Marketing Transformation Leadership Forum

Report

Customer experience management:
A practitioner’s checklist for driving change
This is not a theoretical paper nor an amalgam of ‘blue sky’ concepts. This is a practitioner’s guide, drawn from senior managers representing all corners of industry, to help others seek change.

The practical, ‘road tested’ ideas in this paper are designed to inspire, to stimulate new thinking and discussions within your organisations and to provide weight and reference to your discussions and proposals internally.

This paper is only one of a number of resources building up on the Marketing Transformation Leadership Forum website, a community site with no fees, pre-requisites or registration. Visit the site for further resources: case studies, blogs, video interviews and surveys. Follow our progress and get involved as we continue to tackle marketing transformation issues such as customer experience management, measurement, customer centricity and sales enablement.

www.marketing-transformation.com
A practitioner’s checklist for driving change

Founding partners and participating organisations

About The Chartered Institute of Marketing

As the world’s largest organisation for professional marketers we play a key role in training, developing and representing our profession. Engaging with us means being part of something bigger: a community of marketers and business professionals who exchange ideas and experience. We help individuals and organisations to continually improve their skills and knowledge.

Part of our remit as a professional body is to create and share knowledge, insight and resources for the benefit of the marketing and wider business community. Armed with insights from our new series of global benchmarking studies, we have joined forces with Thomson Reuters to advance knowledge of marketing transformation. We look forward to stimulating discussion and debate amongst the profession as we share papers, case studies and other leading practices from this Forum.

About Thomson Reuters

Thomson Reuters is the world’s leading source of intelligent information for businesses and professionals. Employing over 50,000 people in 93 countries, Thomson Reuters combines industry expertise with innovative technology to deliver critical information to leading decision makers in the financial, legal, tax and accounting, scientific, healthcare and media markets, powered by the world’s most trusted news organisation.

Bringing together senior marketers from the world’s most forward thinking companies, the Marketing Transformation Leadership Forum provides direction and guidance to help advance marketing to become more innovative; influential; the customer advocates; the owners of the company’s vision; and guardians of its customer experience. As co-founders, we are delighted to share this insight to help our marketers, our businesses and the wider marketing discipline make this transformation.

Our participating organisations

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Customer experience management seems to be given little prominence or structured attention in many organisations
Introduction

In fiercely competitive, fast moving industries, how we interact with our customers may well become the only real competitive differentiator our companies have left. Yet customer experience management seems to be a source of disconnect in many organisations, given little prominence or structured attention.

We surveyed a sample of participant organisations and found:

- **Only 18%** of CMOs have the ultimate accountability for customer experience
- **9 out of 10** agree that their organisations understand how customer experience can provide competitive differentiation
- But **only 18%** agreed that they have clearly articulated the desired customer experience
- And **less than half** agreed that operational decisions are influenced by their impact on the customer experience

What’s in this paper?

The research revealed that marketing is either not positioned to champion this important issue, or is reluctant to try. This paper, which has been developed from discussions with senior marketers from some of the world’s most forward thinking organisations, frames the important issues marketing functions will need to address in order to put customer experience management on the agenda.

It can be used as a checklist of the key points you’ll need to consider if, like many marketing functions, you know you need to table managing the customer experience, but don’t quite know how. It is designed to give a departure point for those beginning to think about customer experience within their organisations, covering the factors that may inhibit or accelerate the progress you are able to make and determine the role marketing is able to play in this initiative.
What do we mean by ‘customer experience management’, and how does it link to brand and brand experience?

The idea of ‘customer experience’ started to get real attention in the late 1990s and was largely interpreted and acted upon as a communications-led exercise. However, this approach overlooked the true potential of the idea and now a more complete picture of brands, brand experience and customer experience management is driving this concept in more advanced organisations.

- **Brands**, and marketers as their architects, set out an organisation’s promise of value to its customers, investors and other stakeholders

- **Brand experience** is the translation of that promise into a set of ‘guiding principles’, articulating how the brand should be brought to life through experience

- **Customer experience management** is the management process of infusing the brand experience into the organisation’s DNA and aligning all aspects of the business to deliver that experience – ultimately reinforcing the brand and its promise – consistently and intentionally over time, across all points of customer interaction with the organisation

Whilst it is typically agreed that marketers are the architects or guardians of a brand and an organisation’s promise of value, the reality is that marketers often have little or no control over the key customer touch points that do most to deliver or damage it.

People, behaviours and culture, systems and operations, and processes and procedures play a key role in evidencing, delivering and ultimately differentiating brands. Decisions with significant impact on a brand’s promise are often taken by operational or back office functions (such as IT, customer service, sales, etc) with little or no reference to the intended experience and impact thereon. It becomes clear, in this light, that truly engineering a great customer experience requires a considerable degree of cross functional collaboration and board level influence by the CMO.

The challenge today, and opportunity presented by investing in holistic management of an organisation’s customer experience, is to integrate and align activities across the business to close the gap between brand promise and customer reality.
“The reality is that marketers often have little or no control over the key customer touch points that do most to deliver or damage it.”
Through a number of facilitated workshops with forum participants a set of key questions emerged. These were considered essential pre-work that required in depth consideration at the outset of any customer experience improvement initiative.

These are consolidated within this report as a practitioner’s checklist. You may wish to use them to stimulate debate, or to be the basis of a management discussion agenda to identify next steps.

**Have our boards failed to understand brands and ‘customer experience’, or have we failed to present a compelling case for this to be on their agenda?**

‘My board just doesn’t get it’; a phrase often heard when marketers talk about brand and customer experience. Turn this on its head though and consider whether it is, in fact, the marketers who have failed to present this to their boards in a way that compels them to act?

A brand, and by extension, a brand experience, only has traction in an organisation when it is understood to add tangible commercial value. How will running a program to improve the customer experience impact the P&L? To answer this, you will first need to establish the answers to these questions:

1. Do you know the cost to your business of losing customers as a result of avoidable dissatisfaction each year?
2. Do you know the cost of replacing these lost customers each year before you start to grow the company?
3. Do you know what percentage of business comes from customer referral?
4. What is the ‘likelihood to recommend’ score in your most recent customer satisfaction survey?
5. Can you draw a link between investment in improving customer experience and customer referral?
6. Can you draw a link between failure to deliver the promised experience and customer defection?
7. Do you know how strongly your brand reputation and customer experience influence the buying behaviour of your customers? Have you demonstrated this to your board?

In tackling these questions, you will be able to extrapolate the overall impact of improving the customer experience on how your organisation makes money.

1. How does this translate into the overall performance of the business? Can you quantify it as market share won or lost or profits gained or forfeited?
2. How can you convey this in terms that really make your board sit up and listen? Can you quantify it in billable hours? The APR you’re able to offer credit card customers? Ratings? Units sold? Subscriptions lost?
3. What are the consequences of doing nothing?

**Do you understand the key stages of the customer journey?**

Customer experiences are live, vivid and personal. Understanding them will help you appreciate where your brand can be most potent and influential. Further, it will help shed light on where it is currently poorly or inconsistently delivered to allow you to direct resources accordingly.
A comprehensive map of the customer journey, which details how a customer feels as they navigate your organisation, is the starting point of any initiative to improve that experience and alongside a cogent commercial argument, it is the second pillar of a powerful case for change.

1. Can you map all touch points a customer has across your organisation?
2. Are you aware of the principle pain points, areas of satisfaction or sources of complaint?
3. Do you know which pain points are most important to customers and likely to influence their ‘likelihood to recommend’?
4. Do you know why customers leave your organisation?
5. What would be required to get the answers to these questions?

To build a credible case, marketers will need to be intimate with the examples that are being referenced. Understanding the complexities of how your organisation really fits together and the operational implications of any proposal is crucial.

1. As a marketer, are you aware of all the operational areas referenced in the customer journey and how they work?
2. With this information, how do you rank the real points of customer influence?
3. Are you satisfied that marketing activity addresses them?

**Is the organisation set up to deliver a successful customer experience programme?**

CEOs and their boards may well understand the value of their brand as it relates to customer experience, but they may not be so sure about how to make improvement happen.

In large international organisations, the ‘brand’ function often sits within the corporate marketing or communications department at ‘group level’. These teams are typically responsible for brand management but rarely brand experience and its infusion into the customer experience. Improving the latter is cross-functional: entailing system changes; process enhancements; IT upgrades; changes to commission plans or performance management and, in larger organisations, this has to be coordinated across different P&Ls, geographies and reporting structures.

Organisations find it very challenging to run change initiatives that require functions to work together horizontally. Some organisations have customer experience functions, but in the event that yours does not what would be required to deliver a professional, disciplined and successful change initiative?

1. Do you have a change management function or a dedicated project office which could manage a disciplined, professional programme of this size?
2. Would you be able to free talent from across the organisation, with particular pull from sales, service and operations, to help lead a customer experience initiative?
3. If not, which function is best placed to lead?
Can you bring others with you?

Initiatives to improve customer experience involve a cross-functional working approach.

1. Have you investigated and understood how other departments think about this issue?
2. Can you define how improving customer experience would benefit customer service / finance / operations / etc?
3. Can you or other functions bring about any tactical successes that validate the link between improved customer experience and increased commercial success?
4. Do these conversations give rise to possible pilot programmes that would provide evidence to generate buy-in for a case for change?

Are you committed, prepared and equipped to go the distance?

A great customer experience isn’t achieved on a certain date. It is hard won and then achieved every day and must change over time to anticipate evolving customer needs and respond to competition. When looking to effect a step change in attitudes within a complex business, it’s important to recognise the scale of the task.

1. Can you plan and secure investment for a three to five year change process?

Less than this and you are unlikely to secure the desired change and potentially will actually cause long term damage. If you are able to secure commitment to a plan and investment of this timescale, the programme will be less vulnerable to changes in management or the patronage of key individuals (CEO, CMO or COO).

2. Are there any other significant change initiatives that you could join up with a customer experience improvement programme?

A catalyst helps shake the organisation free of its established ways of operating and behaving. This might be a crisis, change of management, new competitor threat or an acquisition that has a galvanising effect on the board and, by implication, the entire company.

Can you make change stick?

Many organisations embark on change programmes but fail to achieve a sustained impact. Embedding genuine cultural change takes a real and lengthy commitment and the focus that brings together multiple functions to change their modus operandi.

Really, there are only two ways that will make the change in customer experience you desire stick in your organisation: firstly, where leadership objectives and reward are geared around customer experience metrics and KPIs; and secondly where these permeate the entire organisation. Only then will the organisation be significantly focused on delivering a consistently superior customer experience.

1. Do customer experience metrics feature on people’s remuneration plans?
2. Is customer service considered a core competency?
3. Is customer experience management embedded in organisational design and performance management processes?
4. What would need to change culturally and organisationally to enable this?
How important is customer experience to you as a marketing function? Are you structured and prioritised to deliver the change you are recommending to the business?

Is your marketing department structured and targeted to deliver an improved customer experience? Showing how marketing is reprioritising its workload to address the desired change will show how important this issue is to your function and the business.

Skandia, (see www.marketing-transformation/casestudies) was able to divert marketing resource to directing policy around call centre experience and operations; IT programmes; the compliance process; and customer service letters. A willingness to take ownership of non-traditional marketing tasks, whilst balancing the business as usual marketing priorities, shows a powerful commitment to getting the customer experience right.

1. What changes can your department make whilst balancing the delivery of other marketing priorities?

Complaints are a make or break point in the customer journey and it’s a quick way of gauging how focused your marketing function is on the real points of influence.

Can marketing run a customer experience programme?

Many marketing functions take ownership of the brand and, by extension, are seen to be guardians of the brand experience. Whilst marketing may be seen as the most logical or desirable place to sit ‘leadership’ of a customer experience initiative, in reality it may not be.

1. Is marketing willing to release customer experience if it can be better served more successful or accelerated under the leadership of another team?

2. Who in your organisation has the best knowledge of the key touch points highlighted by the customer journey?

3. Who has the most day to day contact with customers?

One quick and highly effective way of testing whether your marketing function is ready to champion a customer experience change programme is to examine how complaints are handled.

1. When was the last time your marketing function saw a complaint?

2. Have you had input recently into the process by which complaints are handled?
“Product features and value propositions are becoming harder to differentiate and defend”
Section 3: Industry perspectives

To illustrate these challenges and recommendations in practice, six of our participants have prepared short viewpoints:

**The experience dilemma**
Joanna Levesque
Partner, Marketing Transformation
Accenture UK & Ireland

**Where should customer experience initiatives come from?**
Robin Yule
E2E Customer Experience
Thomson Reuters

**Are you committed, prepared and equipped to go the distance?**
Eda Colbert
Marketing Director
British Council

**Case study: Changing Customer Experience to Drive Commercial Value: Insight from the Hilton International Experience**
Mike Ashton
Managing Director, Ashton Brand Consulting
Former SVP Marketing, Hilton International

**How do you truly understand customer journeys and customer experience?**
Dean Keeling
Brand Director
British Gas

**How do you set up to deliver a successful customer experience programme?**
Gareth Kaminski-Cook
Commercial and Marketing Director, Plastics
Rexam

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Industry perspectives

The experience dilemma

Our experience with experience
Pro-active management of the customer experience that a brand delivers, and competitive differentiation in the battle for customers, are becoming hot topics.

Customers expect to use multiple channels to interact seamlessly with their service providers. Customer expectations of service quality and ease of access are rising rapidly every year in the UK and globally. Moreover, they flow easily from one industry sector to another as innovation in delivery of the customer experience occurs. In addition, product features and value propositions are becoming harder to differentiate and defend. As a result, the need for a planned and brand-consistent customer experience across channels and time has become more important source of differentiation for both acquisition and retention strategies.

Creating the burning platform*
The initial challenge is creating the burning platform to enable companies to commence investment and measure the returns. For some, the brand’s ethos and positioning are enough to ensure there is enterprise-wide focus on the customer experience. For others, the financial link to increased sales, tenure and reduced churn will need to be proven. Many organisations have moved down the Net Promoter Score (NPS) path and have tracked the correlation between higher NPS scores and reduced churn at the individual customer level. Others focus on customer satisfaction measures, although these do not always track customer behaviour. Companies with traditionally high acquisition costs, such as mobile phone companies, have focused on retention measures, and link customer experience and tenure.

The hard work begins
Assuming that you’ve been able to build the burning platform, the challenges have just begun. Defining and managing customer experience is where marketing, in many cases the ‘custodian’ of the customer, comes out of the marketing department. Customers touch a company across many channels – shops, contact centres, service engineers, web pages, channel partners, and so on. Historically, these interactions are owned by different functions within an organisation, and are often driven and measured inconsistently. Managing the customer experience requires functional silos to acknowledge that they are serving the same customer, who will typically have expectations of a consistent experience irrespective of channel.

Many organisations start by identifying customer ‘journeys’ through a functional lens (for example, the sales and fulfilment, returns, upgrade and complaints processes). These identify hotspots

*A motivation for change
of concern or customer delight. Once you have identified these, it is possible to define what the experience should be and how differentiated it needs to be between customer segments and from competitors. Across industry sectors such as mobile, utilities, retail banks and airlines, we are seeing organisations driving customer experience changes through process design (often via lean six sigma approaches), training, online self-serve functionality, proposition re-design and, critically, through how the organisation and its leaders are measured.

An ability to measure the experience is crucial to be able to drive further improvements and maintain consistency of delivery.

**Still work to be done**

End-to-end customer experience management, however, is still some way off for most companies. For many organisations, internal silos dictate that horizontal projects, such as customer experience, have obstacles stacked against them.

This is particularly so when it comes to changes in the infrastructure – many systems are business-silo-specific. One approach to mitigate this risk is to define the principles of a customer experience, for example, by segment. Each touchpoint or channel then implements their customer facing activities according to common, guiding principles. For example, a mobile phone provider may offer its high-value customers fast-tracked treatment across all channels – contact centre, stores, and so on. This approach ensures the channel still has the flexibility to work to its specific context, but ensures consistency can be maintained.

This can go some way to ensuring consistency across multiple channels without the attempts to improve customer experience becoming mired in ‘no win’ organisational battles and expensive systems re-architecting.

In the same way that companies used to urge their employees to ‘live the brand’, employees everywhere now need to be passionate about the customer. The customer is now everyone’s responsibility, and not just the responsibility of the marketing department.

Joanna Levesque
Partner, Marketing Transformation, UK Accenture
Industry perspectives

Are you committed, prepared and equipped to go the distance?

A transformational context
The British Council is the UK’s international cultural relations body, connecting Britain with the world and the world with Britain. We are a registered charity and draw down funding from the UK government, whilst operating at an arm’s length. Over recent years, our fundamental business model has been undergoing change as our government funding is scaled back and we are being challenged to become more commercial, generating revenues independently through international activities and partnerships.

Three years ago, an enlightened senior manager in our Singapore office, one of our two biggest hubs for direct customer engagement, began a project to improve customer service standards and delivery. This was spotted by our Chief Executive as a successful ‘leading practice’ project internally, and was adopted for global roll-out.

We instigated a survey of 1,500 customers across the world to understand perceptions and expectations of our service standards, and used the findings to develop a customer management framework and a customer statement. Our main focus now in terms of customer experience is to ensure we are delivering a branded and consistent experience which includes two key factors: trust and inspiration.

The new framework saw us change many of our procedures (including changes to internal services such as finance and HR) and even our product investments, and we created a customer experience team to oversee its implementation. The results of these changes were clearly in evidence across our key indicators: enquiries, satisfaction, engagement, etc.

Selling the dream or earning your stripes?
Marketing leaders seeking to drive a ‘step change’ in their customer experience inevitably reach a crossroads early on in their considerations: do we strive for executive sponsorship of a fundamental review of the end-to-end customer experience, or do we seek out the hotspots and begin to take small steps and prove the potential? There are undoubtedly pros and cons to both routes, but we’ve taken the latter and it has proved most productive.

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Key learning: Our worldwide survey, overseen by third party specialists, provided us with irrefutable evidence that no senior manager, irrespective of function, geography or opinion, could counter. Without this strong foundation of fact, we may well have struggled to gain the traction we did.

Key learning: Clearly, changing customer facing functions and processes is only part of the overall customer journey. However, starting with this part of the jigsaw provided us with results and proof of the opportunities if the project were to be broadened to its full potential and allowed to develop organically.

From small steps to giant leaps
I joined the organisation in 2009 when these initiatives were well underway and I was charged with helping to move them into the wider marketing agenda and integrate them into a marketing strategy which leads on brand.

Truly aligning our organisation to deliver a consistent, differentiated and relevant customer experience, intentionally and efficiently in each of our markets, requires the total commitment of our Board, our executive team and the involvement of each of our businesses. I am sure this applies to any industry and business context.

Like many organisations, we are working hard to break down legacy silo’d departments and businesses and truly instil in our people a customer ethos – to genuinely drive change in customer experience. Therefore, collaboration amongst functions becomes even more crucial.

For me to tackle these challenges, one clear priority emerged: we needed a uniting ‘thread’ to help push our customer experience aspirations to the next level – something that would engage and excite our people, regardless of role, business or geography. We realised that, regardless of how we tried to change our experience, the change had to stem directly from our corporate strategy, and not from one departmental or business unit plan. This could not be managed as the preserve of the marketing function, so driving company-wide ownership is the challenge ahead. This will be driven by a shared model of key performance indicators and a creative effort from a core team. Our solution to driving that step change in customer experience is the brand. It meets each of the above criteria, and is the most potent weapon in a marketer’s armoury that can be translated into any business, region or function.

We are now working closely with our executive team and our HR leaders to drive a new brand strategy which brings our customer experience potential to life, unites our people behind a common purpose, and activates our corporate strategy for all our stakeholders. See how we develop at www.britishcouncil.org.

Eda Colbert
Marketing Director
British Council
“We brought everything back to the customer, and most potent for us was the use of ‘killer facts’.”
Industry perspectives

How do you truly understand customer journeys and customer experience?

Our customer experience opportunity
British Gas engineers fit, service, repair or replace some 37,000 boilers a day. This puts our engineers in the homes of our customers at a time of stress, crisis or concern when they have no heating or hot water. Add to that the multitude of activities across other touchpoints, such as customer communications, advertising and promotional activity, and customer service calls, and the scale of our opportunity to influence the customer begins to become clear.

Where we are today
British Gas has been going through transformational change for a number of years, and we’ve come a long way, but there is still a lot more to do. We recognised the need to improve our levels of customer service levels from the lows of a few years ago. Since then, the whole of British Gas has been focused on fixing the basics and ensuring that customers receive the standard of service that we know they expect.

We spent time analysing the vast amount of data that British Gas holds, to identify how different experiences drive a change in ‘Net Promoter Score’ (NPS). This enabled us to build evidence to underpin recommended changes in our service levels, processes, operations or other areas.

For example, we’ve invested in people and technology to help reduce our average call response time from eight minutes to 44 seconds. Such basic fixes were essential before embarking on a more comprehensive customer experience initiative, but this ‘transactional’ understanding of our experience is in itself problematic.

For British Gas, not everyone goes through the transactional customer journey, and customers certainly don’t see it that way. As with other services, such as car insurance, many of our staff (and, indeed, our customers) mistakenly assumed that if our customers didn’t contact us, all is well. It means their boiler isn’t broken or their heating hasn’t failed – and they are, therefore, ‘happy customers’. But when we understand how the transactional stages of our customer experience, when done well, can lead to enhanced reputation, loyalty and advocacy, a gap emerges:

- How do you influence these customers, who are perhaps more likely to be swayed by promotional offers from competitors?
- How do we educate the 40% of UK households who don’t know we provide electricity?
- How do we convince non-customers, most of whom over the last 10 years were at some point our gas customers (prior to privatisation) and who chose to leave us, that we’ve changed?
4 We got deeper into the operations of the organisation, spending time with customer service teams and listening to calls; accompanying engineers on visits to customers’ homes in the field; and generally immersing ourselves in the customer-facing parts of the business. This is something we’ve continued, and still invest time in today.

Alongside the fantastic insight this gave us, our respect for the knowledge and experience of the thousands of customer-facing staff and teams earned us credibility throughout the business. In a service business you have to ‘walk the talk’.

5 We brought everything back to the customer, and most potent for us was the use of ‘killer facts’. Every fact was based on real evidence and insight, linked back to ‘moments of truth’ in the customer experience, and socialised with the business to paint a picture of reality. Irrefutable and compelling.
On this last point, measurement was a challenge for us. When I arrived in 2009, we had 78 customer related reporting measures. We operated traffic light systems and we’d always have one-third ‘red’, one-third ‘amber’ and one-third ‘green’. These measures seemed to tick along month by month, almost perpetuating an apathy about our performance – ‘on balance, we’re doing OK’!

We now have only 12 – with an absolute, ruthless focus on those most critical to the customer experience, and they sit across three categories:

- Overall brand health – customer and non-customer perceptions
- Customer advocacy – our NPS scorecard and what drives it
- Peer and competitor benchmark – how we fare on measures such as complaints, cost of retention, etc

In this final category, it’s important to make the point that benchmarking ourselves against our direct competition is appropriate, but we feel it’s even more important to also benchmark ourselves against service experience that our customers touch every day in their lives. We ask ourselves “who else are our customers exposed to... who provides the best service in other areas of their lives, such as phone providers, cars and holidays?”. This is reality. This makes improving customer experience aspirational – not just being better than our competitors, but being amongst the best in the lives of our customers.

Where to next
Don’t get me wrong – we still have a way to go. We’re by no means there yet. We have pockets of enthusiasm and pockets of cynicism, but we’re a long way from where we started, and have a healthy dissatisfaction of where we are. Our selling line of “Looking after your world” demands that our focus now is on truly understanding the customer journey, not just from a process perspective, but at a deeper, more emotional level of engagement. We feel this will accelerate the great progress we’ve made so far, build on the traction we have within the business and build our brand. It’s an exciting, infectious journey we are on.

Dean Keeling
Brand Director
British Gas
Industry perspectives

How do you set up to deliver a successful customer experience programme?

The heart of the change challenge
Rexam Plastics has grown into a £1.5 billion global business through a series of acquisitions in a very short time period of six years. Following this scale of investment, all stakeholders (including customers) expect synergies in terms of better value for money and improved customer experience. This means changing things to either add more value or increase efficiencies, but both are easier said than done.

Each acquired business had grown by serving a specific group of customers in a narrow range of segments, normally in only one or two geographic areas, and they had achieved this with their own culture and methods. The potential for pursuing growth initiatives through, for example, cross selling or supporting international expansion, is relatively easy to identify. However, making growth happen is much harder given the diverse background of the people involved. Herein lay both the crux of the problem and the catalyst for change: PEOPLE.

Successful factors for change
Cranfield University talks about three key elements to the successful pursuit of change:

- A very good alignment between the vision, the strategy and the rewards, both for the business and the people involved – in order to gain intellectual buy-in
- A very clear understanding of the current and future desired state. This must be clearly and passionately articulated – so that people can visualise what this means
- Clear vision + pressure for change + capacity for change + actionable first steps – a change model that gives structure and rigour to the process

Change programmes with the vital ‘people’ aspect require that HR be heavily involved. The approach that Rexam took was to ask HR to manage the process of change, and for the marketing and commercial functions to own the content of ‘customer behaviour’.
In general, leadership should come from functional heads; these people feel the pressure most and are able to inspire urgency and a call to action.

However, we have found that if the leadership team does not collectively show ‘visible commitment’ the process will break down. Resources will not appear as promised, and staff will begin to doubt the commitment to the vision.

Gareth Kaminski-Cook
Commercial and Marketing Director, Plastics
Rexam
In 2007, Thomson Reuters, the world’s leading source of intelligent information for businesses and professionals, was created as a result of Thomson Corporation’s acquisition of Reuters Plc.

The creation of this brand new company, and the period that followed the integration, provided clarity in three key areas:

1. We had to deliver sustainable growth and cost savings through synergies
2. We needed to fuse two powerful organisations into one, creating an organisation that would be ‘greater than the sum of its parts’
3. The rules of the game were constantly changing due to the recent economic turmoil in our core markets

These drivers created a compelling need to realign ourselves with our customers’ needs, and the process of building a new company gave us a unique window of opportunity to deliver sustainable and embedded change.

Marketers at both Thomson and Reuters have long understood the potential business benefits of an enhanced customer experience. We’re progressing towards this at Thomson Reuters as I write, but our customer experience initiative did not originate in marketing; instead, it originated with our Board and its recognition that the joining of Thomson and Reuters provided the perfect catalyst for becoming a truly customer-centric organisation.

Our Board quickly identified that in order to become customer centric and realise the business goals we’d set, we had to improve service delivery and experience across the many touchpoints our customers encounter. What this means, very simply, is that our review of customer experience didn’t begin with marketing, or with a specific customer ‘problem’ to solve; it originated in a desire to deliver sustainable growth in our markets, accelerate integration and realign with a rapidly changing external environment.

Two schools of thought

For us, customer experience management developed organically and pragmatically. It was a vehicle for delivering sustainable growth, in a post-merger organisation in rapidly changing markets, not a reason for change in and of itself.

That said, customer experience improvement initiatives more often originate within the marketing organisation and operate on the premise that the customer experience is sub-optimal. Consider some of the pros and cons of both schools of thought:
A practitioner’s checklist for driving change

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<th>The initiative originates with...</th>
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| The business driver              | • Measurement can be more closely aligned with impact  
• Leaders more involved from the outset  
• Provides focus | • Aspirations can be limited by pre-definition of success  
• Can foster a silo mentality  
• Can be viewed as a short term project, with defined end point, and resources may be withdrawn |

| Improving customer experience | • Change begins with the customer in mind  
• Success can be defined in customer, rather than internal terms  
• A wider view of the organisation is more possible | • Winning commitment, involvement and resources can be more challenging  
• Aspirations of ‘great service’ can become disconnected from the reality of internal drivers  
• ‘Not made there’ syndrome |

Whilst Thomson Reuters currently sits firmly in the business driver camp, marketers may prefer marketing-led, customer-borne initiatives. Given that so much of customer experience implementation involves process, people and business application, perhaps a fusion of the two approaches above is most desirable. From our perspective, we’ve certainly seen an improvement in our direction and management of the customer experience, but we still need to make a strong connection with our core brand messages, for example.

But, as it is for many companies, this process is a journey. What we initially saw as self-imposed boundaries have actually become signposts for a longer term goal. Some may point to the risk of management taking a ‘project’ view of customer experience, but, in contrast to selling a 10-year vision to an organisation facing the realities of nearer term financial goals, this may be the more productive option. It’s easier to sell change based on revenue, sales and margin improvements.

After all, an improvement in customer experience may not be wholesale change, but it’s still progress from wherever you began.

Robin Yule  
E2E Customer Experience Team  
Thomson Reuters
“Top level support means taking time up front”
Case study

Changing Customer Experience to Drive Commercial Value: Insight from the Hilton International Experience

Mike Ashton is a member of the MTLF facilitation team and Managing Director of Ashton Brand Consulting Group.

During eight years as CMO and a board member of Hilton International, Mike was responsible for the Hilton brand in all UK and international markets. During this period Hilton’s customer experience achieved unprecedented levels of consistency and customer approval, taking the brand to leadership in every major market and winning National Business Awards for marketing strategy in 2005 and 2006. Here Mike describes what it took to focus the organisation on successfully changing its customer experience to drive added commercial value.

Making the case for change

Nothing changes without board level commitment and unity, and no board shifts direction without a compelling, properly researched and financially viable business case. In 2001, changes to the Hilton International board prompted a review of Hilton’s brand strategy and customer experience. Over 18 months a robust business case was developed around six pillars:

1. Compelling evidence of the threat posed by Hilton’s existing and emerging competition
2. The proven cost of dissatisfaction and customer attrition to Hilton’s P&L
3. New insight into emerging customer needs that would give Hilton a competitive edge
4. Quantifying the commercial value of changing specific components of the customer journey
5. A properly costed investment case, initially spanning three years, linked to the core business goals
6. A Change Plan, setting out critical steps and explaining the impact on each part of the company

It’s important to emphasise that the process of developing and winning support for the plan was a gradual process. The concerns of each board member needed to be addressed and considerable work was undertaken with all functions to thoroughly assess costs and operational implications.

Key learning:

- Top level support means taking time up front to prepare a thorough, credible business case
- Marketing may lead but engaging all functions early is vital and sometimes uncomfortable!
- New thinking requires new customer insight, preferably something competitors don’t know
Case study

Organising for Change

There’s an expression “the first sign of madness is doing the same thing but expecting different results”. Hilton was embarking on a journey to strengthen its customer experience in a way that would influence customer choice and therefore drive profitability. This would mean most people in the organisation changing their behaviour in some way, from directors to front line team members.

To maintain the focus and momentum that was required some key changes were made:

1. **Board meeting agendas changed to reflect the focus on customer experience performance**
2. **A cross functional steering group, chaired by the CMO supervised the change process**
3. **Senior level Brand Groups chaired by the CMO were formed in each region to guide change**
4. **Rigorous prioritisation focussed all functions on a limited number of planned projects each year**

**Key Learning**

- Changing the experience invariably means finding better ways to organise and operate
- Doing too much means doing nothing: Prioritisation is a painful but vital process

Winning hearts and minds: developing a shared vision

The Hilton team appreciated that persuading team members to change their behaviour (in order to change the experience) would take time, investment and focus. Team members needed to understand what had to change, agree that change was necessary and have the skills to be able to change. To achieve this Hilton worked on several fronts:

1. **Leadership**: Visible changes to senior management behaviour demonstrated the new focus
2. **Shared Vision, a common language**: A jargon-free and memorable language was used to describe the desired customer experience and reinforced in all internal communication. For example, ‘Hilton Moments’ became the shorthand for examples of outstanding service delivery
3. **Involvement**: Teams drawn from across Hilton and from the company’s suppliers, partners and customers in each region were drawn together to help design the new experience
4. **Engagement**: The entire international organisation participated in bi-annual, half day workshops designed to (A) explain the brand strategy and how this related to the customer experience and (B) invite team members to brainstorm how to bring the experience to life in their teams.
5. **Recognition**: Around the world of Hilton, weekly celebrations were introduced to recognise excellence in delivering the new brand experience, culminating in annual Hilton Brand Awards
Key Learning

• Visible leadership from a unified senior team is crucial. People look for consistency between what’s said in the plan or at the launch conference and what actually happens afterwards (e.g., how budgets are set, what actions win approval, where managers focus their time).

• Finding a way to describe the customer experience that everyone understands is vital. Imagery plays a key role, especially across language boundaries.

• Involving and engaging stakeholders is expensive and takes time but without it, little changes.

Building organisational fitness

It was apparent that evolving Hilton’s customer experience would depend on developing the talent base of the organisation at all levels. Close cooperation between Hilton’s marketing and learning and development teams ensured training activity was channelled toward delivering the desired service experience. Specifically this included:

1. Disparate training activity was streamlined and enhanced under one centrally coordinated theme with consistent objectives, content, and support material.

2. A global, e-learning facility was created, providing certified, interactive courses to all team members. It was made available in properly equipped ‘Knowledge Rooms’ in all hotels and offices.

3. A shift from judging training performance by inputs (e.g., number of courses delivered) to outputs (e.g., mystery shopper results, customer satisfaction, and team member retention).

Key Learning

• A critical first step to changing the customer experience is accurately assessing the gap between what the organisation can do and what it needs to be able to do.

• Closing the gap takes time and investment and requires cross-functional cooperation between marketing, operations, HR, finance, and, where technical solutions are required, IT.
Converting brand strategy to customer experience

The Hilton experience illustrates the importance of ‘hard-wiring’ the relationship between:

- Brand strategy (what makes the brand different, relevant and preferred to customers and therefore how it drives choice and commercial value)
- Brand or customer experience (the consistency and quality of what customers experience and how this reinforces or undermines their purchase decision and potential long term value).

Hilton took action in five core areas to transform the customer experience over time:

1. Preparing a detailed, research-based model of the service journey for each customer segment
2. Understanding which components of the journey most strongly influence choice and satisfaction then prioritising investment and development to achieve visible change in these areas
3. Preparing detailed service standards to define how each part of the journey should be delivered
4. Defining the key performance indicators and achieving internationally consistent measurement
5. Changing top-down reward and remuneration to reflect performance against these priorities

Key Learning

- Achieving sustained change in the ‘outputs’ of operational performance means hard-wiring the ‘inputs’ (customer journey/service standards/investment/measurement/remuneration)
- Once again, while marketing may take the lead in instigating this change, it cannot be achieved in isolation. A collegiate approach spanning all core functions is essential and this must flow from the top of the organisation

Mike Ashton
Managing Director, Ashton Brand Consulting
Former SVP Marketing, Hilton International