



Engaging Consumers

Purposeful, well-designed customer experiences can result in many rewards. Here's how to ensure your company is truly delivering.

By Roy Barnes

How much more expensive is it to serve a customer who is continually frustrated in his dealings with your company than it is to serve a satisfied customer? What is the adoption-rate difference of new consumer-enabled technologies between those customers with whom you are connected versus those you engage in only a transactional relationship? What is the financial cost benefit of having a larger percentage of your customers behaving “perfectly” by using all the lowest-cost channels for service, payments and other transactions with your company?

The answers to all of these questions may be found in studying return on customer experience (ROCE). ROCE is a must-focus-on metric for every sector of business these days. The recent customer mishaps of big brands like Toyota, Netflix and Susan G. Komen for the Cure provide clear warning signals that dismissing the financial importance of customer experience would be both a short- and long-term mistake.

Examples of Customer Care Gone Bad

Several months after Toyota’s sudden unintended acceleration problems began, CEO Akio Toyoda, in an unexpectedly candid statement before the U.S. House Committee on Oversight and Government Reform, said: “Our priorities became confused ... our basic stance to listen to customers’ voices to make better products became weakened. We pursued growth over the speed at which we were able to develop our people and our organization.”

Eventually 58 people were alleged to have died as a result of this loss in focus. Toyota paid \$48.8 million in fines and fell to 360th place from third place the previous year in the *Forbes* ranking of the world’s leading companies in 2010. General Sentiment, a marketing firm specializing in measuring brand value/equity, suggested that Toyota lost at least \$250 million in brand equity as a result of the sudden acceleration problems.

In the case of Netflix, we now know the customer reactions to the decisions made by CEO Reed Hastings surrounding increasing prices, Qwikster and the subsequent retrenchment. The company lost 1 million more customers than anticipated, and Wall Street sent the stock price down 75 percent, from \$304 to \$74. Financial estimates suggest that Netflix profits may be reduced by 95 percent and that the company may lose money for the entirety of this fiscal year.

For the executives of the nation’s leading breast-cancer charity, it was a tornado they

didn’t see coming, and they had no idea the destruction their decision to stop funding Planned Parenthood would have. In the course of one week, Komen adopted new criteria for future grants for breast-cancer screenings then, facing instant and overwhelming negative feedback from customers as well as traditional and social media sources, reversed its decision.

The Komen issue on Twitter generated an average of 3,000 tweets an hour, with a huge volume of more than 15,000 messages per hour posting after news of Komen’s decision reversal broke.

The Lessons From Losses

What are the important lessons we can learn from these recent events?

- Toyota weakened its once industry-leading customer listening skills.
- Netflix utterly underestimated customer defection.
- Komen was blindsided by its supporters’ viewpoints and immediate and active use of new social media sources.

Are you aware of what’s really happening to the depth, breadth and quality of your organization’s customer experience? In an age when losing sight of your customers’ needs, wants and desires can result in an instantaneous brand and financial hit to your company, smart leaders must take a much more proactive approach to thinking about and managing the customer experience.



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Four Steps to Get Started

Creating a customer experience that benefits both the consumer and your utility can be achieved by following several steps.

1 Be clear on the definition of what customer experience is and isn't. Customer experience is not occasional, random acts of niceness. It is not your staff acting heroically to overcome distinctly customer-unfriendly policies. It is not an annual holiday message displayed along the bottom of customers' monthly statement.

Customer experience is much more than that. It is the purposeful, proactive design of experience at every customer touch point in your business. Touch points are all of the points where the customer may interact with you. In the utility business, examples of typical touch points are face-to-face, telephone, web, mail and email interactions like:

- service start, transfers and stops
- meter reads
- billing
- service interrupt notification
- field work for survey, repair, trim and maintenance

2 Get precise with your experience delivery design statement. Are you clear on the exact experience you want your customers to have when interacting with your organization? As a test of your organization's alignment on what experience should be delivered, go ask your top 10 senior leaders to each write down the three words that best describe the experience that your organization is trying to deliver. If your leadership team is like most, you will likely find precious little alignment on what exactly should be delivered. Remember that if your leaders aren't

aligned, the rest of your workforce isn't either.

To proactively create experiences at your touch points, you need to have a clearly written design statement that can be used by cross-functional teams to build purposeful, well-designed customer experiences. This isn't an executive order urging more technical proficiency or fewer errors. The experience delivery design statement should be aspirational in describing in emotional terms what every customer should feel and experience at each of your touch points. Its focus should be external, not internal.

A design phrase like: "We want our customers to feel satisfied" is too broad, too bland and too blah. Take a look at the thoughtful experience delivery design statement from a utility company based in the West: *"At every point of interaction with (company), I feel that I am dealing with people who listen and genuinely care about me. They are efficient, open and honest; communicate appropriately; and are easy to do business with. When problems arise, they are competent, fair and responsive problem solvers. I trust them to be proactive and always be there with information and advice that allow me to control my energy costs. I can rely on (company)."*

Note that this experience delivery design statement is written from the consumer's perspective. Unless you and your organization have formally stated an experience delivery design, it is likely that each individual operating or designing your customer interactions is determining for him- or herself what the customer experience should be. That's the equivalent of a major film studio releasing a feature-length movie, shot by 635 different film crews, with 73 different sound engineers and 1,300 actors all in different period costumes and expecting it to make sense to the audience

3 "Map" where your experience is delivered. Experience isn't just design, it's action. And where your experience is manifested is not around the boardroom table, in quarterly meetings or printed on coffee mugs. Experience is delivered by the front line, at each of your customer touch points.

The next step in the process is to create a simple one-page chart or map that depicts all of the major customer touch points for your organization. This is not an internal process flow chart. It is a visual representation of where your customers interact with you (on your websites, email, direct mail, call centers, storefronts, vehicles, line crews, door hangers, etc.). It is a top-down, outside-in view of how a customer experiences you.

7 Questions Utilities Should Be Asking About Their Customer Care

- 1} Do you have the appropriate balance between your physical product orientation and your customer experience orientation?
- 2} Is the experience you want your customers to receive clearly stated?
- 3} Is it written to be an outside-in design template versus an internally focused communications slogan?
- 4} Are you hiring customer-facing employees who can actually deliver the experience you want?
- 5} Are your touch points mapped and prioritized?
- 6} How are you measuring performance?
- 7} Who is responsible for the entirety of your customers' experience?

—R.B.

Most organizations of any size will have between 75 – 200 major touch points on their maps.

At most of your touch points:

- An action or process is being performed
- Expectations are being set
- Emotions are being created
- Employees are behaving in some way
- Customer data are being used
- More customer information is gathered
- Collateral is being given out

And at every one your customer's experience is being formed, renewed or evolved.

Even a simple, first-pass effort at mapping your touch points will illustrate just how fractured the ownership of the customer experience is likely to be in your organization. In most organizations, no one leader really "owns" the entirety of the customer experience operation or strategy. Typically, the only people who see and feel your total experience are the customers themselves.

4 Link your experience delivery design with your touch points. Here's where the real work is. Each customer touch point should be brilliantly designed to not only meet transactional customer needs but also to purposefully deliver the desired experience.

Your next steps will be to: understand who "owns" each touch point from an operational perspective (sometimes easier said than done); understand how customer data and "knowledge" flow (or don't flow) through each touch point; understand and prioritize the touch points by business value (e.g., opportunities for revenue growth, cost containment, value to brand strength, etc.); understand and prioritize the touch points by where the consumer receives the most value; and understand what if any quantitative measures are in place to objectively monitor performance against the specific elements of your experience delivery design.

This last point is critical. To close the loop and keep this customer experience work from being just another "flavor of the day" program, it is essential to put specific quantitative measures in place that give broad visibility on how well you're doing in delivering your desired customer experience.

So, using the experience delivery design statement noted earlier as an example, disassemble it into measurable pieces. And then at each appropriate touch point, use informal dialogues, surveys or whatever means are

available to determine your success.

Best-in-class organizations that have had a proactive customer experience program in place are evolving their compensation packages to include experience delivery in the mix. Incentives are being tied not only to improvements in customer experience at specific touch points but also to metrics that measure the entirety of the experience.

Happier Customers = Many Benefits

Several years ago, a global hospitality company was able to definitively show that every percentage point improvement in customer experience/engagement scores resulted in an additional \$1.8 million profit annually. This figure was calculated by looking at the correlation between customer satisfaction scores and referral rates, re-purchase rates and other 'cost to service' metrics.

Choose your own reason to pursue a greater ROCE:

- Increase revenue by being able to maximize allowable rate increases.
- Increase revenue by increasing your share of customer spending on energy-related products and services.
- Reduce cost by eliminating non-value-added process waste.
- Improve cycle times by creating customer partnerships.
- Build customer success by being easier to do business with.
- Build loyalty and a willingness to adopt new technologies.
- Clarify for your employees the roles, actions and attitudes that drive greater job satisfaction.

Business has changed irrevocably. While improvements in financial results and process efficiency remain front and center in executive-level discussions, deep customer engagement and experience execution must also find their place in the ongoing strategic dialogue.

In a perfect storm, customers' expectations are rising exponentially at the same moment when real-time social networks are allowing customers' collective delight or discontent to be instantly shared and mobilized.

Take the time now to study your organization's customer experience and set metrics to ensure customers stay content. ♪

Mark Your Calendar

Roy Barnes will be speaking on "Building a New Customer Experience" from 8:15–9:15 a.m. Tuesday, April 10 at the AGA/EEI Customer Service Conference & Exposition in Fort Worth, Texas. To learn more about the conference, contact AGA's Jim Linn at jlinn@aga.org.

