

Are You Ready for Customer Experience Management?

The ten core competencies every organization needs for a CEM strategy

By: Jill Finger Gibson

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Executive Summary

We live in an age when new business models enabled by technology are disrupting mature, long-entrenched businesses — think Uber for taxi services, Airbnb for hotels or Tesla for cars. In this environment, consumers are enabled by more choices and instant access to information to inform those choices, so focusing on the customer experience is more important than ever. Customers have high expectations of the brands that they buy from. They want positive experiences, and they want those experiences to happen through and across the channels of their choosing, at times convenient for them, with the payment options of their choice.

Forward-thinking companies are taking a hard look at how they address customer experience and are making some major changes at the highest levels of their organizations. A recent Digital Clarity Group survey of senior executives at companies in North America and Europe found that new titles are emerging to address the challenges of customer experience management (CEM), such as Chief Customer Officer and Chief Experience Officer. These roles can work across departmental divides that prevail in many organizations in order to bring the customer to the forefront of CEM strategy.¹ However, creating new roles at the top is just one of many steps that organizations will need to take if they are to fully embrace CEM. CEM requires a wide range of skills, experience and collaboration throughout an organization, from top to bottom and across all business units and roles.

This report outlines the competencies needed to pursue a successful CEM strategy and the skills and experience each competency requires. It is based on in-depth interviews and discussions that Digital Clarity Group analysts have had with buyers, service providers and technology vendors around the world over the past three years.



CEM Spans Organizational Divisions, Making it Hard to Deliver

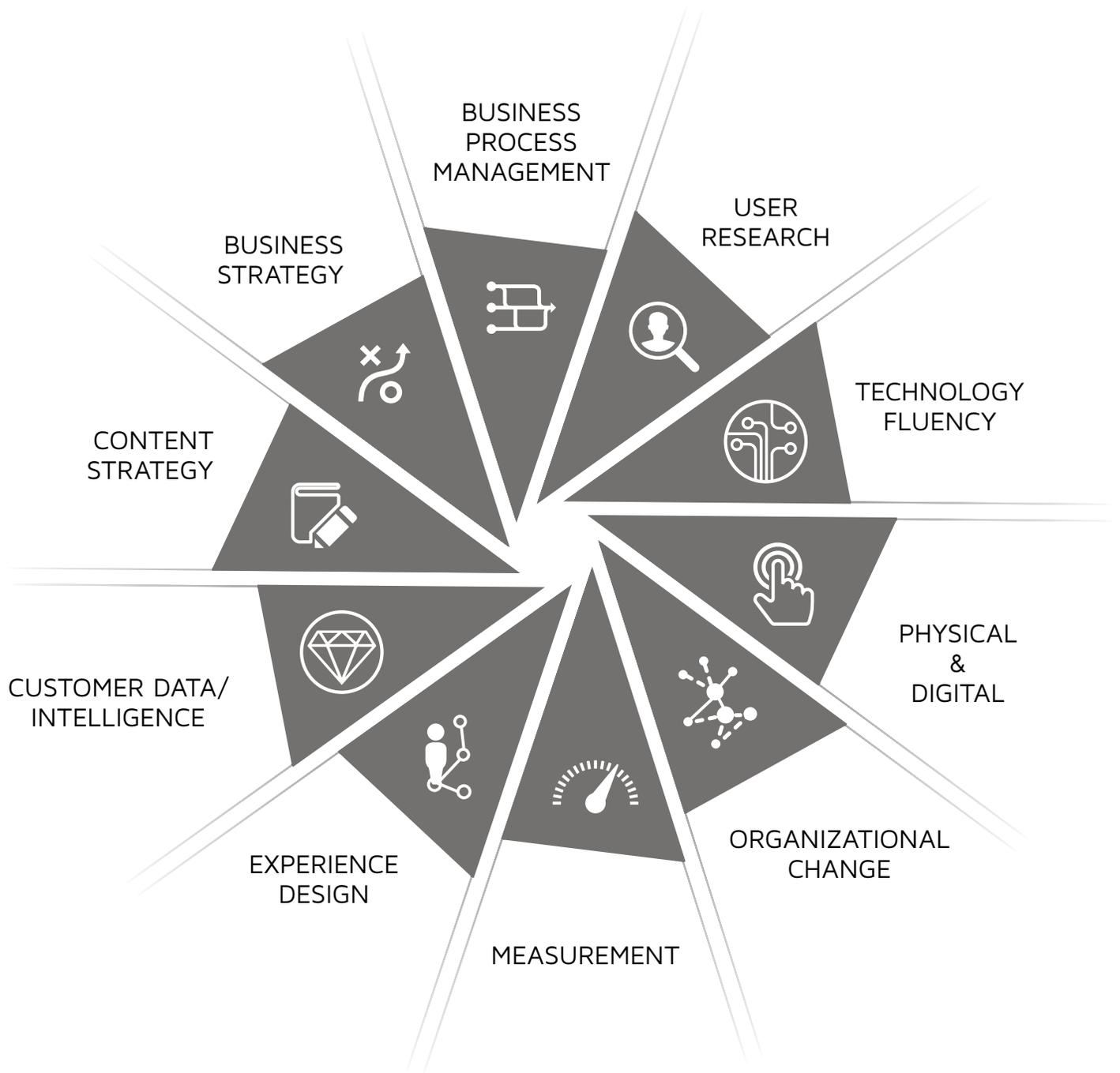
“Who owns the customer?” is a question that commonly arises in discussions about CEM at conferences and in online forums. Typical answers to this question are that marketing, sales, customer service and other departments and functions that traditionally have the most regular direct personal contact with customers own the customer. It is indeed true that any organizational initiative needs to have some degree of executive sponsorship and governance; however, this question no longer makes sense in the context of CEM. No one person or department “owns” the customer; not even the executives with new customer experience titles. *Every single employee contributes in some way to customer experience. A more relevant question is “What do we need to do in order to create positive experiences that change over time as customer expectations change, and that are in keeping with our organization’s vision and goals?”*

Asking and answering this latter question means thinking not in terms of which existing department

or executive is best suited to lead CEM, but rather *what skills and capabilities are needed to execute on it*. These skills and capabilities, if they already exist in an organization, are unlikely to be within a single department of any business; instead, they will sit in disparate divisions and roles, and the individuals in those roles may have no interaction with each other. This is because CEM is a new and complex discipline that doesn’t directly map onto how most organizations are currently structured. Strategy, processes, design, technology, and data are all core to CEM, yet traditionally sit in corporate, operations, marketing, and IT without much connection between them. The practice of CEM means that people within those areas need to be incentivized – and in many cases *required* – to interact and collaborate with each other. We call the skills and capabilities needed in this environment *the ten core competencies every organization needs for CEM* (see Figure 1).

Figure 1.

The Ten Core Competencies for CEM



The Ten Core CEM Competencies Every Organization Needs

So how do you determine whether your organization has these competencies? The first step is twofold: first, to have a comprehensive definition of what each competency entails; and second, to understand the skills, employee profiles and infrastructure each competency requires.

1. Business strategy

One of the seminal articles on business strategy, Michael Porter's "What is Strategy?", argued that having a strategy goes beyond operational efficiency; a company "can outperform rivals only if it can establish a difference it can preserve."² It is not enough, in other words, to manage profit margins, meet industry benchmarks, and price competitively. Nor is it enough to come up with a totally unique breakthrough product that has the potential to completely disrupt an established market. Having a strategy—a statement of purpose, "a set of unique activities,"³ and a clearly articulated plan for meeting goals and customers' expectations while differentiating from the competition—is a fundamental requirement for any business.

CEM takes this definition one step further, requiring a business strategy to put the *views, needs, and aspirations of an organization's customers at the center of all its activities*. This shift requires an organization to be hyper-vigilant in keeping up with constantly changing/evolving industry norms, ever-expanding digital channels, and the introduction of new processes now possible because of enabling technologies. An integral part of these requirements is learning how to listen and interact with the connected consumer, and then to incorporate those conversations into the business strategy. For example, a bank might analyze customers' conversations on social channels to

inform the development of a new financial services product.

In addition, in today's rapidly evolving world, creating and updating the business strategy cannot be a discrete activity that is set by a corporate team and handed down to lines of business once a year; instead, it needs to be a dynamic business process with a process owner and be capable of adapting to external changes and new information as needed. The business strategy must also be aligned with the organization's IT strategy, because so much of the execution of business strategy is directly linked to major IT initiatives.

2. Technology fluency

Having experts with vendor certifications and deep expertise in fields like cloud computing, managed services or J2EE, who can implement and manage technologies such as CMS or e-commerce platforms, is just one piece of the technology fluency needed for CEM. The other is the ability to troubleshoot the specific quirks that are inevitably part of any vendor's or open source product, and customize those products to suit the organization's specifications. This level of fluency requires substantial training in a vendor's baseline technologies as well as training and certification in specific products. For example, an expert in CMS may need to be an expert in Microsoft NT, Azure, SharePoint and Office, plus have additional expertise in third-party CMS solutions that run on these platforms. Additionally, technology integration is a critical competency as CEM often requires the use of numerous technologies to pass data or content from systems of record, like an ECM system, to systems of engagement, like a WCM system, and vice versa.



Sometimes the technology fluency needed is very specific and even niche. For example, imagine a global company that has only recently upgraded to a new CMS system. They have to figure out, without any prior experience, how to establish global branding standards and what to localize for specific national and regional markets. Expertise in globalization/localization is quite limited but absolutely critical for a global consumer packaged goods firm. Another fairly unique skill set is experience in rich media managed by a digital asset management system. The size and complexity of these media types make managing digital assets a highly sought skill, and as more organizations move toward a video and photographic world, technology fluency in this area can be crucial to a successful CEM program.

Technology fluency also underpins the other nine competencies for CEM in this report. Figure 2 illustrates this concept, showing how a variety of technologies enable each competency. This is not an inclusive list, since it not meant to map every technology in the world to each competency. Its purpose is instead to show how many CEM-related technologies may be found in each competency.

3. User/customer research

For an organization to succeed at CEM, it needs to have a thorough understanding of its customers, its sales channels and partners, and its employees. The mature, multi-billion dollar market research industry, where global companies such as Nielsen, NPD Group, ComScore, and others have been researching consumer behavior and decision-making on behalf of brands for generations, is indicative that understanding customers is key to brand success, but understanding employees is often not given the

same importance. That's because employees are considered a more captive constituency than customers, who can vote with their feet. Ignoring employees is a mistake, as they are the face of any CEM initiative, regardless of whether they have direct contact with customers or work on back-end systems. Understanding their activities and concerns is vitally important to CEM success.

User/customer research encompasses a variety of techniques ranging from observational market research, ethnographic research, and segmentation to personas and user scenarios, social listening, and gathering solicited and unsolicited feedback. Many of these skills traditionally live within marketing departments, such as survey construction and fielding, focus group management, market analysis, and persona development. Qualitative and quantitative research skills and knowledge of statistics are required for these roles, and people with academic backgrounds in psychology, sociology, or anthropology can be good candidates.

User/customer research is also connected to experience design, as user research is one of the major inputs into the design process. A researcher armed with a tablet, for example, can show a potential customer several style options for an online product catalog that a designer has made a prototype of, and incorporate that feedback into the next iteration of that product.

4. Organizational change

Re-orienting a business from top to bottom around customer experience inevitably requires changes in an organization's existing division structures, reporting lines, job roles and compensation. This might mean restructuring or eliminating

Figure 2.

CEM Technologies Found in the Ten Core Competencies

	Business strategy	Customer data/ BPM Content strategy	Experience intelligence	Organizational design Measurement	Physical + digital change	User/customer research Technology fluency
Adaptive case management		●	●			●
Big data	●			●		●
Business process modeling		●				●
Business process management suite		●	●			●
Campaign management			●	●	●	●
Collaboration	●				●	●
Commerce platforms		●	●	●		●
Contact center software				●	●	●
Customer analytics	●		●	●	●	●
Customer correspondence management				●	●	●
CRM suites				●	●	●
Data warehousing				●		●
Document management			●			●
Digital asset management			●			●
Information security				●		●
Internet of things						●
Learning management system					●	●
Marketing automation				●		●
Master data management				●	●	●
Mobile commerce		●	●	●		●
Mobility	●	●	●	●		●
Predictive analytics	●	●		●		●
Product information management			●	●		●
Search			●	●		●
Social		●		●		●
Speech recognition				●		●
Supply chain management		●		●		●
Taxonomy			●			●
Video			●		●	●
Wearables						●
Web analytics				●		●
Web content management			●			●

departments, creating new roles, retiring existing roles that have become obsolete, and identifying and providing the training that redeployed employees need to do their new jobs. This can be potentially upsetting for employees, particularly those with long tenure, who might view any changes as threats to their livelihood, status, and existing relationships with their peers. As a result, plans for CEM may be sidetracked due to declines in morale, turnover increases, and other negative effects.

Competency in organizational change requires that leaders throughout an organization – from senior executives to team leaders – lead, plan and manage change so that employees understand the rationale and purpose behind the changes. A crucial part of this competency is frequent communication with employees in a variety of settings, such as town meetings, small group settings and one on one meetings. This competency also requires being sensitive to how change impacts corporate culture,

Figure 3.



¹ Kotter's 8-steps include: Create, Build, Form, Enlist, Enable, Generate, Sustain, and Institute.

² Prosci's approach includes: Awareness, Desire, Knowledge, Ability, and Reinforcement.

³ The 4 D's are: Focus on the wildly important; Act on the lead measures; Keep a compelling scoreboard; and Create a cadence of accountability.

and managing stakeholder alignment and internal communication flows with empathy so that conflicts and setbacks are addressed.

In some organizations, change management practitioners report into a dedicated change management group, led by an executive. In other organizations, change practitioners are part of HR or IT, but have been trained and certified in organizational change methodologies. Figure 3 shows some of the more widely used methodologies are John Kotter's approach⁴ and ProSci's ADKAR.⁵ Another methodology, highly effective but not as widely known, is the Four Disciplines of Execution by Franklin Covey.⁶

5. Experience design

Experience design is the practice of combining research insight, design, and technology to create great experiences for customers. It involves engaging customers' senses, emotions, and values over time

using all media available, from physical to digital. One example of experience design in action is the use of facial recognition technologies in retail stores in order to tailor offerings based on gender, age, or type of clothing. This competency also complements that of customer data and intelligence, since the technologies involved often function as data collectors about customer behaviors and decisions.

Experience design is not the same as user experience (UX), which has connotations of being largely technical and visual and applying to a specific channel, such as the UX for a mobile app (although this is certainly important too). Experience design focuses on the *entire customer journey* across channels (such as mobile or online); touch points (such as salespeople in physical stores), and interactions (such as call center conversations) with the brand. As an example of how important experience design has become, IBM has made it a centerpiece of its global strategy through hiring

Figure 4.

The Nest Thermostat



hundreds of design professionals, opening design centers around the world, and running what it calls “Design Camps” for its employees at all levels and geographies as well as its customers.

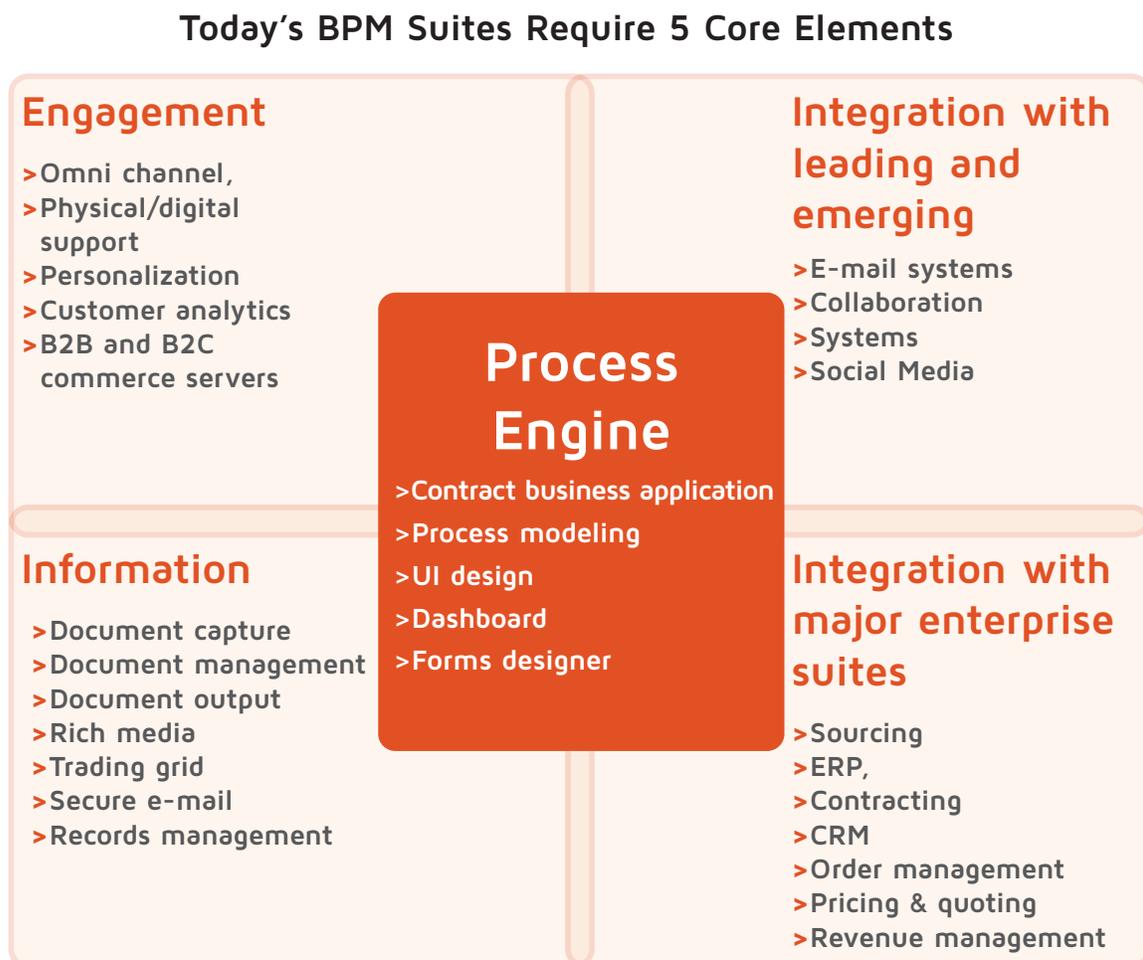
The commonly cited example of an experience design leader is Apple, which considers a customer’s sensory experience and reactions about its products in all contexts, from packaging to conversations with employees to design of physical stores. Another example is Nest (see Figure 4), whose mission to “take the unloved products in your home and make simple, beautiful, thoughtful things,” led them to

create a thermostat that is nice to look at, easy to use, and can be controlled remotely through a mobile phone in order to save energy.

6. Business process management (BPM)

Each organization’s activities are powered by an array of business processes. From the largest multinational to the smallest local retailer, business processes link people, information, and technology so that work gets done inside an organization that serves its customers or constituents (see Figure 5). BPM is a discipline and methodology that

Figure 5.



continuously evaluates and improves all business processes from end to end, to ensure that an organization is delighting customers, making the best possible use of its resources, and aligning those resources with a clearly articulated strategy. Everything from overly onerous internal budgeting practices to gaps in regulatory compliance to delays in online order fulfillment can benefit from BPM. Though there are software products and technical solutions marketed using the terms BPM or BPMS, BPM is not a technology, but a discipline and methodology closely linked with Lean and Six Sigma.

With customers now more than ever likely to switch brands and suppliers due to sub-optimal experiences,⁷ and with their ever-increasing access to information and channels to purchase, organizations must look at their internal processes from an outside-in

perspective. It does the organization very little good, and potentially great harm, if a customer spends an enjoyable half hour surfing through a retailer's well-written, beautifully designed online catalog, only to have the product they finally purchase arrive late, damaged or not at all. BPM is vital to CEM because the customer experience ultimately depends on everything that happens throughout the process, from one end of an organization to the other, rather than within a single channel. That is why it is critical for customer experience champions to partner and collaborate with process owners (usually functional heads) and operational excellence executives (usually in the COO's office) so that work flows across organizational siloes instead of getting trapped in a particular department or lost in the transfer from one department to another.

Figure 6.

Data Analytics Usage in Marketing Organizations

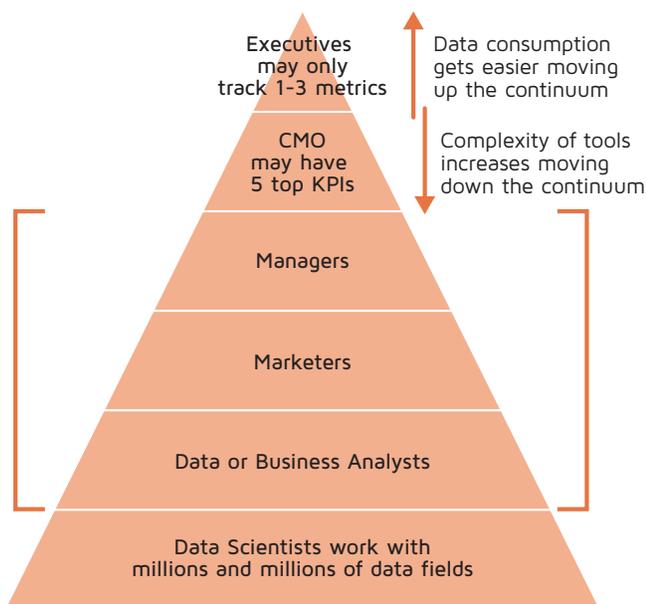
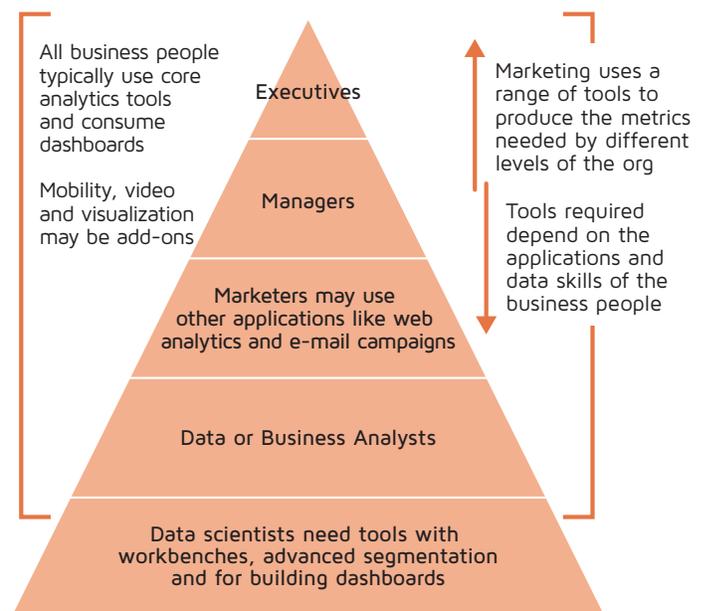


Figure 7.

Analytics Tools in Marketing Organizations



7. Customer data/intelligence

The proliferation of data now available about customers from CRM systems, websites, e-commerce platforms, social tools, billing and other operational systems, and other sources provides companies with an unprecedented ability to track, understand, tailor and, increasingly, to anticipate digital and physical experiences for their customers. These analytics tools not only reveal what a customer has done; they also anticipate what a customer needs or wants and provide it before she even requests it. Services companies such as hotel chains exemplify the types of industries that view analytics as a key component for their CEM strategies.

However, this data abundance is meaningless if an organization lacks data-savvy executives, managers and workers to identify key performance indicators that matter and take action based upon those critical pieces of data. A retailer's website may garner thousands of social media likes and website hits, but if those data do not lead to an increase in sales, they are of little use in measuring online and social strategy effectiveness. A typical marketing organization, from the bottom up, consists of data scientists, data analysts (also called business analysts), marketers, marketing managers, and executives. This hierarchy takes huge data sets that become more simplified toward the top tiers of the organization (see Figures 6 & 7). And while once-complex analytics tools are becoming easier to use for people without deep technical expertise, the abundance of structured and unstructured data from a wider array of sources means that organizations will continue to need data scientists with deep skills in math, statistics, computer science, or a combination of the three.

The abundance of data is also meaningless if the necessary data infrastructure is missing, so that

workers are unable to work effectively with data, draw insight from it, and present it in clear and compelling ways to share ideas, propose new initiatives, and support business cases. We have talked with many companies that believe analytics holds the key to great CEM, and see either data warehousing or CRM as the heart of their CEM strategies. In reality, all three of these technologies — data management platforms, CRM and analytics — are crucial for gaining data, intelligence and insight into customers.

8. Content strategy

Consumers live in a media-rich world where video, audio, and text in various combinations are a given part of their daily routine. Text emails contain links to YouTube videos, Facebook posts share Spotify playlists, and photos and illustrations are embedded in tweets. When a product or service is faulty and a customer wants to contact customer support, they expect options such as online chat, web tutorials, and online user forums, in addition to the call center. A McKinsey study of customer care found that satisfaction was higher for respondents that used a mix of traditional (phone) and digital (e.g. echat) channels to contact and communicate with customer support, compared with those that used traditional channels alone.⁸ Customers have become accustomed to, and expect, high-quality rich-media content, making content creation and management a crucial part of CEM. This goes for both B2C and B2B companies, particularly as traditional advertising's effectiveness is diminishing.

We have heard of organizations that, realizing they need to provide content, decided to start with buying a new CMS, only to get bogged down in the vendor selection process or find that the CMS did not fit their needs. Having the right CMS system is only one piece of the content creation puzzle: an organization also needs people who can manage that content.

Content managers are skilled communicators who are comfortable working with rich media across an organization. If the organization is multinational, expertise in globalization and localization needs to be part of the mix. Underpinning this is well-defined strategy of how to create, distribute, and manage content – and the ability to identify where internal capabilities are insufficient to do it all.

9. Blending physical + digital

Much of the industry discussion around CEM is focused on digital capabilities, ranging from digital channels and digital media to digital disruption,

digital strategies and digital transformation. While digital is indeed an essential part of CEM, humans are social creatures, and their lives – and interactions with brands – are made up of in-person, physical experiences that are equally important. Today, people’s lives are an interlocking set of digital and physical experiences, and they expect that brands with which they interact understand that and adjust accordingly. People switch from one channel to another to yet another, and then go back to the first one again – using the best channel for whatever accommodates them at a specific time. A recent study of online shoppers found that 67% of

Figure 8.

Click & Collect at UK Retailer ASDA

The advertisement features the ASDA Groceries logo at the top left and the George. logo at the top right. Below the logos, the headline reads "Click & Collect your groceries & make life a little easier". A row of grocery items is displayed, including bananas, a bag of ASDA Multipack crisps, Heinz Tomato Ketchup, ASDA Baked Beans, a carton of ASDA Ultra Light milk, and a box of Warburtons Medium White Bread. Below the product images, the ad lists five benefits of the service, each preceded by an ampersand icon. On the right side, there is a "Click & Collect your groceries FREE" badge and a three-step process: "Choose your slot" (with a car icon), "Start shopping" (with a shopping cart icon), and "Collect" (with a milk carton icon and the word "FREE" in a green circle). A "Find out more" button is located at the bottom right.

ASDA Groceries

George.

Click & Collect your groceries & make life a little easier

Click & Collect your groceries FREE

- & shop from home, in your own time
- & collect when it suits you – no more having to wait in for your delivery
- & brilliant choice - shop our entire online range
- & we'll pick and pack your shop for you
- & we'll even load the car

& it's really easy to do

- Choose your slot**
Pick the best time for you to collect your shopping.
- Start shopping**
Choose your items from our great range of own label and branded products.
- Collect**
For free, from your chosen location, we'll even load it in to your boot.

Find out more



respondents made purchases in the last six months across multiple channels.⁹

For example, a customer who purchases a product that isn't working properly may start out reading information on the company's website, but then switches to online chat when they can't find what they need. Chat may work for a while, but then the customer may need to discuss some options, so they call the contact center. Everything may go well during the call but at the end the customer may be dissatisfied with the overall service they got from the help desk, so the customer decides to leave a poor rating on Yelp and make some comments on the company's Facebook site. The company may then mail a gift card to make amends that the customer uses in the brand's retail store.

Examples of physical and digital blending include incorporating solutions for traditional print and digital content into a single content strategy to support outbound mail correspondence and web sites, or combining digital customer channels or data with in-person interactions, such as click-and-collect options from retailers with virtual and physical stores (see Figure 8). An organization's CEM competency must address both worlds because different demographics, such as age groups and geographic regions, require different ways and media to liaise with suppliers.

10. Measurement

To understand if an initiative or project has been a success, a system must assess whether the operational or financial goals that were set at the start are met and if not, to correct as needed. Having such a system requires the establishment of project metrics and milestones and reporting on them

regularly — such as web analytics to measure online sales, or business activity monitoring to measure the execution of business processes — and incorporating those metrics and milestones into individual and group goals. Measurement is how an organization can determine whether it is actually providing great customer experiences, or if it is falling short.

Examples of metrics to measure that can be incorporated into goals are wait-times for calls and online chat requests for customer service, or increases in average monthly or annual customer revenue for sales. Many companies employ Net Promoter Scores (NPS), where the customer is asked if he would recommend a product, service, or company to someone else in the future. However, critics of NPS note that it is not always clear what the arrived at score means, how it was calculated, or how it can be improved. Regardless of the metric, employees and business units need to be given a complete picture of what goes into any measurement, how it is calculated, and guidance for what and how they can do better.

While a multitude of software solutions abound that produce performance dashboards and other tools for tracking operational progress, they are not a necessary prerequisite for having measurement competency. A small business with a few salespeople selling a single product might be better served with a simple Excel spreadsheet rather than investing in any specialized enterprise software that requires extensive training and ongoing support for users. What is key to having measurement competency is being transparent into what is being measured, who owns setting measurement and keeping track of it, and as well as consistency in its application.



Use Service Providers to Fill CEM Core Competency Gaps

The ten competencies cover a wide range of expertise and skills, many of which are in short supply, newly emerging, or beyond the scope of a single enterprise. Moreover, even if an organization is large and innovative enough to have each competency already, it may not make business sense to bring all those resources to bear on CEM projects 100% of the time. Plus, the organization may have resources within each competency but may not have a sufficient number of experts to staff the number of projects underway.

When these situations occur, a diverse pool of service specialists are available that can help organizations address these challenges. Digital Clarity Group refers to these companies as *service providers*, a term that covers systems integrators, digital/interactive agencies, advertising and marketing communications agencies, design firms, and other types of specialist consultancies. The right service provider — or providers — can be the

difference between an implementation's success and failure, or the difference between getting the project done quickly and having the project drag on for unnecessary periods of time.

Organizations do need to be aware that *despite what industry research or the service providers themselves may claim, no single "ideal" service provider exists*. Every buyer has a unique combination of needs and will want to identify certain capabilities from prospective partners whose skills complement both their own and the skills of their existing partners. Using the ten core competencies as a guide, buyers can reduce their time and effort in identifying potential service partners based on where they are in their CEM journey and what internal competency gaps they have identified.



Evaluate Service Providers to Determine the Way Forward

By distilling the competencies needed for a CEM strategy into a core set of ten, this report provides a starting point for organizations in determining what competencies they already have and which ones they need to invest in developing. Many organizations will decide that they need help from a service provider for the competencies that they lack or have minimal resources in. Digital Clarity Group will publish a report shortly that provides guidance on evaluating potential service provider partners, based on our experience in helping organizations with technology and service provider selections.

For more information or if you would like to discuss your project needs with a professional and experienced CEM analyst, contact Digital Clarity Group at info@digitalclaritygroup.com.



Endnotes

1. See “Partner Your Way to Success in Customer Experience Management.” Digital Clarity Group, forthcoming.
2. See “What is Strategy?” Michael E. Porter. <https://hbr.org/1996/11/what-is-strategy>
3. Ibid.
4. For more information about John Kotter’s 8-Step Process for Leading Change, see <http://www.kotterinternational.com/the-8-step-process-for-leading-change/>
5. For more information about ADKAR, see “The Essence of ADKAR: a model for individual change.” Jeffrey M. Hiatt. <http://www.change-management.com/tutorial-essence-of-adkar.htm>
6. For more about the “4 Ds,” see <http://the4disciplinesofexecution.com/>
7. According to a survey conducted by Harris Interactive in 2011 and commissioned by RightNow, which was later acquired by Oracle. Selected findings are available at <http://www.slideshare.net/RightNow/2011-customer-experience-impact-report>
8. See “Higher satisfaction at lower cost: Digitizing customer care.” http://www.mckinsey.com/client_service/marketing_and_sales/latest_thinking/digitizing_customer_care
9. See “The Omnichannel Customer Service Gap.” <http://cdn.zendesk.com/resources/whitepapers/Omnichannel-Customer-Service-Gap.pdf>



About DCG

Digital Clarity Group

Digital Clarity Group is a research-based advisory firm focused on the content, technologies, and practices that drive world-class customer experience. Global organizations depend on our insight, reports, and consulting services to help them turn digital disruption into digital advantage. As analysts, we cover the customer experience management (CEM) footprint – those organizational capabilities and competencies that impact the experience delivered to customers and prospects. In our view, the CEM footprint overlays content management, marketing automation, e-commerce, social media management, collaboration, customer relationship management, localization, business process management, analytics, and search. As consultants, we believe that education and advice leading to successful CEM is only possible by actively engaging with all participants in the CEM solutions ecosystem. In keeping with this philosophy, we work with enterprise adopters of CEM solutions, technology vendors that develop and market CEM systems and tools, and service providers who implement solutions, including systems integrators and digital agencies. For more information about DCG, visit www.digitalclaritygroup.com or email info@digitalclaritygroup.com.

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