CREATING WORLD-CLASS CUSTOMER FOCUS

SIX ESSENTIALS FOR ACHIEVING BUSINESS SUCCESS THROUGH THE VOICE OF THE CUSTOMER
In today’s competitive business environment companies are looking for a key advantage. Now, more often, they are turning to the most logical source for advice - their own customers. Effectively levering insights from customers has been shown to be one of the best ways to build better relationships, improve processes, reinforce the company’s brand, develop new solutions, and much more.

**IT’S ABOUT EXECUTION**

Like most business undertakings, developing customer focus requires the right strategy, planning, implementation, and follow up to make a real difference in the organization. Customer experience professionals should stop asking themselves, “What do we need to do?” and instead ask, “How well can we execute using customer insights to deliver business impact?”

Walker is acutely interested in the obstacles companies face in administering customer strategies and realizing the full business impact of such initiatives. Based on years of experience in helping companies achieve business results by focusing on gathering and using customer insights, Walker has identified six essentials that serve as the foundation for any customer initiative. Companies are encouraged to ask themselves the following questions to fully assess their current customer programs.

1. **RELEVANCE AND ALIGNMENT** – Do our VoC strategies align to specific corporate initiatives?

2. **TEAM AND RESOURCES** – Do we have the right people involved and the right resources dedicated to drive business results?

3. **INFORMATION GATHERING** – Are we gathering the right insights from the right customers to drive improvement?

4. **COMMUNICATION** – Are our employees aware of our VoC strategies and do they receive customer feedback to use in their jobs?

5. **ACTION** – Do we do a good job of taking action on the customer feedback we received?

6. **VALIDATION** – Do we measure the business impact of our VoC strategies?

By judging one’s customer program using these six areas, companies can build an effective roadmap for accelerating business results through customer focus.
RELEVANCE AND ALIGNMENT

The customer program becomes more relevant when people at all levels in the workplace understand its purpose and how it is aligned with their individual objectives. When this occurs, customer feedback results become an important part of the management information system and leaders are keenly tuned into how the customers’ view of the brand is aligned with their own key strategies. Instead of customer issues and complaints being a burden, they become an opportunity for business units and departments to work together toward common goals.

WORLD-CLASS RELEVANCE AND ALIGNMENT OCCURS WHEN:

• The customer program is clearly aligned with a specific business strategy that supports a business objective.
• Customers have a consistent experience, aligned with their competitive differentiation strategy, throughout all facets of the business.
• Customer insights are integrated into the daily responsibilities and processes.

STEPS TOWARD ACHIEVING WORLD-CLASS RELEVANCE AND ALIGNMENT:
1. Start by having a clear understanding of the business objectives. These should not be confused with the financial objectives for the business. List out the business objectives that will help your company achieve its financial objectives.
2. For each business objective, identify the strategies already in place. Identify the areas where your customer program supports the business strategies and where it doesn’t.
3. Where there is alignment, link the customer insights into the day-to-day responsibilities of those in charge.
4. As customer insights inform decision making, you must ensure these decisions align with your competitive differentiation strategy and are consistent across each customer interaction.

A CASE OF RELEVANCE AND ALIGNMENT – ALIGNING THE RIGHT METRICS

One company realized early on that talking about customer perceptions with engineers wasn’t going to get their attention. Instead, they knew they had to make the customer perceptions relevant and aligned to the lingo, metrics, and processes that are familiar to engineers. With this goal in mind, they created a simple framework that maps the customer perception metrics to the metrics used to track the customer experience and the internal levers they control.

Once the map was created they used various analytical techniques to identify the metrics and internal levers that had the strongest relationship with customer perceptions. They found that software defects per million hours (SWDPMH) was the most important metric, and were then able to focus the engineering audience on improving this metric.

The diagram below is a simplified version of the map.
TEAM AND RESOURCES

Designing and managing a customer program that serves a vast organization is a significant undertaking. And yet, too often the program is assigned to a person or a small group expected to engage the whole enterprise. The scope and importance of such programs warrant having a structure and resources identified for running the program and using the results.

WORLD-CLASS TEAM AND RESOURCES OCCUR WHEN:

- Resources are considered essential to the business operations.
- There is a customer advocacy network in place to support how the enterprise uses customer insights to drive business performance.
- There is active participation from all steering team members, who represent cross-functional areas and front-line groups.
- Executives view customer initiatives as a part of their job and are actively involved with the steering team.

STEPS TOWARD ACHIEVING WORLD-CLASS TEAM AND RESOURCES:

1. Start by identifying the resources aligned with your customer program and map this to your organizational structure. Are there any key areas missing?

2. Create or refresh your team charter, ensuring its mission and goals align with the business strategy.

3. Assess the process used to engage the resources. Questions to consider during this step include: Is the communication plan tailored for each audience? Is the team being motivated to produce the right actions? Are there systems or processes in place to track and communicate progress on the actions areas?

A CASE OF TEAM & RESOURCES – IT STARTS AT THE TOP

The executive sponsor of the customer program is the CEO, at this information services company. Reporting directly to him is the Vice President of Customer Experience, whose primary role is to collect, interpret, and represent the customer in the decision making process. The CEO is known to say, “Everything starts with people and we build from there.”

This company has created a network of customer advocates, with owners identified within each major business unit and geography. He believes the team and resources need the right objectives, measures, and awards system in place to prompt the right behavior.

The customer-focused culture is reinforced each week during leadership meetings that always begin with a customer moment – and is extended into the board room where every meeting includes their progress with customers.
INFORMATION GATHERING

Today's technological advances help make gathering insights from customers less of an overwhelming challenge. Conducting a survey or listening to customers via social media vehicles can be relatively easy. However, gathering customer information in a manner where you receive the right insights from the right customers, in a way that can put to use is something completely different. It requires a disciplined approach to gather customer information in an effective and efficient manner.

WORLD-CLASS INFORMATION GATHERING OCCURS WHEN:
• Activities are prioritized to ensure the right data is used to inform business decisions.
• Multiple sources of solicited customer feedback are included.
• Integration of customer feedback between solicited and unsolicited sources is established.
• There is a robust customer contact database that enables the collection and usefulness of the information.

STEPS TOWARD ACHIEVING WORLD-CLASS INFORMATION GATHERING:
1. Start by making a comprehensive list of all of the information sources available.
2. Identify areas where information is missing, incomplete, or not reliable. For this, consider the audience and the type of feedback. Ask yourself, “Do we have feedback from the various customer types, employees, and distribution channels? Is the feedback we are gathering general, specific, qualitative, or quantitative?”
3. For the areas where information is lacking, map these to the strategy and business needs to assess their value to the business. During this stage, consider the cost and ease of implementation.
4. Once you have prioritized the information gathering gaps that will deliver the most value to the business, build and execute the roadmap to gather the missing elements that will create a holistic view of the customer.

A CASE OF INFORMATION GATHERING – TAILORING TO THE AUDIENCE

A leading software provider gathers a healthy mix of customer insights to create a holistic view of the customer. Their voice-of-the-customer program aligns with key customer touchpoints across the lifecycle and is ingrained in how the organization operates. While each listening program has the same core objective, they provide a unique insight on the business, tailored to individual audiences.

• The customer immersion program orients senior leaders with first-hand experience of how customers interact and engage with them.
• There are customer listening posts which pull together live feeds of what customers are talking about through support, social media, and customer survey data.
• Customer advocacy councils and cross-functional teams focus on resolving the root cause of top customer issues.

They use the following different ways of gathering information:
• Social listening and collaboration enables product development, marketing, customer support and others to engage in customer daily.
• Market research spans the customer lifecycle, from opportunity identification, to post product launch, to ongoing customer retention programs.
COMMUNICATION

For the voice of the customer to maintain a high priority in an organization, the customer program must earn high regard from customer-facing groups, those supporting them, and customers themselves. The most successful communication programs are planned so the distribution of customer insights enables easy access and use by the right people. In other words, the right people are getting the right information at the right time, in a way that they can easily take action.

WORLD-CLASS COMMUNICATION OCCURS WHEN:

- There are internal and external communications in place.
- The program is highly visible, oftentimes with a company-wide brand.
- Regular updates with new initiatives aligning with the current enterprise activities are provided.
- Technology is fully leveraged to tailor the information to the appropriate audience and to scale the delivery to the entire enterprise.

STEPS TOWARD ACHIEVING WORLD-CLASS COMMUNICATION:
1. Start by integrating the knowledge of customer insights across internal silos. Engage with marketing, communication, and social media teams to develop a single view of the customer.
2. Develop a communication plan that ensures all of the right audiences receive the necessary information.
3. Reinforce the message internally and externally.
4. Ensure executives are sending the same messages in their communications.

A CASE OF COMMUNICATION – COMMUNICATING THROUGHOUT THE ORGANIZATION

A semiconductor company has a comprehensive communication strategy that engages all of the key areas within the enterprise. They started their journey by including customer feedback as one of the elements within the incentive and compensation plan. This prompted attention.

They reinforced the importance with regular internal communications tailored to individual audiences. They use technology to enable them to scale the information dissemination across the enterprise. Technology tools help them tailor the information, so individual audiences only receive the information relevant to them, and integrate the information into the systems and processes already being used (e.g., Salesforce.com, intranet sites, internet sites, company meetings, etc.).

Their communications don’t stop there. This organization equips their sales and account management teams and senior executives with a summary of the customer feedback. These teams are responsible for meetings with the customer to discuss how they can use the information to increase the value they are receiving. The result of the internal and external communications has lead to increasing customer retention and increased growth in shareholder value.
**ACTION**

Turning customer feedback into action is the number one challenge for customer strategists. It requires moving beyond simply gathering and disseminating information to guiding business strategy and key initiatives. Optimal use of customer programs means taking action at all levels – corporate, functional, business unit, geographical, and account levels.

**WORLD-CLASS ACTION OCCURS WHEN:**
- There is a central repository of intelligence that drives decision making throughout the enterprise.
- Training is provided to demonstrate how and when to use the intelligence.
- Action plans are regularly updated and tracked-through to completion.
- Customers and partners acknowledge improvements based on their feedback.

**STEPS TOWARD ACHIEVING WORLD-CLASS ACTION:**
1. Start by tailoring the information to the audience. Consider the level, role, and responsibility for each individual. Adapt the information to match the needs of the audience.
2. Develop training and by use common and consistent templates.
3. Tie customer feedback with other pertinent information such as financial measures, and operational and employee metrics to improve the effectiveness and efficiency of the decision-making process.

**A CASE OF ACTION - GLOBAL WORKSHOPS TO SUPPORT COMPREHENSIVE ACTION**

An information storage company goes to great lengths to ensure their customer insights are put to use and viewed as a high priority for building strong customer relationships. With their comprehensive action process, action plans are created at corporate, functional, and account levels. The plans are documented, approved, and tracked to completion.

The process wouldn’t be successful without their global workshops. These programs are designed to educate employees throughout the company on customer listening initiatives and how customer information can best be leveraged in each geo, function, and customer. During these workshops, customer feedback is reviewed alongside existing initiatives, priorities are identified, root cause discussions are started, gaps between customer feedback and the existing initiatives are identified, and next steps are determined to close the gaps.
Validation involves demonstrating how customer initiatives provide a financial benefit to the company. Program results should not stand alone. Rather, they should connect with other business indicators and activities. When validation is in place, executives are more willing to invest in customer programs, knowing that results have been shown to positively impact financial performance.

**World-Class Validation Occurs When:**

- Linkage of financial, operational, and employee metrics are used to validate the service-profit chain.
- Action plans are tracked through completion and to a quantifiable ROI.
- Often times strong linkage results in information customized by area and included in incentive compensation plans.

**Steps Toward Achieving World-Class Validation:**

1. Start by aligning the customer perspective with other authoritative sources, such as financial, operational, or employee metrics.
2. Analyze the information to determine if there is a strong and meaningful relationship. As one area improves, is it having a positive impact on growth and profitability?
3. For areas with a strong relationship, prioritize initiatives that will most directly impact the measure.
4. As improvements are implemented, measure the business impact.

**A Case of Validation - Proving ROI on a Customer Program**

This global manufacturer of hardware and software implemented an effective close-the-loop procedure that included the documentation of a significant return on investment.

When collecting feedback they included a series of triggers, or key questions that would identify customers possibly at risk for leaving as well as those customers that may be prime for new sales opportunities. Account managers were immediately notified when customers fell into either category.

To ensure a clear understanding and compliance, account managers were trained in the “hot alert” process. Training included live discussion as well as a self-paced online training tool. When account managers received a “hot alert” they were required to document follow-up activities in an online reporting system designed by Walker. After making contact with the customer and diagnosing the issues, plans were to be documented and regularly updated. Account managers not only recorded activity, but also assigned a dollar volume in the form of business saved or new business created which amounted to more than $150 million.

This information served as an effective way to document the return on the program investment and became essential as the company rolled the program out more broadly in the organization. Through the implementation of this program, they were quickly able to get buy-in and support since everyone knew there was a clear payoff.
HOW DO YOU MEASURE UP?

The following pages provide an overview of the six essentials with a breakdown of basic, advanced and world-class characteristics. Use this to evaluate your organization’s status and to identify ways to improve.
RELEVANCE AND ALIGNMENT

Customer initiatives become more relevant when people at all levels in the workplace understand its purpose and how it is aligned with their individual objectives. When this occurs, customer feedback results become an important part of the management information system and leaders are keenly tuned into how their customers’ view of the brand is aligned with their own key strategies.

HOW DO YOU MEASURE UP?

Consider these descriptions to assess your organization’s ability to incorporate relevance and alignment in your voice-of-the-customer strategies.

**BASIC**

- **Company Objectives**: Company objectives for the program are compliance based.
- **Customer Experience Strategy**: Is developed and managed with input from customers/partners.
- **Results**: A select group of people understand the results.
- **Using**: Some employees have taken it upon themselves to use the feedback in their daily decision making processes.

**ADVANCED**

- **Company Objectives**: Company objectives for the program are clear and aligned with customer/partner needs.
- **Customer Experience Strategy**: Resides with a cross-functional team and has some executive oversight.
- **Results**: Results are understood throughout the company.
- **Using**: Many customer/partner facing functions leverage closed-loop activities to address issues and opportunities.

**WORLD CLASS**

- **Company Objectives**: Company strategic objectives, business strategies, and competitive differentiation strategies are clearly aligned with the program objectives.
- **Customer Experience Strategy**: Is aligned with the company’s business strategy and is managed at the executive level.
- **Results**: Results are integrated into daily responsibilities, and planning and decision making processes. The customer/partner perspective is believed to be a source of competitive advantage.
- **Using**: Direct connection is seen in people’s jobs, other functions, and metrics enterprise-wide.
Designing and managing a customer program that serves a vast organization is a significant undertaking. And yet, too often the program is assigned to a person or a small group that is expected to engage the whole enterprise. The scope and importance of such programs warrant having a structure and resources identified for running the program and using the results.

**HOW DO YOU MEASURE UP?**

Consider these descriptions to assess your organization’s ability to incorporate team and resources in your voice-of-the-customer strategies.

**BASIC**
- **Steering Team:** Team members consist of those responsible for executing customer feedback programs.
- **Participation:** Program execution team finds it difficult to solicit cross-functional and front line resources to participate.
- **Executive Involvement:** Highest level executive gives blessing, but little direct involvement.
- **Resources:** Basic funding given to customer/partner focused activities; resource easily cut during times of budget constraints.

**ADVANCED**
- **Steering Team:** Team members consist of program execution team in addition to representatives from some cross-functional and front line resources.
- **Participation:** Program execution team has some cross-functional/front line resources available but participation is mainly reactive.
- **Executive Involvement:** Highest level executive gives visible blessing to program importance.
- **Resources:** Moderate funding provided to customer-focused activities; resource streamlined during times of budget constraints.

**WORLD CLASS**
- **Steering Team:** Team is represented by all cross-functional and front line groups.
- **Participation:** All team members are proactively engaged in customer-related activities.
- **Executive Involvement:** Highest level executives see customer-focused initiatives as part of their job and are actively involved in steering team activities.
- **Resources:** Extensive funding provided to customer-focused activities, which are considered to be essential to business operations.
Today’s technological advances help make gathering feedback from customers less of an overwhelming challenge. Conducting a survey or listening to customers via social media vehicles can be relatively easy. However, getting the right insights from the right customers, in a way that can really be put to use in an organization is something completely different. It requires a disciplined approach to gather customer information in an effective and efficient manner.

HOW DO YOU MEASURE UP?
Consider these descriptions to assess your organization’s ability to incorporate information gathering in your voice-of-the-customer strategies.

**BASIC**
- **Solicited Feedback**: At least one source of structured customer/partner feedback and one source of employee feedback is solicited regularly.
- **Unstructured Data**: Open-ended questions are included to gather more details on experiences.
- **Unsolicited Feedback**: Unsolicited feedback is considered anecdotally or on an ad hoc basis.
- **Contact List**: Some guidance provided on internal sample sourcing to capture key segments.

**ADVANCED**
- **Solicited Feedback**: Structured feedback measuring relationship and transaction events is solicited regularly and aligned with employee measurement.
- **Unstructured Data**: Open-ended questions structured to allow for probing, themes are monitored.
- **Unsolicited Feedback**: Some unsolicited feedback is reviewed regularly.
- **Contact List**: Sample planning ensures feedback from a good cross-section of companies/contacts.

**WORLD CLASS**
- **Solicited Feedback**: Multiple listening posts exist for regular solicitation of structured feedback covering key experiences and lifecycle stages and incorporating employee feedback sources, as demanded by company strategies and challenges.
- **Unstructured Data**: Open-ended questions designed to maximize advanced text analytics.
- **Unsolicited Feedback**: Monitoring/Analysis of unsolicited feedback integrated into program design.
- **Contact List**: Sample planning strategy ensures robust representation, prioritizes participation.
COMMUNICATION

For the voice of the customer to maintain a high priority in an organization, the customer listening program must earn high regard from customer-facing groups, those supporting them, and customers themselves. The most successful communication programs are planned so the distribution of customer insights enables easy access and use by the right people. In other words, the right people are getting the right information at the right time, in a way that they can easily take action.

HOW DO YOU MEASURE UP?
Consider these descriptions to assess your organization’s ability to incorporate communication in your voice-of-the-customer strategies.

BASIC

- **Visibility**: Program is visible in some parts of the organization.
- **Planning**: Communication plan is created as a baseline of mandatory practices.
- **Distribution**: Information is distributed irregularly and not aligned with user needs.
- **External**: Basic notification and invitation to participate is provided. Ample sourcing to capture feedback from key segments.

ADVANCED

- **Visibility**: Program is visible among all main user groups.
- **Planning**: Communication plan is reviewed and updated annually and aligned with corporate messaging.
- **Distribution**: Feedback is quickly distributed and sometimes actionable.
- **External**: Diligent efforts to share findings and plans based on the feedback. There are some efforts to make the customer/partner aware of the program.

WORLD CLASS

- **Visibility**: Program is highly visible and has a company-wide brand. Senior Execs and CEO are involved in communications.
- **Planning**: Communication plan is refreshed quarterly and new initiatives are launched relative to current climate.
- **Distribution**: Feedback is distributed at the right time and to the right people through a medium that the audience uses. Alerts are used to prioritize action; and technology is fully leveraged.
- **External**: Individual follow up is in place. The program is integrated into brand and communication materials, annual reports, etc.
Turning customer feedback into action has been the number one challenge for customer strategists. It requires moving beyond simply gathering and disseminating information to guiding business strategy and key initiatives. Optimal use of customer programs means taking action at all levels - corporate, functional, business unit, geographical, and account levels.

**HOW DO YOU MEASURE UP?**
Consider these descriptions to assess your organization's ability to incorporate action in your voice-of-the-customer strategies.

**BASIC**
- **Results Sharing:** Results are shared at all levels where action is expected - corporate, functions, accounts.
- **Action Focuses:** Prioritization is used to determine focus areas for action and action plans are developed for top priority items.
- **Closed-Loop Activities:** General closed-loop communications occur sharing overall themes and actions planned.

**ADVANCED**
- **Results Sharing:** Results are tailored to each audience and training is provided on how to interpret and respond to the feedback.
- **Action Focuses:** Action is also directed at leveraging strengths and capturing growth opportunities.
- **Closed-Loop Activities:** Closed-loop communication is also customized for individual customers, accounts, or partners (at least for key segments).

**WORLD CLASS**
- **Results Sharing:** A central repository of intelligence drives ongoing action; broad-scale training is provided on when/how to use this intelligence.
- **Action Focuses:** Action plans are regularly updated and consistently tracked through to completion ultimately showing an ROI.
- **Closed-Loop Activities:** Customers/partners acknowledge and agree they have received follow up based on feedback - this also shows an ROI in improved perceptions. Follow-up documentation is used to identify consistent themes in need of systemic solutions.
Validation involves demonstrating how customer initiatives provide a financial benefit to the company. Program results should not stand alone. Rather, they should connect with other business indicators and activities. When validation ingredients are in place, executives are more willing to invest in customer programs, knowing results have been shown to positively impact financial performance.

**HOW DO YOU MEASURE UP?**

Consider these descriptions to assess your organization's ability to incorporate validation in your voice-of-the-customer strategies.

**BASIC**
- **Financial Impact:** Financial linkage is known.
- **Operational Integration:** Some operational metrics are aligned.
- **Employee Linkage:** Employee measurement is an entirely separate initiative.
- **Compensation Linkage:** Customer/partner results are not a part of incentive compensation or are not clear or achievable.

**ADVANCED**
- **Financial Impact:** ROI calculations are made and applications of feedback (such as action initiatives) show a positive return.
- **Operating Integration:** Improvement in scores and business results are expected from appropriate actions.
- **Employee Linkage:** Employee and customer/partner perceptions are linked, identifying key findings from linkage.
- **Compensation Linkage:** Feedback is included in incentive compensation plans.

**WORLD CLASS**
- **Financial Impact:** Financial linkage is actively understood/used in account planning and decision-making, such as forecast refinements.
- **Operating Integration:** Integrated metrics (customer/operational/financial/quality/employee) are actively managed as indicators of overall business health.
- **Employee Linkage:** Clear employee-related goals are linked with customer/partner-related goals which are aligned with strategic goals.
- **Compensation Linkage:** Feedback is customized by area and included in incentive compensation plans.
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Patrick Gibbons is a Principal and Senior Vice President for Walker, a leading customer strategy consulting firm.

Gibbons has global responsibility for definition, branding, and promotion of company and its solutions. He has published and/or contributed to a number of articles on customer strategies, has been a featured speaker at a wide range of conferences, and has produced a series of online and in-person forums for Walker clients. He is also one of the primary developers of Face Value—an award-winning, patented educational exercise that unveils the business impact of customer loyalty strategies.

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ABOUT WALKER

Walker specializes in customer loyalty and related customer strategies, including innovative approaches to segmenting, valuing, obtaining, serving, and growing customers. Walker’s diverse team of consultants provides tailored, comprehensive solutions to help companies achieve their business objectives and, ultimately, grow shareholder value. Walker’s consultants regularly conduct workshops and assessment programs to help organizations improve their ability to administer customer listening programs.

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The Walker Index is a stock index comprised of current Walker clients. Companies are included in the index only during their tenure as Walker clients. Companies attracted to Walker are committed to using the customer perspective as an impactful management tool. The Walker Index indicates these companies outperform the broad markets.

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