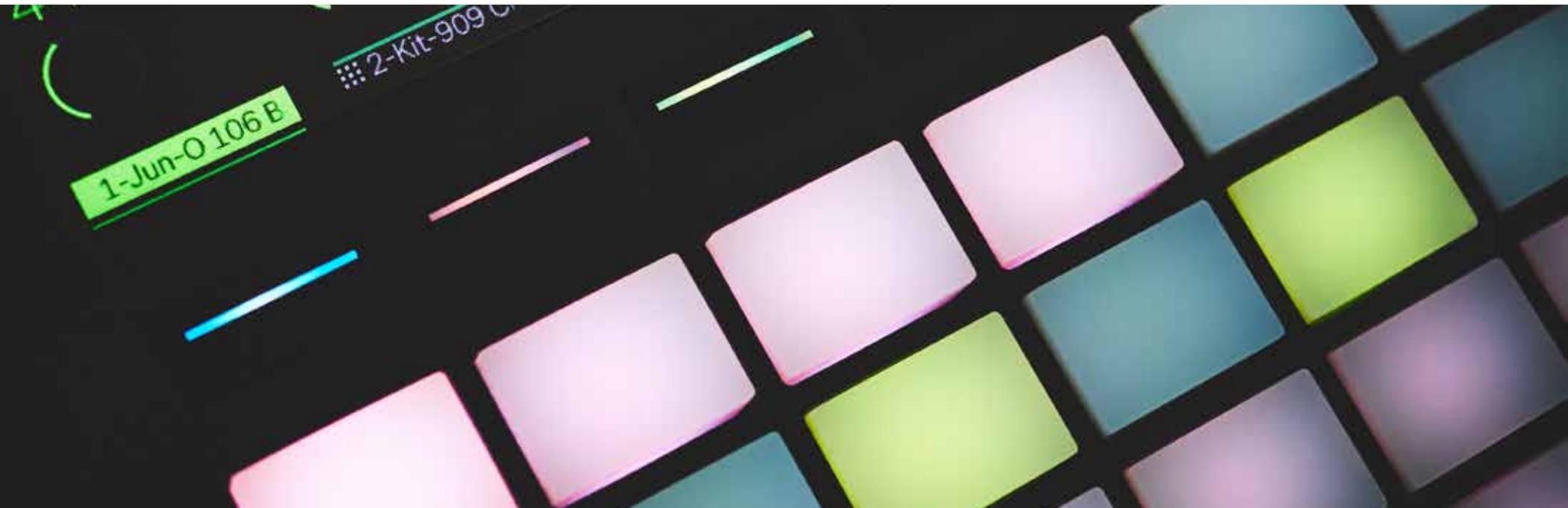
age, working information, or scheduled maintenance. Customer portals also provide companies with a digital customer profile. By tracking the interactions along the customer journey, companies can better understand individual consumers and foster lasting relationships.

Digital implementation often offers successes in waves- quick wins followed by stagnant periods. While it may take longer for a company to gain an efficiency advantage from the technology (thus lowering cost structure), innovative digital processes can work immediately to differentiate a company. The overall effect of a digital CX strategy, however, is an efficient business model fueled by information that can be gathered and communicated to constantly improve CX initiatives.

1. “Creating Value through Transforming Customer Journeys,” McKinsey&Company, Winter 2016.

2. Nicola Brookes, “The Multibillion Dollar Cost of Poor Customer Service,” New Voice Media, January 8, 2014.

3. Matthew Dixon, Karen Freeman, and Nicholas Toman, “Stop Trying to Delight Your Customers,” Harvard Business Review, July-August 2010.

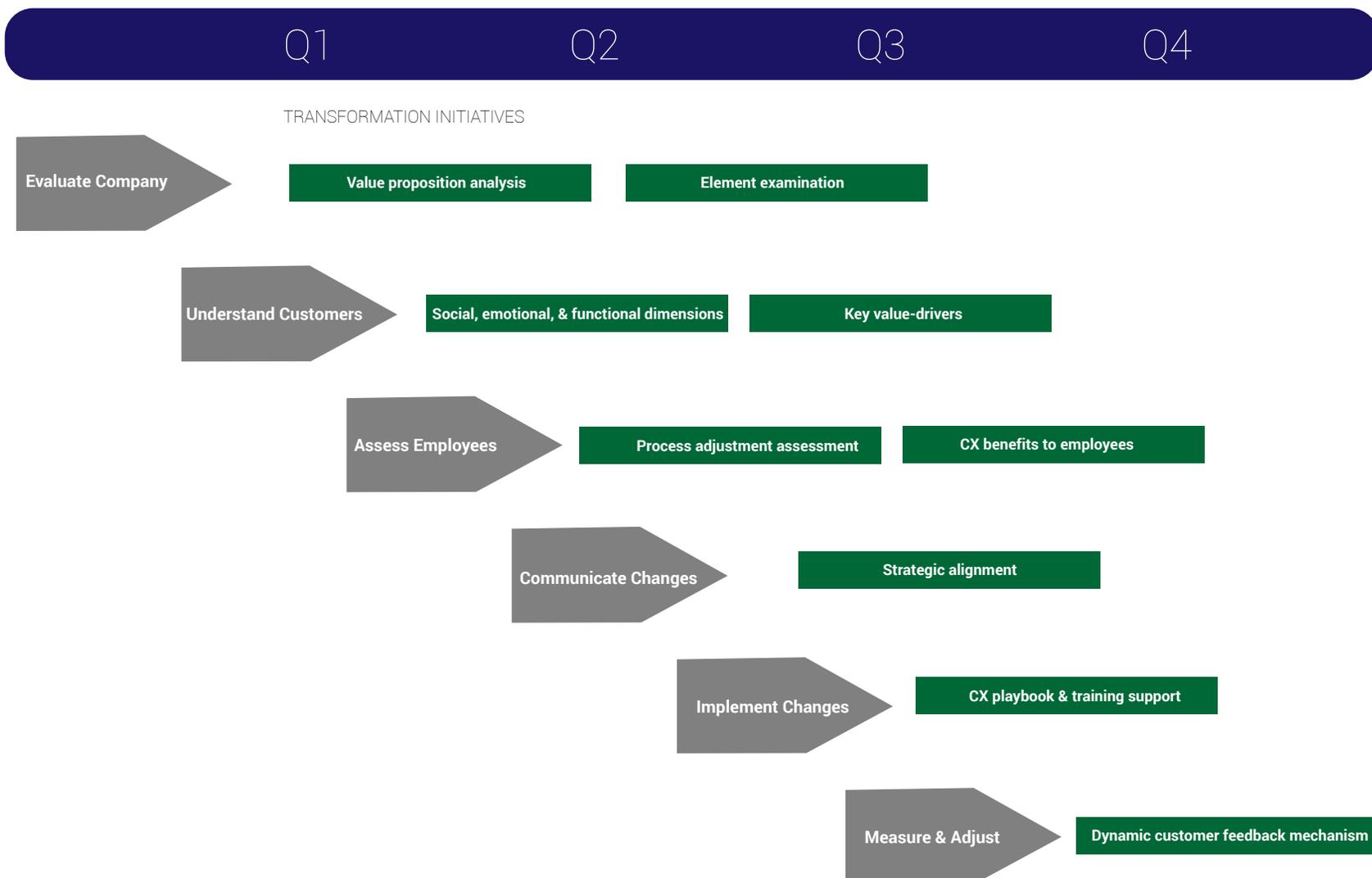


think **BIG.**  
start **small.**  
act **quickly.**

Timing matters in implementation. In order to successfully execute a new strategy, companies must take a step-by-step approach. This requires careful determination of the customer value proposition, discussion around process adjustments to better deliver the experience, entire organization strategic alignment, and progress measurement.

The schedule outlined below demonstrates a gradual implementation. True strategic change takes place in the the CX playbook stage in Q3. Recommended strategic change should occur over the course of 90 days. This transformation should be preceded by careful planning and strategy design and followed by continuous measurement, learning, and improvement.

A functional CX playbook can yield higher profits through greater value capture





## Benefits

1

**REDUCED CUSTOMER CHURN:** 25% of customers will defect after one poor experience. Similarly, you can increase retention by nearly the same amount when focused on providing an outstanding customer journey.<sup>1</sup>

2

**IMPROVED PROFITABILITY:** Successful customer experience projects typically achieve cost reductions of 15 to 25% within two years.<sup>1</sup>

3

**REVENUE GROWTH:** Companies that effectively implement a customer experience strategy realize revenue growth between 5 to 10%.<sup>1</sup>

4

**BRAND DISTINCTION:** Crafting customer-centric strategies increases loyalty and distinguishes brand, boosting sales conversion rate up to 20%.<sup>2</sup>

1. "Creating Value through Transforming Customer Journeys," McKinsey&Company, Winter 2016.

2. "How to Reinvent the Customer Experience to Increase Customer Lifetime Value," September 2016.



# STRATEGIC & FINANCIAL EXPERTISE FOR LEADING PROFESSIONALS

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The Italian word Coltivare translates "to grow through labor and attention." Steve Coughran founded the company in 2009 with that very intention- to help companies flourish. Through our robust strategy products and services, Coltivar maintains that mission today. Our relentless focus on strengthening the core areas of the business- strategy and finance- drive authentic value creation. We bring thousands of shared experiences to the table to positively shape your company's future. We embody Coltivare by cultivating relationships with our clients and value in their businesses.

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