

Beyond Technology: Aligning People and Processes for Customer Experience

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Improved Experiences Require Organizational Transformation

Why is customer experience management (CEM) so hard? Despite the vast amount of attention, effort, and money that has been expended on CEM over nearly a decade – by vendors, service partners, and practitioners – global consumer surveys show conclusively that most firms are struggling to make or sustain real progress with improved customer experiences. For example, Forrester conducted its Customer Experience Index consumer survey for 299 brands in North America in late 2014 and again in mid-2015. In the period between the two surveys, less than 3% of the brands improved in the overall ranking, while nearly 30% *declined*. Overall, just 1% of the North American brands – *less than three*

companies out of 300 – were rated “excellent” in the October 2015 report.¹

DCG has analyzed several of the reasons firms fail to consistently improve customer experiences. Some are “tactical” – such as selecting technology components that do not reflect and support the company’s core requirements.² Similarly, firms struggle to select the right agency, system integrator, or other service provider partner – or to build long-term, mutually beneficial relationships with such partners.³ Other barriers to success are more “strategic” and structural. For example, brands too often focus on the “digital outside” – multichannel experiences “on the screen” – while neglecting the “digital inside” – the internal transformations and organizational changes that are necessary to sustain extraordinary customer experiences.⁴

While technology and partner selections are critical (and will be discussed below), DCG believes that the inability or unwillingness to make the

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requisite internal people and process changes is the primary reason that marketers and their brands have so far struggled to master CEM. When firms adopt new technologies for CEM but retain the old structures, roles, habits, and key performance indicators (KPIs), consumers are bound to be unimpressed. As the business strategist Rishad Tobaccowalla says, “the future does not fit in the containers of the past.”⁵

Aligning People and Processes for Customer Experience

But is organizational transformation really an imperative for customer experience? Shouldn't it be possible for, say, an accomplished CMO and her marketing team to produce outstanding customer experiences without tearing apart the existing roles and processes?

The answer is no, and the reason is something called Conway's Law. As with Moore's Law, this “law” is rather an observation, formulated by Dr. Melvin Conway in 1967: “Organizations which design systems are constrained to produce designs which are copies of the communication structures of these organizations.”⁶ Or, in Allan Kelly's succinct version, “Organization design *is* system design.”⁷

From customer experiences to the customer's experience

The validity of Conway's Law has been demonstrated in studies of software development teams.⁸ More broadly, the dynamic is readily evident in customer experience management: companies tend to deploy numerous and varied software solutions to produce and support multiple, disconnected experiences – largely reflecting their organizational silos and divisions – i.e., separate teams responsible for the websites, email marketing, mobile app development, customer support, the physical store, etc.

The *customer's experience*, however, is integrated and holistic – a *single perception*, based on all of his interactions with the company or brand.⁹ It is, in Conway's terms, a *system*: an organized structure of interrelated and interdependent elements.¹⁰ A consumer may love her bank's services and online tools, but a single unhappy interaction with customer support can erase years of brand loyalty and end the entire relationship.

In short, Conway's Law exposes a fundamental incompatibility at work in how companies approach CEM – namely, between the way that organizations *produce* customer experiences and the way that customers *experience* them.

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Organizational change is easier said than done

Applied to CEM, Conway's Law dictates that only an *integrated organization* can produce the *integrated experience* that consumers desire and reward. And indeed, the notion that CEM has to move beyond a digitally supercharged marketing task and become an *organization-wide effort* has finally begun to be widely acknowledged.¹¹

However, this insight alone will do little to help companies effectively improve customer experiences. Broad, wide-ranging organizational transformation is *very* difficult. (In fact, business professor Clayton Christensen has long argued that it is nearly *impossible*.¹²)

Structural barriers aside, the business impact of customer experience, and the metrics used to measure it, are still relatively immature. Few senior executives will endorse large-scale destruction of existing operational silos and business processes on the basis of a vaguely defined goal to "improve customer experiences." For effective transformation, what's needed is a clear business justification, a roadmap, and the ability to measure impact and success. Turning attention to customer journeys can provide all three.

From the customer lifecycle to high-value customer journeys

Although customers form a single perception of a company or brand based on *all* of their interactions, it is an error to think that the task of CEM is to manage, obsess about, and try to optimize *every one* of those interactions, across the entire end-to-end customer lifecycle. First, such lifecycle management is *practically* impossible: for a single customer, it could involve thousands of interactions over decades – let alone the effort required to manage *all* customers and prospects across all markets, segments, channels, locales, etc. No organization has the resources available to meet this challenge.

Second, attempting to manage the entire lifecycle is highly *inefficient*, since all interactions are not equally important. For example, a major airport employing 18,000 people across 60 different entities – airlines, shop owners, cleaning contractors, the TSA, etc. – conducted a detailed customer experience analysis. The team found that four of the top ten consumer complaints concerned airport security – and that the behavior of security personnel influenced satisfaction more than the time spent in line.¹³

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For the airport, the security process is a *high-value customer journey*. It is high-value because it has an inordinate influence on the customer's perception and satisfaction, and thus an inordinate impact on the production and capture of business value. McKinsey has argued persuasively that, within the entire customer lifecycle, there are in most companies a limited number of such high-value customer journeys.¹⁴ Here are some examples:

- **Retail banking:** Researching banking options; new account onboarding; payments and transfers; statements and fees; loan application; managing credit cards; investment advice
- **Hotel chains:** Researching options; check-in (including issues with the room); room service; checkout; loyalty program status/rewards
- **Cable provider:** Researching options; new customer onboarding; customer care (issue resolution); billing; up/downgrading; canceling the service

Identifying and working to optimize such high-value customer journeys provides the focus and impact that are missing from overly broad CEM efforts. First, it offers a limited number of experiences to worry about – namely, those that customers care about the most – which can be prioritized so that limited resources are deployed for the greatest business impact. Second, each of the journeys has an identifiable beginning and end, meaning that it is reasonable to expect to “manage” the experience of the journey, as opposed to the endless and undifferentiated interactions across the customer lifecycle. Third, and most importantly, it enables an organization to see precisely

where and why people and processes should be reorganized in order to improve the journey.

In short, this kind of “customer journey management” provides all of the components necessary for effective customer experience management: a roadmap indicating where to direct always-limited attention and resources; a justification for expending time and money to optimize the journey; and business outcomes associated with the journey by which to measure incremental improvements.

The right people, around the right processes, for the best customer outcome

For example, consider a B2B product selection journey: an interior designer wants to find the ideal lighting fixtures for a new restaurant. This journey begins with the initial considerations of the options from various vendors and ends when the products have been delivered, accepted, and paid for. For the winning supplier, the journey involves numerous touchpoints, including the following:

- **The website** – for initial anonymous research, product specifications
- **Email marketing** – to nurture the engagement of early-stage shoppers
- **A tablet computer augmented reality app** – allowing the designer to see how lighting fixtures look in the restaurant or on her renderings
- **The call center** – for detailed answers and to schedule a sales call

- **Onsite sales meeting** – at the restaurant, perhaps with sample fixtures and the supplier’s technician
- **Customer care** – to arrange a reference call with an existing client
- **Shipping** – including crating and delivery from the factory or warehouse
- **Finance** – for billing and payment

In short, this single journey requires support from eight or more departments or teams within the supplier’s organization, from marketing to sales to customer support and more. The risk of gaps or conflicts that degrade the customer experience is high. Does the website copy reflect the field technicians’ latest knowledge? Did the app developers use approved product imagery? Is the sales team aware of what offers or discounts were presented in the email campaign? Is the shipping department prepared to deal with the physical constraints at the delivery site?

Each of the teams supporting this journey likely has distinct, perhaps even incompatible, goals and KPIs. In isolation, each of them may be doing an outstanding job. But, as McKinsey has shown, achieving a 95% satisfaction rating across each of six isolated touchpoints means that up to 25% of consumers will have a poor experience over the entire journey.¹⁵

Customer journey management requires a different approach. Mapping the journey identifies the people and processes that directly contribute to success or failure. Employees can then be

plucked out of their departmental silos in order to create a new “journey team” that is responsible for constantly optimizing the journey *from the customer’s perspective* – thereby creating more value for the company. Increasingly, these representatives of the departments that support the journey will be joined by specialists such as data analysts, content strategists, and marketing technologists. Crucially, this approach provides a *specific business justification* for organizational change, rather than an ill-defined urge to “break up silos.”

The journey team will have a unified set of workflows, metrics, targets, and KPIs – all in the service of the customer experience within a given journey. Together, the team can then review and decide about some of the key questions that have a direct impact on customer experience, such as the following:

- **Determine what data is necessary to enhance the journey.** The prevalent “maximum data” approach, in which (personal) data is collected and accumulated for indeterminate future use, is increasingly problematic in the age of widespread ad-blocker usage and strict new data protection laws.¹⁶ Customer journey teams can determine *precisely* what data is needed and, crucially, state with a high degree of certainty what benefits the consumers will receive in exchange. Processing only the data that will improve the customer journey also reduces security and compliance risks in heavily regulated industries.

- **Select, motivate, and reward service provider partners.** Orchestrating the holistic, integrated experience that consumers seek increasingly requires the assistance of one or more partners for services ranging from technology implementation to content marketing, engagement strategy, and more. With a focus on high-value customer journeys, the service providers' contribution to desired business outcomes is far easier to measure and track. This in turn can encourage longer-term, mutually beneficial relationships with partners, creating a virtuous cycle for ongoing success.
- **Understand when, where, and why new technologies are called for.** A solid technology foundation is indispensable for nearly every high-value journey. But rather than executive-level technology selections that are then imposed on the organization, journey teams can determine just what kind of tool is needed, what gaps it is supposed to fill or what part of the journey it should enhance, and exactly how to measure its impact.

In these and many other areas, journey teams benefit from their exclusive focus on removing barriers and pain points in order to improve the customer's experience.¹⁷

Conclusion

Customer experience management is stuck in neutral. While firms can accelerate their efforts by selecting the right software tools or vendors, technology alone is not sufficient to make and sustain real progress with customer experience management. The technology foundation must support genuinely customer-centric teams and business processes.

However, established firms have, by definition, spent years or decades building up ingrained company values and entrenched organizational structures that can reliably and efficiently produce business value. In short, their past success is precisely what makes it so difficult to adapt to a new and rapidly changing present. People and processes are the most important (indeed, indispensable) elements of CEM and digital transformation more broadly – and yet, they are the hardest things to change.

“Break down the silos” is a popular battle cry, but without a clear business justification and roadmap, radical change is impractical for most firms and dangerous for others. Identifying and supporting high-value customer journeys solves most if not all of these issues. With a solid technical foundation in place, companies can begin to transform outdated

Drawing together a team to support a customer journey provides a specific business justification for organizational change, rather than an ill-defined impulse to break up silos.



team structures and siloed business processes with these actions:

- **Identify and prioritize high-value customer journeys.** Look for interactions that are clearly affecting the customer’s experience, both positively and negatively. For example, can the churn rate during subscriber renewal be reduced? What are the lost sales opportunities caused by inconsistent or redundant content across multiple touchpoints?
- **Create a detailed customer journey map.** Analyze and chart every interaction that customers or prospects have in a given journey, including both the “front office” and “back office.” For example, who is involved internally to make it possible for a prospect to fill out a form online? The answer should include not only the obvious – web editors, designers – but also the more obscure, such as WebOps, marketing, legal counsel, etc. What systems have to be able to share information and data?
- **Determine the “hot spots” that have the greatest influence on customer satisfaction.** For example, new customer onboarding for a cable provider is a complex journey involving everyone from content managers to field technicians. But the moment of truth is whether the customer can make the system work once the technician completes the installation. What could improve this hot spot? Better training for field teams? Online chat? An animated walk-through on a phone app?

- **Build teams with responsibility for the overall journey.** Creating such journey teams will break up silos, provide unified KPIs, and ensure a consistent experience from the customer’s perspective. More importantly, it will begin to instill a customer-centric culture that directly invests in positive customer outcomes, rather than a feel-good corporate campaign.

By providing a clear business justification to realign people and processes with technology in order to optimize customer journeys, this approach finally puts the *customer*, and *manageability*, at the heart of CEM.

Endnotes

- 1 Forrester surveyed 46,000 consumers to evaluate the customer experience (CX) performance of 299 US brands across 17 industries. The Q1 2015 customer experience index (CXI) was published on April 20, 2015; the Q3 report was published on September 28, 2015. See Michael Gazala's blog analysis of the declining scores at http://blogs.forrester.com/michael_gazala/15-10-06-forresters_customer_experience_index_q3_2015_its_hard_being_an_optimist. See also Accenture's Global Customer Pulse study, which annually surveys over 20,000 consumers in 33 countries: "Customer 2020: Are You Future-Ready or Reliving the Past?" available at https://www.accenture.com/t20151012T060803_w_/us-en/_acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Dualpub_6/Accenture-Customer-2020-Future-Ready-Reliving-Past.pdf#zoom=50; as well as Capgemini's 2015 world retail banking report, available at <https://www.worldretailbankingreport.com/#report-highlights>.
- 2 DCG's technology selection methodology begins by identifying the buyer's "focal needs." See DCG's "8 Step Technology and Implementation Partner Tool," available at <http://www.digitalclaritygroup.com/8-step-technology-implementation-partner-selection-tool/>.
- 3 See DCG's "Selecting and Assessing Service Providers: A Framework," available at <http://www.digitalclaritygroup.com/assessing-selecting-service-providers-framework/>. The benefits for CEM of forming long-term strategic relationships with service partners is explored in the DCG Insight Paper, "The Need for Integrated Customer Experience Management," available at <http://www.digitalclaritygroup.com/the-need-for-integrated-customer-experience-management/>.
- 4 See DCG's "Transform Customer Experience and Operational Excellence By Going Digital Outside and Inside," available at <http://www.digitalclaritygroup.com/transform-customer-experience-and-operational-excellence-by-going-digital-outside-and-inside/>.
- 5 Rishad Tobaccowalla is a leading digital advertising and business strategist. See <https://rishadt.wordpress.com/2013/04/27/the-future-does-not-fit-in-the-containers-of-the-past/>.
- 6 Dr. Melvin Conway was a computer scientist and manager working at Datamation in the 1960s. See http://www.melconway.com/Home/Conways_Law.html.
- 7 For Allan Kelly, see <https://pipelineconf.files.wordpress.com/2014/04/allankelly-conwaylaw.pdf>.
- 8 For example, see Sam Newman's "Demystifying Conway's Law" at <https://www.thoughtworks.com/de/insights/blog/demystifying-conways-law>.
- 9 DCG uses the following definition of customer experience (CX): "A customer's perception of a company or brand, based on all of their interactions during the entire customer lifecycle."
- 10 The Business Dictionary defines systems as "An organized purposeful structure that consists of interrelated and interdependent elements . . . These elements continually influence one another (directly or indirectly) to maintain their activity and the existence of the system, in order to achieve the goal of the system." See <http://www.businessdictionary.com/definition/system.html>.
- 11 The insight, in fact, was one of the founding principles of Digital Clarity Group in 2012. For a detailed analysis, see our 2014 Insight Paper, "Beyond Marketing: Why Digital Disruption Requires a Deeper Transformation," available at <http://www.digitalclaritygroup.com/beyond-marketing/>. For a recent endorsement, see "Customer Experience Success Relies on More Than Marketing," a November 2016 *Forbes* article available at <https://www.forbes.com/sites/denisejohn/2016/11/09/customer-experience-success-relies-on-more-than-marketing/>.



12 In a *Harvard Business Review* article from 2000, Christensen and Michael Overdorf contend that there are only three ways for an established firm to effectively meet a disruptive change in the business environment. Two of these involve acquiring or setting up another organization that is better suited to the conditions. Only the third path offers the hope of changing the organization organically, from the inside – as we will see later in the paper, and in note 17. The article is available at <https://hbr.org/2000/03/meeting-the-challenge-of-disruptive-change>.

13 McKinsey’s airport study is summarized in “The CEO’s Guide to Customer Experience,” available at <http://www.mckinsey.com/business-functions/operations/our-insights/the-ceo-guide-to-customer-experience>. More details about the airport are provided in “Developing a Customer Experience Vision,” available at <http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/developing-a-customer-experience-vision>.

14 See “The Truth About Customer Experience,” at <https://hbr.org/2013/09/the-truth-about-customer-experience>.

15 See “The Three C’s of Customer Satisfaction: Consistency, Consistency, Consistency,” at <http://www.mckinsey.com/industries/retail/our-insights/the-three-cs-of-customer-satisfaction-consistency-consistency-consistency>.

16 The European Union’s General Data Protection Regulation (GDPR) applies to any organization worldwide that offers goods and services to European residents, or “monitors” their behavior. When it takes effect in May 2018, the GDPR will radically restrict the volume and the manner of personal data processing. See “From Max to Mini: New Data Limitations Will Transform Marketing,” available at <http://contentadvisory.net/max-mini-new-data-limitations-will-transform-marketing/>.

17 The creation of customer journey teams by drawing people from existing departments and roles corresponds directly to Clayton Christensen’s third and final way that a firm might deal with disruptive change: “Create new organizational structures within corporate boundaries in which new processes can be developed.” See note 12.

About 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, 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.

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