Customer Experience Maturity Index

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Executive Summary

Evidence supports the fact that companies who focus on customer outcomes and customer success will have better financial outcomes than their competition. In fact, Watermark Consulting studied the stock performance of "leaders" and "laggards" and determined that from 2007 through 2009, Customer Experience leader's cumulative total returns for their stock was 145%. It is also evident that customer centered companies will have greater longevity. Having researched companies that have existed for 100 years, we have seen that these survivors differentiated themselves by having have formed closer relationships with their customers. This deeper relationship allows them to anticipate their customer needs better and to react faster to changes in the market environment than do the market laggards. History is littered with examples of companies missing market trends and going out of business while their competitors thrived.

To address these issues we have created a strategic framework from which we can quantifiably measure 7 core business focus areas to determine how customer focused a company really may or may not be. The higher the scoring across our seven weighted attributes, the more likely that Customer Experience will be better and the more success a company should enjoy both in financial terms and greater longevity.

The seven core strategic focus elements of our framework are:

- Leadership Focus and Strategy
- Organizational Alignment and Engagement
- Employee Engagement and Empowerment
- Technology / Information Systems
- Metrics / Customer Analytics
- Customer Involvement / Engagement
- Operations Focus

The assessment of these 7 focus elements results in a scoring that we call the "Customer Experience Maturity Index"™. The essence of this model assesses the top 3 elements to determine the cultural readiness of an organization to be customer centric. The remaining 4 elements assess the ability of the organization or company to embed the right culture is a sustainable way. In other words, the company has to have the people power in place but it needs to become efficient and repeatable to be sustainable over time.

Customer Experience Strategic Framework

The degree to which a company is or is not focused on their customers, and the successful outcomes of those customers, will define the financial success of that company and its ability to survive in the services economy. The seven core strategic elements defined in this paper make up the key measurable business components that are required to achieve a successful customer experience or customer centered company. This framework will help to create a new customer value based business model that we call the "Service Oriented Enterprise"™ [1] Our research has also revealed that most companies that have made the successful transformation to a new service or customer oriented model did so as a result of having experienced a "burning platform "[2] moment in their history. Their innovation came from a crisis and not a strategic plan. Our framework and index is a strategy for transforming your company without waiting to be pushed the edge of a financial precipice or waiting for a burning platform.

Using our "Customer Experience Strategic Framework"™ as guide we have created a diagnostic model that can assess a company's overall focus on customer centered strategies and Customer Experience management processes. A high index score, as determined by the assessment tool, across the seven core strategic elements described here should result in greater financial success and longevity than those companies whose index score may be lower. The cumulative score across the core elements in the framework will result in a new business metric called the Customer Experience Maturity Index™. The assessment tools can also be used to drive and prioritize continuous high yield (ROI) business improvements. As more companies are scored by the Customer Experience Maturity Index™ we will gain the additional benefit of a published comparative index that can be used to understand competitive benchmarks and threats.

The ultimate test for this strategic framework or the "Customer Experience Maturity Index" is; can it be used to quantify real financial benefit in terms that board rooms and Wall Street can understand? The answer for us lies in translating the value of customers as an asset to shareholder value and market cap. For this we have adapted our models to use "Customer Equity"[3]. The ability to retain customers and attract new ones at a lower cost while increasing the overall lifetime value of those customers is our ultimate measure of financial success, as viewed from the internal stakeholders. This should also serve as proxy to measure success from the customer viewpoint.

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[1] The Service Oriented Enterprise is a new business model defined for the 21st century by the Services Transformation and Innovation Group LLC. More detail can be found at www.servtrans.com

[2] See appendix B

[3] see Rust, Roland T.; Lemon, Katherine N.; Zeithaml, Valarie A.: "Driving Customer Equity : How Customer Lifetime Value is Reshaping Corporate Strategy"

How the Pieces Fit Together

Avoiding Burning Platform	Continuous Improvement	21st Century Business Model	Shareholder Value
Customer Experience Strategic Framework	**Customer Experience Maturity Assessment**	**Service Oriented Enterprise** ™	**Customer Equity (CEq)**
A practical framework that will lead to a sustainable customer focused company	An assessment diagnostic to determine degree of customer experience maturity.	New business model and principles to meet the new demands of a global service economy	Financial quantification of the value of customer experience strategy

Additional notes:

We use the terms Customer Experience and Customer Experience Management as synonymous terms when used to describe process and methodologies around customer centricity. Likewise the terms "service orientation" and "customer orientation" are used as proxies for customer centricity. These 7 core elements can be used in relation to a company, an organization with in a company or across an entire enterprise which may include linked internal and external organizations.

Finally we have included a couple of documents in the appendix. The first defines a high level view of what early stage and mature stage Customer Experience focused companies might look like. The second document can give you a quick assessment as to how close you might be to the burning platform. Symptoms of diminished customer relationships or value perception are not always obvious. These are not scientific instruments but quick tools that you can use to give you different perspective of your current state.

Cultural Readiness and Maturity

Focus elements 1 through 3 described below are elements that help to drive customer oriented cultures. As "culture" by itself is very difficult to quantify our research shows that the drivers of organizational culture can be quantifiably measured. The right focus across these three behavioral elements will help to create the right customer focused culture. Most important is that this focus has to be encouraged and driven from the top.

1. Leadership Focus and Strategy

In most examples of successful companies that have a customer focused business and who thrive in their industry by creating customer value we see that this is, or has been, a C-suite or top down driven strategy. In the consumer segments we see this demonstrated by companies like Zappos, Southwest and Marriott Corp. that have a strategic intent to lead with a deep customer focus from the C-Suite. How much the leadership walks the talk as it relates to the importance of customers or customer service sets the strategy for the company and the tone for the operational execution of the strategy. This is not to say that a company cannot be financially successful with a strategic intent focused on product leadership rather than a customer focus. It is just more likely that companies with a customer focus will survive longer than those who focus solely on product innovation. Today's product innovation is tomorrow's commodity.

For companies to focus on the Customer Experience and the value needs of their customers leadership must make "customers" an integral part of the vision, the strategy and the culture. The organization of resources, human and otherwise, must be aligned to support the vision and strategy that enables their customer's success and value creation.

Customer centric organizations focus on the successful outcomes of their customers and align in a more horizontal structure where front office and back office functions blur and blend. Leadership must govern differently to ensure that customer outcomes are achieved through cross organizational collaboration driven by customer derived value metrics.

Traditional hierarchically silo based organizations that evolved with the industrial or manufacturing economy are typically more inwardly focused and measure success silo by silo. In customer centric organizations, silos must exist only for their specific expertise but be aligned to the same vision, goals and objectives. Manufacturing cannot have goals that conflict with service and likewise customer facing groups must take ownership for the total experience of the customers. Leadership must encourage cross organizational collaboration and data sharing.

Leadership must drive behavior by measuring and governing against a set of metrics focused on the customer outcomes. In governing the enterprise there needs to be a reasonable balance between the success of customer and the financial success of the company. Leadership should spend proportionate ergs of energy and time working with customers and fulfilling customer needs as they do with shareholders. Leaders must also govern across a broad network of both internal and external providers that are involved with the customer eco-system. For example, we have seen a manufacturer of industrial hard goods that ensures the truckers who, while independent, are also advocates and positive contributors to the customer experience. By treating the drivers exceptionally well while waiting for their trucks to be loaded and providing them with refreshment, internet or phone access and a restful environment they help to ensure that the person delivering the goods to their customer feels that they are a part of the company and act as company

advocates. This means that generally the end customer will have a more positive experience. The manufacturer does not just ship the goods; they take the responsibility of the sales, shipping and end use of the goods to ensure a great customer experience. Providers and their partners must share in the customer experience and understand the end to end equation in order to achieve a measure of loyalty by the end customer. Creating alignment means that the mission, vision and goals need to extend all the way across the supply chain and partner channels. Developing this type of leadership is critical to the ultimate success of the business. The leadership and strategic focus is not just about internal leadership but leading across the eco-systems and service value networks that help create the customer value.

2. Organization Alignment / Engagement

This strategic element is focused on how the company organizes itself and others to drive greater Customer Experience and value. This is not about the 'organization chart' or the reporting hierarchy. The goal here is to understand how the corporate organization is aligned to drive successful outcomes for their customers. The entire enterprise needs to understand their role in driving customer success and how to engage both internally and externally to be more deeply involved in the customer's enterprise. We see many examples where a company actually imbeds resources into customer functions. These resources act as an integral part of the customer's organization. Because of a supplier's core expertise, they could save their customers time and money by assisting in early stage development of new products or services and creating tight integration at the operational level. Rolls Royce Plc, a jet engine supplier to major airlines, is tightly coupled with their airline customers and associated suppliers at all levels of the airline's enterprise to ensure that they create maximum value and success for that airline. This has helped them move to a "Power by the hour" model of providing 'thrust as a service' where airlines can pay for the value of the engines only when it is creating economic value for the airline.

If companies, especially product focus companies, align into silos, each focused or rewarded on its own internal metrics, then cross organization collaboration is stifled. The vertical silos and specialization designed at the dawn of the industrial age create internal conflicts that can only be resolved at the highest levels of the organization which wastes time and energy. The silos tend to ignore input from customers that does not immediately impact their internal organizational goals. For example a product manager may focus on time to market but ignore serviceability or time to value for the customer (how quickly the customer gets economic value from their purchase). Sales may focus on opportunistic sales but ignore the potential better outcomes for the "right" customer or market segment. Rewarding sales teams on volumes versus customer outcomes will yield vastly different results.

Organizational structures can also define culture or impede cultural transformation. Having the organization well aligned to tangible goals can create more empowered employees who can focus on the value of what they do versus just how they do it. The structures of organizations are often presented as a hierarchy with the CEO at the top of the pyramid. When you can invert the pyramid so that the customer is at the top with everyone either working for the customer or directly enabling those customer facing teams then you have a much more customer focused alignment.

3. Employee Engagement and Empowerment

Employee engagement is more than just having customer culture. While culture is important it is more about having the right people, with the right skills and right incentives fully enabled to do the right thing for the customers. Southwest hires pilots for their flying skills but also hires them based upon their attitudes about serving customers. Companies like the Ritz Carlton and Zappos hire, train and empower people to listen and serve customers in order to create outstanding customer experiences. This same paradigm applies in B to B as well as direct to consumer or hospitality businesses. B to B focused companies can learn a lot from the work and research already done in the consumer/hospitality industries.

As described in the Organization Alignment element above, most businesses today depict their organizational structures in a hierarchical structure with the CEO at the top and the rest of hierarchy cascading below that in a giant pyramid. Nowhere is the customer shown in this typical hierarchy model. What does this say to the employees about the importance of the customer if the lowest ranked employee is still above the customer in the hierarchical depiction of the organization? In top companies the organizational pyramid is often inverted. The customer is at the top of this inverted pyramid with employees essentially being accountable to the customer. The employee's managers underneath them in the pyramid act as support and enablers for the employees to be successful in terms of the customers for whom they serve. This is another way of thinking about creating natural empowerment. If the customer's are at the highest level of the enterprise's organization, there is a more natural tendency to feel empowered to act on behalf of the customer. (Serving the top of the pyramid.)Every employee in the company should be able to answer two basic questions. *How do you create value for the customers?* and *How do you know? (that you are creating value)*

The objectives and goals set for the employees cannot be ambiguous between customer needs and internal needs. Behavior and culture is facilitated by having the right incentives. Reward and compensation plans have to be tied to the overall customer focused strategy. Reward and recognition based on customer success cannot be just for direct customer facing employees. It has to be a part of everyone's compensation. One fortune 500 software company that we studied used customer satisfaction scores and goals to determine the funding of bonus pools that were used to compensate ALL employees. Over 50% of everyone's bonus from the CEO on down was tied to the overall customer satisfaction ratings from a set of satisfaction surveys sent to customers on a regular schedule. This helped to ensure that customer problems were solved holistically whether they were caused by product quality issue, back office process failure or poor technical support. Since everyone was tied to the same incentives, understood their role in the customer's satisfaction rating, they collaborated more readily across the enterprise. Customer Experience is a team sport and employees have to be engaged to deliver.

Embedding the Culture for Sustainability

The next four strategic focus elements deal with how to embed the customer culture in the enterprise in a way that is both systemic and systematic. You can build a great customer culture in a company but how does it survive and how is it enabled in such a way that it is also economically efficient? If the culture is not embedded then a change in leadership or other factors may kill the culture. Companies like Apple or Zappos have well known and well defined cultures. At Apple, Steve jobs wanted to ensure that the culture would survive him by helping to embed core principles and processes though his leadership academy. When Amazon purchased Zappos the customer culture could go one of two directions. If embedded correctly it would survive the new ownership and hopefully infect Amazon at a greater level. If Zappos got it wrong before the transition then it might absorb the culture of the larger Amazon. Thus far, it seems as if Zappos had it right. The customer centered culture must not be dependent on charismatic leaders or founders. The things that create great customer outcomes, value and experience must become a part of the fabric of the company than can survive change. The organization cannot depend strictly on the human resources to do all of the heavy lifting in Customer Experience. While knowledge workers are key in these customer centric models people, with their knowledge, have a tendency to be migratory. Proper tools, processes and resources need to be deployed to manage work flows and automation of tasks. Knowledge needs to be captured and managed.

Aside from embedding the culture these elements focus on creating sustainable business models. Will a company survive the next 100 years regardless of future changes? Companies that have lasted 100 years have had several common characteristics. One is that they had better and deeper relationships with their customers and understood what success meant from the customer viewpoint. As a result, they anticipated changing markets more rapidly and were able to leverage good internal structures to adapt faster than the competition. Second, these embedding elements helped smart companies gain customer insight, retain knowledge and create tools that made them increasingly efficient. Making the customer experience easily repeatable benefited both internal and external customers.

Each of these elements requires a need to understand how they create value and efficiency from the lens of the customer. One way to think about these elements is to question everything you do from a customer perspective, how does it benefit or create value for the customer. Can you imagine what would happen if your customer was asked to be your Baldrige Award auditor from their viewpoint? Your enterprise extends beyond your four walls. You have partners, suppliers, channels and third parties that extend what you do for your customers. At the end of the day who will the customer hold responsible if they are not getting the expected value.

4. Technology / Information Systems

Most IT ERP systems in use today were designed around old manufacturing oriented business models. They were built to gather, analyze, store and protect internal data. They are not structured or architected to mine, analyze and measure customer value. Even in so called customer facing systems like CRM, the data in the system is still in silos and focused on internal metrics and usage.

Most companies strive for a 360 degree view of their customers but seldom will this happen and when it does, it is the internal perspective of the customer.

To match a customer centered strategy, the information systems must be able to create a horizontal and holistic view of the customers including associated eco systems like social media, partner networks, etc. Technology must be an enabler of new business processes. When running a business model like power by the hour, like the one that Rolls Royce PLC offers, the information sources and data that drives value processes comes from both internal and external sources. The work flows and business rules have both internal and external triggers. The closer that these triggers are to the customer, the more effective the process enablement will be. John Deere tractors enables farmers by providing information from external GIS(Global Information Systems), data from seed and fertilizer providers, ecological and weather intelligence comes from government sourced satellites and complex financial forecasting from the futures markets and commodity exchanges. This data is used to better advise the farmers on maximizing profit and to automate certain functions that ensure the success of their crops. This use of technology that aligns to the customer's success is what makes them customer centric while still ensuring shareholder success. In John Deere's case, IT is a strategic asset and not a cost center. It adds value to the internal and external customer sets.

5. Metrics / Customer Analytics

It is said that "you get what you inspect or measure" and that if you do not know what success looks like then any road will get you there. It is one thing to measure P&L or ROI internally and manage accordingly it is another to manage based on external metrics. In a customer centered organization the success metrics have to be defined from the viewpoint of the customer. In case of Rolls Royce jet engines, they can gather metrics via telemetric data as to the operation of the turbine engines but how do they measure their impact to passenger safety, on time performance or other key measures of the airline's success? They require data from external sources that is combined with internal data for detailed analysis. Today we have companies that gather data from thousands of data points to assess risk for financial services or insurance companies. They assess the risk of failure; what about the same tools to measure the chance of success?

The key to this element is the ability to assess and predict customer outcomes. CPG (consumer packaged goods) companies gather tremendous data about end users. They use this data to help stores better price or position their product so that a sale becomes a win-win.

Customer Based Metrics, from the simple ones like customer satisfaction or net promoter all the way to more complex BI metrics, must be used to ensure that everyone has a stake in this game and that everyone understands that ultimately it is the customers that pay the bills. Front line organizations cannot be the only part of the enterprise measured by customer success and feedback. More often than not it is back office functions or product quality issues that have more impact on customer loyalty than do the customer facing teams. These metrics can help align your company employees to the true interests of your customers.

Metrics, KPI's or whatever you call them must have some core measure of your most strategic asset, customers. These metrics must be shared internally and externally to shareholder and Wall Street. In one example, a major software company looked at overall customer satisfaction. This KPI was used from the CEO on down to the individual contributors to determine things like performance ratings, career advancement and bonuses. This customer satisfaction number was tightly correlated

to improved financial measurements like DSO (Days of Sales Outstanding). Satisfied customers paid their bills faster. This was a regularly reported metric when reporting the quarterly financial results to the financial analysts' community. Every person in the company knew their role in driving improvement in the customer satisfaction rating.

More important to this focus element is the ability to know how your company's performance affects your customer's KPIs or the value that you help to create.

6. Customer Involvement /Engagement

This element evaluates the degree that a company involves their customers in the design and execution of their strategy. How is the customer engaged to provide input to your plans? How do customer inputs and interactions lead to innovation in your company? Customers know what they 'want' but not always what they 'need'. Henry Ford once said "…if I had asked my customers what they wanted, they would have said they need faster horses". It is imperative that you not only listen to your customers but understand in the broader context of their industry or markets and what they need to be successful. Apple understands the broader context around how their technology is used and what it is used for. IPODs would not be nearly the leader that it is without the content being easily available and cheaper than before. Apples innovation is around technology with the appropriate content desired by the consumers. They monitor customer demand and trends, they mine social media, they create devoted user communities and they nurture the trend setters to determine the next new thing. There is a key concept here around how to co-create value with your customers that cannot be done in a vacuum.

This focus element involves the voice of the customer programs as one part of this engagement process. This VOC may be in the form of external surveys, mining voice and text analytics at your touch points or mining the Web and social media. How is the data collected, analyzed and then brought to some sort of an action plan. The more extensively this holistic 'listening to the customer' is done, the greater the chance that innovation and market differentiation may occur. This will lead to greater financial outcomes. IBM is prime example of not only listening to the customer directly but they have applied research focusing on solving problems that the customer's did not know they had. IBM holds several CEO and CIO conferences and conducts extensive surveys. These serve to understand the business challenges that these leaders face. These business challenges are studied to see if there are greater trends or external forces at work for which more holistic solutions might be provided. IBM's *'Smarter Planet '*initiatives are a good illustration of these programs at work. They are focused on making the customers, direct and indirect, more successful.

A key to customer engagement is that the input is used across the organization and not filtered or ignored as a result of individual silo's preconceived thoughts. Someone or group needs to ensure that the customer's input is effectively acted upon across the enterprise. Ideally, the role of a Chief Customer Officer governs the strategic customer engagement processes and ensures that these strategic imperatives are appropriately dealt with.

It is not just about the transactions with customers, it is about understanding the customer's value universe and being able to anticipate their needs before they do. You engage with customers across multiple touch points and multiple communications channels, both direct and indirect. There are nuggets of data and knowledge in each interaction that needs to be captured, analyzed and acted upon. How you define your customers and engage those customers does change in customer centered models.

7. Operations Focus

There is often a distinction between front office and back office operations. Front office is generally defined as those groups responsible for directly dealing with customer. Back office functions generally include Product Development, Manufacturing, Shipping, Finance, Legal or other administrative and SG&A functions. The operations role within most companies is to maximize internal efficiencies. This often precludes any view of the impact of these operational efficiencies on the end customers. Companies can over emphasize operational metrics to drive increased margins but do these same processes drive away customers? There is a danger that you will be highly efficient and profitable, but only with your last customer. Operational processes often have downstream and unintended consequences because they are looking internally and not externally toward the customer or a larger eco-system like partners.

Overstock.com is a good example of an online retail business highly focused on operational excellence in their order to ship process. Fast, cheap shipping does not help if the customer gets an incorrectly filled order or if their UPS vendor delivers the shipment to the wrong address. Customer care will get the angry phone call, not the warehouse supervisor. The warehouse supervisor may get kudos for volume shipping or speed of fulfillment, and yet the customer did not receive the intended value. Operations must be viewed as an end to end process. It starts with the customer and it ends with the customer. Delta Airlines was recently rated as having poor customer service and felt the need to better train the front end agents. In reality it was the operations of the airlines, desperately trying to cut costs that are causing the real customer dissatisfaction. Operational organizations need to understand which master they serve.

Leveraging internal operational capability with the total service delivery network, internal and external, required to make your customer successful, is also key. Rolls Royce (jet engine division) could not deliver 'power by the hour' offerings without having an operations focus that includes their suppliers all the way through the service providers and out to all the way to the air carriers.

Operations can focus on quality programs (i.e. six sigma), it can focus on optimization of resources (OR) or optimization of pricing / loads/ routing etc. To be most successful these highly complex process must include variables and constraint logic that is important to your customer. If you produce propulsion (jet turbine engines) for power generation or airplanes, your operational focus has to include your impact to on-time performance, passenger safety, reduced or predictable operating costs and environmental impact or other key success metrics of your customers. Operating metrics must be shared across the organization and should be designed to create collaboration for the benefit of the customer. Operational focus has to include the efficient operating characteristics and optimization from all the way from the supply chain to the end customer and even consider your customer's end customers. Your internal operations, your supply chain and your entire organization must be viewed through the lens of the customer. It is like reversing a peephole in a door, the view through the lens changes dramatically.

Conclusions and next steps:

Defining Customer Experience is a little like asking 6 blind men to describe an elephant. Depending on your point of view you will get different answers and none will be wrong. We believe that Customer Experience is a strategy and it needs to be a core competency of all modern enterprises. Today's customers demand value and they only see real value in shared positive outcomes. Customer Experience means developing value based relationships with your customers, suppliers and partners in order to exceed their needs and not just their expectations. The model for business has changed from the industrial based models of yesterday to the value based models defined by the service economy.

We have a defined a framework for these new customer value based models. We can assess and measure the level of organizational maturity with respect to Customer Experience by using our assessment tool and plotting the results on our maturity index. All of these results can then be used to calculate 'Customer Equity' which equates to shareholder value and the overall market value of a company. Customer Experience as a strategic model can grow revenue and profits that will drive shareholder value while ensuring greater longevity and market certainty.

In the normal course of business, complacency and false positives lull companies into a false state of well being. Many companies fail to see the warning signs of a burning platform until sudden losses make it perfectly clear that change is required. The economic downturn of 2008 has put many a company into survival mode. This has damaged customer relationships, disrupted value creation and made employees focus on things unrelated to the customer. All of these are bad signs and damaging to the long term viability of a business.

We recommend that you immediately consider how close you are to the burning platform and seek outside professional opinion and guidance. Our "Customer Experience Maturity Index" diagnostic tool will give you a macro indicator of your overall CE maturity level. Our strategic assessment program will give you a detailed assessment and a roadmap that will plot your future path. Recognizing that you have a pending crisis is hard for most organization or companies and your internal views tend to be biased toward the status quo. We create new business value through innovative and transformative customer centered strategies. Call us.

For more information or further consultation please contact The *Services Transformation and Innovation Group LLC* at info@servtrans.com or call +1.510.408.SERV (7378)

Customer Experience Maturity Index

Appendix A

Customer Experience Early Stage	Customer Experience Mature Stage
You have an executive sponsor for customer satisfaction surveys, user groups etc.	You have a Chief Customer Officer or other strategic corporate leader focused on positively impacting your customer's overall success by aligning people, process and technology in the enterprise to drive customer success
You have Customer Programs ongoing and a person or team accountable	You have a Customer strategy integrated across the enterprise, including R&D and the whole company is accountable.
You execute transactional surveys for each post sale customer contact	You have a fully integrated customer feedback process that ties into every organization, the data is analyzed, actions are created and results are continuously measured
You discuss internally customer satisfaction numbers and some teams are accountable	Customer feedback results go into some customer measure that is a part of the balanced scorecard used at all levels of your company to measure success
Decisions are made and presented to customers for feedback	Customer value is a significant consideration in all decisions. Input is actively sought, customer communication is an interactive process and results are shared with your customers
You survey customers after transactions or triggering events, you have user groups and forums for customers to provide feedback.	You maintain interactive dialogues with your customers. You have a continuous improvement programs that improve people process and technology in order to maximize customer outcomes
You react swiftly to customer complaints	You actively monitor customer formal and informal customer feedback, user groups, social media, web sites, blogs etc. and take positive action
You train people about customer satisfaction	You have integrated the skills and attributes around customer success and have integrated these throughout your hiring, skills development, compensation and other human capital or human resource systems
The service and support organization or customer facing groups drive customer satisfaction.	Service and Support or other customer facing groups are strategic and are viewed as customer advocates. Front office systems and staff are deeply integrated with back office systems and development and engineering teams. Service Engineering, Service Product Management, Customer Quality system are core competencies.

Appendix B

Burning Platform

Is your business a potential burning platform? Are there warning indicators, direct or indirect, that signal a pending disaster? Are competitors tapping the reservoir of opportunity and providing your customers what you are not? You may be operating with symptoms that reflect a major problem for your business. How do you prevent them from causing your own business demise? How do you prepare for these risks and successfully prepare to retain and expand your customer base? The first step is a quick assessment of your business to determine if the platform you are standing on is beginning to burn or vulnerable. Review the following key indicators to see if your business is exhibiting any of the symptoms of a current or future problem.

Your business exists because your customers allow you to exist. Customers are a large asset for any company. Are you effectively managing the customer assets? Has the global economy damaged your customer relationships and do you see some of these warning indicators?

Business/Risk Indicators (Yes or No)

1. New competitors are winning in your space with less robust offerings
2. Price sensitivity seems to be increasing in your marketplace
3. Your previous uniqueness/brand of products/services is being replaced by cheaper alternatives
4. Your business results are not meeting your expectations and you can't put your finger on why.

Investment returns/ROI Indicators (Yes or No)

5. Your customer satisfaction (CSAT) or NPS (Net Promoter Score) investments have not yielded the expected results you anticipated.
6. Your cost reduction and outsourcing programs have damaged your relationships with your customers.
7. You cut the budget for customer care or service to make up for lack of profits elsewhere

Employee Indicators (Yes / No)

8. Your employee satisfaction metrics are declining
9. Your key employees or top performers are jumping ship.
10. Your employees are focused more on internal issues like their jobs than taking care or engaging with customers.
11. Career development activities have been curtailed or eliminated

Customer Experience Indicators (Yes / No)
12. Your customer orders, same store sales, bid performance, share of customer's wallet or other customer performance metrics are declining or growing more slowly than competitors.
13. Your customer complaints, escalations and negative social network traffic are rising.
14. Your customer satisfaction metrics are not improving or trending negative.

15. Your customers are not as engaged as they used to be with you and your business.

Understanding the threat to your business:

An Explosion is Imminent – Threat Level 3

If you answer yes to more than 10 of these, abandon the platform immediately and save your company. This should be an immediate call to action with maximum application of resources.

You See Flames – Threat Level 2

If you answered yes to 7 or more, you see the flames. A crisis is in progress and immediate action is required.

You Smell Smoke - Threat Level 1

If you answered yes to more than four, then you are starting to smell the smoke of the burning platform Take pro-active actions NOW! Get the help that you need to understand the problems and potential solutions.

Timing is critical. The financial meltdown in recent years has created a crisis that deeply affects your customer's view of your business. Focusing on your customer assets is crucial for any successful turnaround of your business. More importantly there is an opportunity to get ahead of your competition and gain market share and share of wallet. The solution is the implementation of a Customer Experience strategy that encompasses your entire enterprise and helps you create customer success and build deeper relationships. The Services Transformation and Innovation Group has the experience, capability, proprietary tools and methodologies to properly assess the warning indicators, develop critical improvement action plans and assist you in executing a successful program focused on the customer. Interested? Contact us for more information and a self assessment of your business.

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