

CUSTOMER EXPERIENCE MANAGEMENT

Using technology to build an unshakable customer-supplier relationship



By John Kiska, CMA

It's estimated that a CEO can lose up to 40% of his customers in one year.

Given this sobering statistic, it's evident that CEOs face a tremendous challenge. Customers demand more value, innovation, and service — and all at a lower price. To help CEOs keep their best customers, research and development departments of companies strive to bring products to market as quickly as possible. Marketing and sales try to stay on top of market trends. Customer service introduces improved after-sales support. Sales executives work to maintain personal relationships with their key customers, because communication has become paradoxically both easier and more challenging in the digital world. But ultimately, the competition can often find the right product, at the right price, and entice a customer to change suppliers.

What to do to keep these best customers, and how to do it, are the biggest questions that CEOs face. To build a long-lasting customer relationship, executives must focus their efforts on one thing — the customer. What customers want, when they want it, how they want it — and even what price they are willing to pay for it — are all critical factors. A

customer focus must exist across all key departments of a company.

A new approach to gauge customer satisfaction, called Customer Experience Management, or CEM, is emerging to help CEOs implement a framework to build unshakable customer-supplier relationships. It uses the advantages offered by technology to strengthen communications between the customer and supplier.

The CEM framework

Customer Experience Management provides the means to retain valued and long-standing customers. It takes a forward-looking view of what customers expect from their suppliers. CEM directly captures the voice of the customer, so that all parts of the organization work towards the common goal of meeting the customer's needs. It creates the framework within which all departments in a company can consider the customer's voice when making decisions. It's through this singular customer focus that companies will better protect themselves against customer defections.

CEM is a critical addition to Customer Relationship Management (CRM). CRM traditionally tracks and records previous sales and service transactions. It identifies who purchased what, when, and at what price. Although this information is useful, it only captures the historical view of customer

transactions. With CEM, a company has the means to develop a 360-degree view of the customer — looking both forwards and backwards.

CEM provides an integrated approach to help build and sustain customer relationships. A key component of CEM is its application across all organizational functions — from research and development to human resources management. By collecting and using customer feedback across all parts of the organization, a customer-centric company begins to develop.

The CEM process begins by identifying key measures for each of a company's departments to support its decision-making processes. A customer feedback tool is then developed and used to collect information on these key measures. Once customer feedback is collected, the data is used to generate reports, and to perform analyses that will support decision making within each area of a company.

There are several CEM solutions and concepts that exist to meet a diverse set of applications. These include customer satisfaction measurement, complaints management, and customer recovery, to name a few.

Customer satisfaction measurement involves collecting data on the attitudes and opinions of customers about the products and services they consume. Historically, customer satisfaction meas-



urement programs were conducted once a year and were expensive to implement. With the development of data capture technologies, such as the Internet, electronic kiosks and hand-held portable computers, collecting customer feedback is less expensive and more practical to manage from day to day. In fact, companies are now implementing these programs as part of continuous improvement initiatives.

As customer feedback is collected, CEM reporting software can immediately generate reports and analyses. Managers use this information to proactively respond to customer service and satisfaction issues.

Complaints management provides the means for customers to formally complain about service or product-related issues. Typically, customers call a 1-800 number and lodge a complaint with a customer service representative. The complaint is recorded and then sent to the manager or group responsible for the issue. Complaint management applications contain a series of reporting measures that identify the number of

complaints received, number of open and closed complaints, and the number processed by service representatives.

Customer recovery solutions not only collect customer feedback, but also provide the means to notify managers that customers want immediate resolution of an issue. Through technology, managers receive an e-mail, fax or pager notification

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tion that a customer is dissatisfied and wants to speak with someone immediately. This provides the opportunity for companies to recover customers before they decide to take their business elsewhere.

Combined, these CEM solutions create an extremely powerful decision-making framework when applied across all company functions, as described below.

Research & development

Companies strive to create new and innovative products to meet market demand. By listening to the voice of the customer and integrating it into the research and development life cycle, companies reduce the risk of developing products not required by the marketplace.

Most certainly, if the telecommunications industry had implemented formal customer feedback solutions over the past several years, the extent of the industry fallout today might not have been as severe. A supplier who continually solicits feedback from existing customers during the R&D life cycle has a greater probability of not only meeting a market need, but also generating an immediate return on investment, through the sale of the product to the customer engaged in the development process.



Marketing & sales

Collecting customer feedback provides valuable insights for marketing and sales in a variety of ways. With CRM, companies collect customer feedback to provide a 360-degree view of their customers. For example, courier and postal companies in Canada and the U.S. have invested millions of dollars in CRM to identify what a customer has purchased in the past. And yet, CRM doesn't tell them what a customer is currently thinking.

To create an integrated data warehouse, customer feedback should be collected along with transactional customer data. The combined data sets can then be organized by key customer segments to identify historical purchasing patterns, customer expectations, and satisfaction levels. By combining CRM and CEM data, sales and marketing can better identify emerging trends and patterns, and design more effective marketing and sales strategies and campaigns.

Production & operations

The production and delivery of products and services is at the heart of any customer-supplier relationship. And the only accurate way to assess customer satisfaction is to

measure it in a systematic manner.

For example, a technology systems integrator implementing an enterprise resource planning (ERP) application can solicit customer feedback throughout the different development stages of the system. Feedback can be collected at the beginning, middle and end of the implementation, as well as during the support and maintenance phases. During the whole process, feedback is gathered from different customer groups, including contracting authorities, users, and IT personnel. This ensures that customer expectations are fully understood and met accordingly. The method used to collect, report, manage, and analyze customer feedback will necessarily differ from industry to industry.

Service & support

Many companies provide some form of customer feedback as part of their after-sales service. Customer complaints have to be resolved before they escalate into larger and possibly relationship-destroying problems. A formal complaints management process resolves problems before they result in customer defections. This approach is effectively used in company call centres, where an inter-

active voice response (IVR) customer feedback tool can trigger a customer recovery solution in real time.

HR management

For a company to become truly customer focused, it must reward practices that contribute to positive customer feedback. Implementing a CEM framework throughout an organization is insufficient to achieve this on its own. A company's compensation policy must be aligned so that not only is customer feedback collected, but managers and staff are also rewarded based on the results of ongoing customer satisfaction measures. Integrating customer feedback into a company's compensation plan ensures a customer-centric approach to making decisions in each key functional area.

Implementing a CEM framework to support an unshakable customer relationship is critical to a company's long-term growth. And, like most corporate initiatives, commitment for the process must begin at the top, with the CEO. Without the CEO making it a priority for all her senior executives, the ability to develop a customer-centric organization is limited. The CEM framework, as described, is not necessarily an all or nothing proposition. It may be implemented in a phased or modular fashion, and grow over time as companies gain more experience with the concepts, practices and the wealth of information they're given to work with.

A recent trend in implementing CEM is to create "chief customer officer" executive positions, to direct and coordinate all CEM activities. These executives are being given the task of creating and coordinating the CEM framework and, subsequently, implementing specific CEM solutions. With this single point of responsibility, companies have the ability to build solid customer relationships. And with this, sales executives can enjoy the success of consistent customer renewals, along with the excitement of new customer relationships. ■

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