Customer culture outside the c-suite

CEOs get it. CMOs get it. Even most CFOs get it: customer experience matters to the bottom line and to sustainable growth. But if the C-suite cannot communicate the right messages and behaviours to the rest of the organisation, their good intentions are worth nothing

by Adrian Clamp
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The economic argument for engaging and retaining customers is indisputable. With technology bringing down barriers to entry in so many markets, customer retention is now integral to survival. But their loyalty is not a given.

A November report by market research firm Forrester, 2017 Predictions: Dynamics that Will Shape the Future in the Age of the Customer, found that 40% of customers have a high willingness to shift their spending. An additional 25% are on their way to developing this mindset. The report also found that customers who experienced disgust, anger or a feeling of neglect in an interaction were eight times more likely to not forgive that brand.

This reality is well understood at C-level. A survey of 100 CEOs carried out for KPMG by market research firm 3Gem found that their biggest concern is customer loyalty, with 85% citing it as a key challenge. As it becomes ever easier to develop and roll out new products and services, companies need to find new differentiators. For most, this means getting serious about customer experience.

C-level buy-in: breaking a vicious circle

That executive leadership is an essential precursor to taking the steps needed to reorientate an organisation around the customer. However, many organisations suffer from blockages that prevent the CEO's message from trickling down.

Middle management, the connector between strategy and execution, is often incentivised by the wrong metrics – or is too focused on its own departmental goals. Success becomes more about hitting targets than creating positive outcomes.

Employees, the people who interact with the customer on a daily basis and know their pain and promise points, can have their initiative drained away by burdensome rules or processes. These deny them the flexibility they need to respond to customer requests – and annoy them in the process.

Burdensome or bureaucratic systems often persist in organisations because executives don't get to hear from front-line employees. It's often those same systems or hierarchies that stifle feedback, meaning executives can't act. This, in turn, can lead to a rise in disillusionment and a lack of purpose among employees, which further degrades customer interactions.

Change is possible

But with the right organisational, cultural and technological approaches, CEOs can instigate real change. A great starting point is making customer experience their mission and express it loud and clear. Many companies want to be lots of things at once – the greenest, the safest, the fastest – and that can result in a muddied message. Put customers first.

Once that message is clear, focus on the wellbeing of employees. Systems should pick up on and reward exceptional performance with customers. And they should allow employees to share feedback, anonymously if desired, with the executive level.

This creates employee buy-in and clarity from the front line needed to adapt to customer desires. But the employee component must go deeper. Mark Mullen is the former CEO of bank First Direct, and a long-time customer experience leader. His mantra? Unless employees show warmth towards each other, they can never be expected to show it towards the customer.

A positive culture creates a platform upon which a compelling organisational narrative can be built. It replaces the vicious circle with a virtuous one. The John Lewis Partnership, as an employee-owned retailer, places this culture at its core. Employees are not only invested in the success of the business (they all take a profit share), but also demonstrate brand values such as unity, democracy and stewardship. It's a culture that's attractive to customers and potential recruits alike.

Even small procedural tweaks can make a significant difference – changing key performance metrics, for example. E-commerce technology provider Pitney Bowes struggled with silos, where individual business units lacked almost any alignment with each other. Customer queries were passed back and forth between departments. By adding a 'time to resolution for the customer' metric to the

scorecard for its Tech Support, Engineering and Product Management divisions, the firm was able to share accountability for the customer outcome and get all three departments looking outward.

Digital transformation: the engine for change

The final, underlying component is digital transformation. New channels, particularly social media, speed up customer interactions and create genuine dialogue. So systems have to be as flexible as possible. That's one reason cloud computing – which allows companies to re-scale and modify their systems with minimal disruption – has been a boon to customer focus.

Today's whole digital architecture should be customer-centric, in fact. Digital transformation drives the integration of all business functions - from Finance, to IT, to Sales - and positions them around the customer.

This offers the CEO a holistic view of the enterprise, a close-up perspective on the customer journey, and can ensure their enthusiasm for customer experience disseminates through the organisation. At KPMG we often speak about CEOs not just being able to write the appropriate cheque, but also have the organisation able to cash it. This requires aligning the front, middle and back office thoughtfully and deliberately.

Becoming customer-focused is a journey, not a decision. Real change is required to achieve it. But with the right leadership from the CEO and an objective, innovation-focused mindset, this positive transformation is eminently achievable.