

## From Insight to Impact

Establishing Lasting Customer Experience Strategies by Barbara March, CEO

In today's market, commoditization of account features and open architecture of investment products has led to a leveling of the playing field among financial services organizations. As in other industries that offer intangible products, many firms are finding themselves competing heavily on attributes of service.

Yet in an industry of excess capacity, where continued consolidation is a certainty, there is danger in relying on a high-touch customer experience as the business's sole value proposition. As the prices that consumers are willing to pay drop further and resulting margins grow thin, service will be the next frontier for evaluation in cost reduction efforts. Savvy firms are looking to capitalize on their ability to establish long-term relationships with their customers, translating the immediate service imperative into future business strategies and growth objectives.

While customer experience has become the buzzword of the decade, creating a truly positive customer experience is not an easy endeavor for many organizations. We see financial services firms across the industry articulating strategic visions and drawing idyllic journey maps but later struggling to turn them into actual experiences that can be monetized. Let us share some practical insights that can help guide organizations toward a more successful outcome.



## Five Critical Factors for Establishing Lasting Customer Experience Strategies

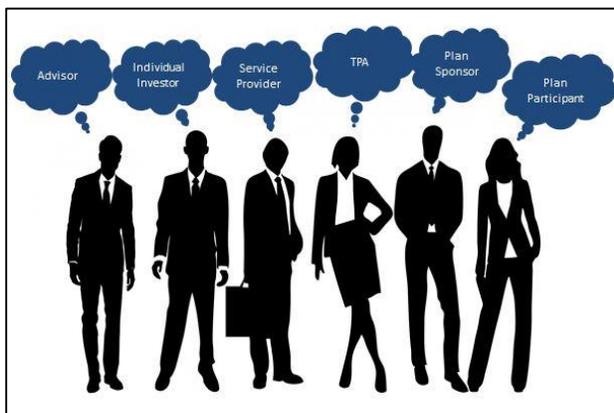
### 1. Identify the Customer

"Who is our target customer?" This question often conjures a clear answer in the heads of executives. But, if the entire c-suite of most organizations were polled, it is unlikely that the answers from different departments would be the same.

Often, executives across financial service organizations do not share the same image of their *primary* customer. This disjointed focus can originate because the business has over time adopted a "we serve everyone" mentality, or as a result of internal departments representing unique businesses or functions that interface with different customers and constituents on a day-to-day basis. **It is extremely difficult to organize and align customer experience strategies without an identified, unified target.**

## *The first step to establishing a comprehensive customer experience strategy is to develop a hierarchy of customers.*

This is not to say that the organization should ignore customers beyond the primary identified target. Instead, they should establish criteria by which limited resources (e.g., people, capital dollars, etc.) will be allocated.



## **2. Align Business Objectives to the Customer**

The next organizational challenge is to align business objectives to address the specific needs of the primary customer.

Often, organizations fall short of this step, thinking that adopting new internal customer-focused terminology or designing customer experience vision statements is enough. Many struggle to migrate from traditional siloed processes to an external mindset, which requires a significant cultural shift augmented by new capabilities.

Management teams must set expectations that are aligned with their vision of the value they want to deliver and must monitor whether those expectations are met. Fact-based measurement structures where teams are compensated for adhering to the new business objectives prove to be a form of positive reinforcement that can move a business to the next level of being a truly customer-centric organization.

## **3. Create the Blueprint and Design the Experience**

Even with buy-in from the entire team, from executives to front-line associates, the work has only just begun. The phrase “exceptional customer experience” will evoke a variety of interpretations from each member of the team. A concise, shared definition must be developed in order to mobilize the company toward a goal that both promotes the brand and mitigates associates talking past each other with inferences that are not aligned. This can be done with a two-step approach.

First, the organization must clearly articulate the emotion that they want evoked when a customer interacts with the brand. Leveraging the value proposition and corporate value statements, they must construct a brand promise – the foundational commitment that will be supported throughout each interaction.

The second step is to define guidelines for key interactions. These guidelines interpret the brand promise and establish criteria for how each capability within the organization should respond at points of customer contact. By providing a blueprint, or experience principles, managers empower groups across the organization to make decisions about the detailed engineering of interactions that will foster the most positive service experiences.

## *Each engagement channel should be held accountable to the experience guidelines and overarching strategic goals that span the customer lifecycle.*

Often, businesses simply focus on the newest or most visible communication channels rather than taking an integrated approach across all channels. This detrimental practice can be seen in organizations that have placed their focus solely on the development of their digital channel to drive their customer experience strategy. Additionally, there must be an equal emphasis on aligning data management policies with customer experience strategies. Comprehensive and accurate data is a key enabler, along with the ability to interpret and leverage behavioral insights for more advanced strategies.

## Insights in Action:

### Business Challenge

A financial services firm had struggled to differentiate themselves in the market, despite a clear intent to differentiate on service.

### Solution

Working with the management team to establish priorities, it was first determined that the financial advisor was the optimal target to enable their long-term business objectives. They then aligned around the tenets of their brand promise and core customer experience principles to best drive solid advisor relationships. What followed was a reorientation of the product offer, operating model, and supporting business processes. Each took into account all customer types and interactions, but the clear guiding principle was “advisor first.”

By establishing a primary customer target, the firm was able to align their resources and engineer a solid customer experience strategy.

## 4. Apply the Right Management Structure

A successful customer experience journey often requires the development of new capabilities that may not have existed previously within the organization. Leading the organization to effectively establish lasting relationships with the primary customer requires a clearly articulated statement of strategic importance from the most senior leadership as well as ongoing transparency. Likewise, execution of that strategy requires focused engineering, and someone must lead the charge to make sure that policy decisions, communication strategies, and measurement systems bridge the gap from concept to reality. Some firms have appointed a Chief Customer Officer to their leadership team to lead this charge, while others have opted to empower key functional leaders to drive the evolution of the organization.

Also critical to success are strong enterprise processes. Businesses spend every day allocating a restrained supply of capital and human resources to a seemingly unlimited

demand for services. In order to commit to a customer-centric business model, firms must implement management structures and strategic processes that properly address these conflicts. An example of an effective management structure is one that oversees the operating budget allocation process, incorporating criteria for allocating capital dollars to reinforce customer-centric behaviors and strategically beneficial customer experiences.

## 5. Commit to Success

The real work begins when organizations make a commitment to the long haul. It is common for firms to form a vision and note the benefits of change but then become discouraged by the amount of time needed to make the strategy a reality.

Executing against the many interdependent capabilities that must be in place can be a challenge for financial services firms as many struggle with immature enterprise processes, unsound data management practices, and lack of management-by-fact competencies. This challenge can be addressed by assessing this series of questions:

- What are the organizational capabilities that the business needs in order to successfully execute on a customer experience strategy?
- Does the organization possess these core capabilities?
- Are both the capabilities and teams strong enough to attain the goals that management has set?

Each of these factors is critical for establishing holistic customer experience strategies that drive long-lasting outcomes for the organization.

With top to bottom strategic alignment, thoughtful engineering, and cross-functional execution, organizations will be able to form relationships that engage and influence their customers. The result is enhanced customer trust, affording the firm the opportunity to help them understand the best way to optimize available products and services, to promote better behaviors, and ultimately to drive long-term success for both parties.