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CUSTOMER EXPERIENCE

MATURITY ASSESSMENT

White Paper

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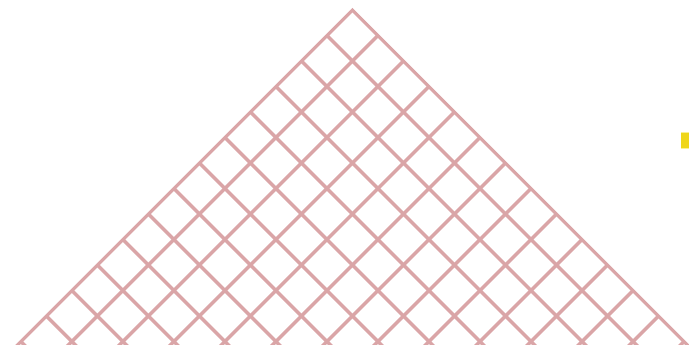
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EXECUTIVE SUMMARY

Customer Experience Management (CXM) is an emerging business strategy and practice, offering clear bottom-line benefits for organization embracing it. However, it is a complex discipline that requires dedication and coordinated effort throughout the entire enterprise.

Most companies struggle to find the right approach and setup for CXM. As for any commercial endeavor, the crucial first step for successful CXM is to make a detailed plan, based on a clear understanding of current strengths and weaknesses or the business, as well as concrete and achievable goals.

A customer experience maturity assessment (CXMA) examines the current status of CXM in an organization, across all relevant customer experience dynamics. It delivers a holistic roadmap, with concrete actions in different customer experience areas, aligned with management goals.

> " A customer experience maturity assessment (CXMA) examines the current status of CXM in an organization. "

INTRODUCTION

In today's hyper-competitive business landscape, products and services are becoming more and more commoditized and more difficult to differentiate. Furthermore, gaining a competitive edge through internal process optimization is increasingly difficult.

Today's newly empowered customers are better informed, have more choice and have access to a wide range of tools to help evaluate products and services on offer, both locally and globally. The propensity for customers to switch gains traction, whilst differentiation between competitors becomes narrower.

Social media and networking across numerous forms of communication technology provides an ideal disruptive platform, making it easier for customers to generate crowd impact on brand reputation and purchasing trends.

CXM is the combination of processes and procedures a company uses to track, oversee and organize every interaction between a customer and the organization throughout the entire customer lifecycle. The goal of CXM is to optimize these interactions, to develop deeper commercial relationships, and promote customer loyalty.

Customer experiences include not only interactions through traditional channels, such as the purchase process, customer service process and brand interaction, but also, increasingly, through social media channels. To manage the customer experience, companies must create a holistic strategy that encompasses all internal customer touch points across the organization, and all external customer touch points with the brand. Voice of the Customer (VoC) technologies, key to understanding customers, provides the essential tools to execute such a CXM strategy.

CXM is a new strategic driving force in transforming business today. Tomorrow's winners will be those companies able to understand and master CXM best practices, and those most able to integrate VoC technologies within their operational processes.

In today's hyper-competitive business landscape, products and services are becoming commoditized and more difficult to differentiate.

CXM makes sense >>   CXM benefits >>   Business analysis:

A range of industry statistics show that most companies, which excel in the area of the customer experience, are able to generate greater profits with a much faster ROI, compared with other business process levers.

CXM benefits can be better understood through leading IT industry research houses, such as Gartner, Forrester and Hypatia. All of which uncover varying degrees of maturity along different industry verticals.

CXM is difficult to master:

- Show reasons why CXM is difficult to implement and improve.
- The road to CXM maturity is a long and difficult journey. It is crucial to plan each step in a structured way.

Companies fail with their CXM initiatives due to 3 main reasons:

- Misalignment of different CXM projects due to missing or wrong overall plan.
- The VOC and client insights are not used in an actionable way.
- Missing CXM governance and top management alignment.

The best way to start the CXM journey is through a customer experience maturity assessment (CXMA).

" Tomorrow's winners will be those companies able to understand and master CXM best practices. **"**
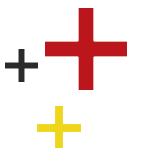
PURPOSE OF MATURITY ASSESSMENT

The main reasons for doing a CXMA are:

- Receive an accurate picture of the status of the company's CXM position, it strengths and weaknesses compared to competition and best practices.
- Boost the awareness of CXM in the organization and get full understanding of which dimensions need to be dealt with within CXM.
- Receive a realistic view of what it takes to move to the next level of CXM maturity.
- Prioritize actions and build a roadmap for CXM development.
- Align management team behind a single plan. Assign responsibilities.

CXMA deliverables:

- AS-IS status.
- Strengths and weaknesses. Engage stakeholders.
- Align management and organization. Develop a high level roadmap. Basis for all CXM actions.
- Identify possible quick wins.

CXM is an enterprise-wide initiative that spans different activities, units, people, processes, etc. In order to assess the maturity of CXM one needs to look at all of the various dimensions of CXM separately, and to understand how the different factors need to come together to deliver the overall CXM of the organization.

Maturity levels:

We define CXM maturity in five distinct levels, namely initial, developing, defined, managed and optimized. Gartner research indicates that the majority of businesses are still within the first two maturity levels, with many companies making progress in the last two years.
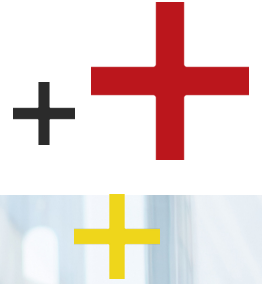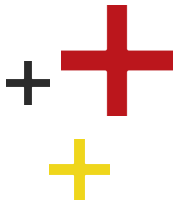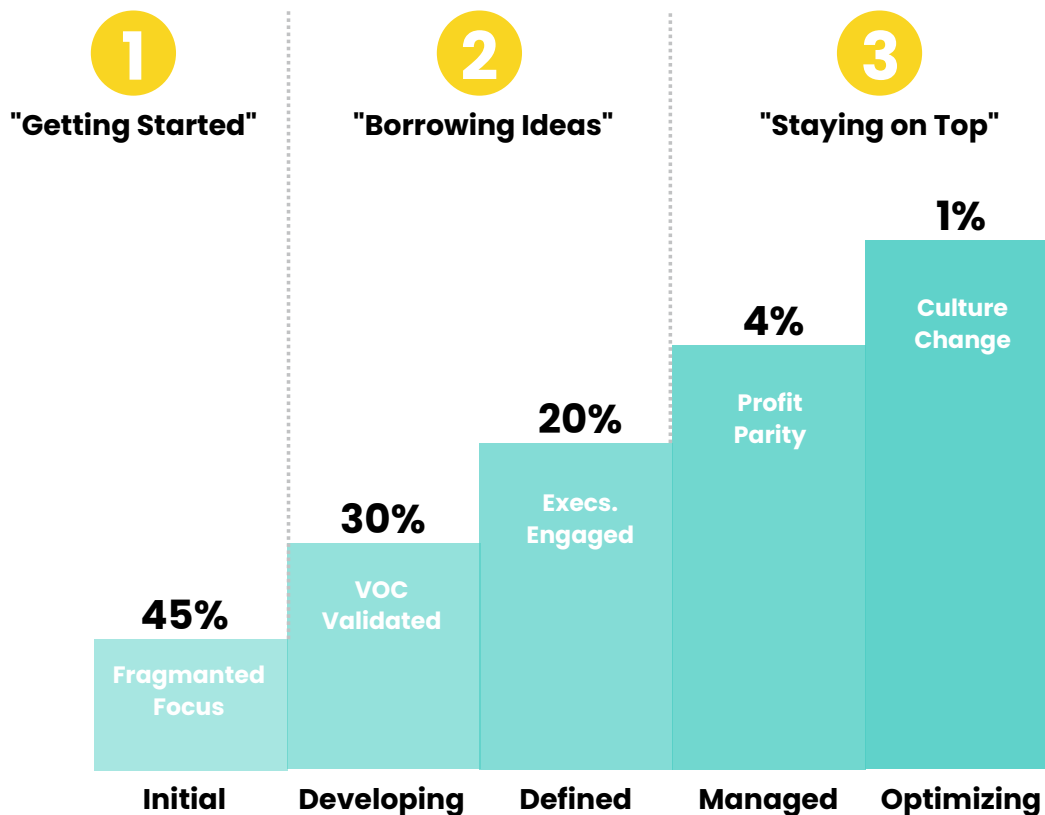
Important: CXMA is a crucial first step to get the CXM initiative to a right track. Use consultants with hands-on experiencein transforming businesses into CXM- focused enterprises.

GARTNER CXM MATURITY LEVELS

CUSTOMER EXPERIENCE MATURITY MODEL

1 "Getting Started"

2 "Borrowing Ideas"

3 "Staying on Top"

| Initial	Developing	Defined	Managed	Optimizing
45% Fragmanted Focus	**30%** VOC Validated	**20%** Execs. Engaged	**4%** Profit Parity	**1%** Culture Change

● **At level 1** of CXM maturity the company's CXM strategy is entirely fragmented, with no or little definition in terms of goals or perceived requirements. In most cases, business processes are not coordinated across departments, customer information is not shared and little value is placed upon the quality of the customer experience.

Furthermore, there is no advocacy of CXM at decision-making levels, and there is zero buy in from key stakeholders.

● **When moving to level 2** of maturity, the company has identified the value of CXM, and has begun to take steps towards deploying a unified solution. The current initiatives, which gather or act upon customer feedback will have been reviewed and documented. Shortcomings will have been highlighted and a range of improvements will have been planned. CXM will have become the responsibility of a clearly defined individual or group and a plan for development will have been agreed on.

● **However, in level 2,** the company is still only just beginning its journey towards CXM maturity. Although the benefits of CXM may be apparent to groups/departments, there will be no executive buy in. Due to this situation, individual groups may be actioning their own independent initiatives, which contradicts the need for a unified, enterprise wide CXM solution. Available tools which capture or action customer feedback will not share a common data repository, and will not be available to every department.

● **At Level 3,** CXM is recognized as a critical requirement for the business by executives and senior management, and is now being proactively driven by them. Senior management and key decision makers will have clearly outlined the company's CXM agenda, and the organization will be aware of it. A senior person has been charged with the overall CXM initiative, and a team or task force is in place to steer the company's CXM project as a whole. Short, medium and long term goals will have been defined and a set of standardized processes designed to further separate projects associated with CXM. Governance boundaries will be in place and some form of compliance tracking in effect.

● **By level 4,** the company is not only subscribed to CXM as a future tool which will help it get ahead in the marketplace; moreover, it has already begun to reap positive rewards from the CXM strategy implementation. All employees are aware of the importance of CXM, and are actively encouraged to act in a more customer centric manner, as well as given the training and tools to do so. The customer experience is now driven by a set of clearly defined processes and managed by capable systems. There is a unified CXM strategy in place, and fragment CXM initiatives at departmental level have been joined into a single overall CXM policy. VOC is being captured and analyzed holistically and client insights are a central part of the business development process.
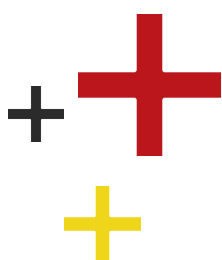
Level 5, the optimized level, is a significant milestone along the road to CXM maturity. By this level, CXM has been adopted as a working culture, not simply a set of standards which employees are expected to work to. Employees are now empowered to make the best effort towards improving the customer experience using their own initiative.

A complete, holistic, 360-degree view of the customer experience is now available, by using a unified VoC Hub to interrogate a single data warehouse. All governance requirements and the working practices generated are now firmly ingrained in the day to day working practices of every department and employee.

The company recognizes it has achieved some exceptional results with its CXM initiative so far, but also realizes that it must continue to refine its CXM strategy to adapt to market changes, and the ever-evolving voice of the customer.

Overall, the entire culture of the company will have changed to become focused on the customer experience in a way it never has previously, and everyone, at every touch point between the customer and the company, can see benefits.
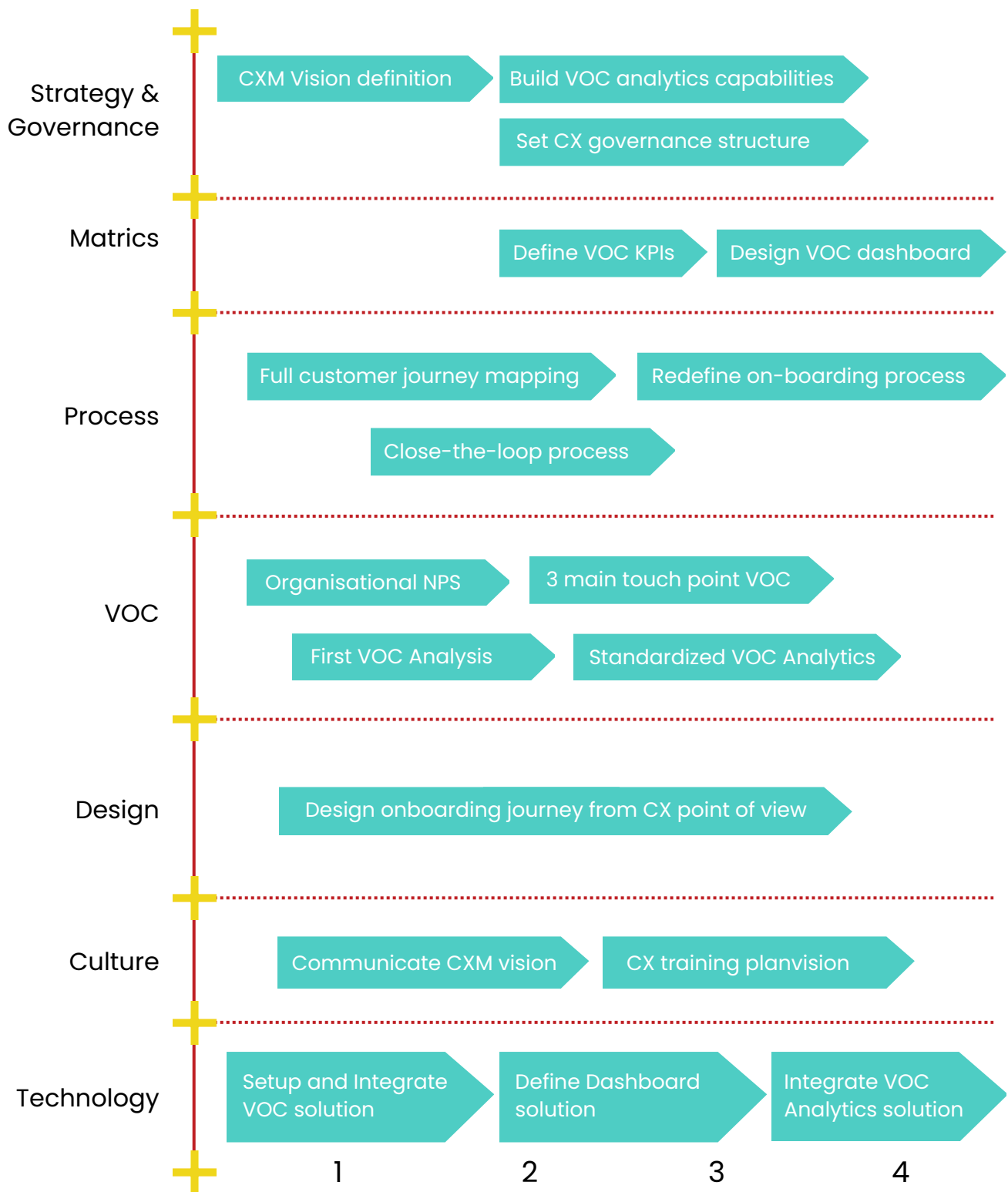
ASSESSING CXM MATURITY

To establish the CXM maturity of a company, we evaluate 14 relevant dimensions, each of which contribute to the overall level of maturity within the company. The dimensions are evaluated during structured interviews of all relevant stakeholders and hence give a holistic view of the maturity of CXM in the organization.

The organizations current practices and structure is confronted with CXM best practices along each relevant dimension. A subsequent gap analysis reveals the strengths and weaknesses of the status quo.

CXM ROADMAP +

|	1	2	3	4
Strategy & Governance	CXM Vision definition	Build VOC analytics capabilities		
		Set CX governance structure		
Matrics		Define VOC KPIs	Design VOC dashboard	
Process	Full customer journey mapping	Redefine on-boarding process		
	Close-the-loop process			
VOC	Organisational NPS	3 main touch point VOC		
	First VOC Analysis	Standardized VOC Analytics		
Design	Design onboarding journey from CX point of view			
Culture	Communicate CXM vision	CX training planvision		
Technology	Setup and Integrate VOC solution	Define Dashboard solution	Integrate VOC Analytics solution	

CXM GAP ANALYSIS

Once a clear picture of the current status has been established, a CXM roadmap should be defined. This phase requires intensive cooperation within the management team, in order to derive a realistic plan that is aligned with the overall management goals.
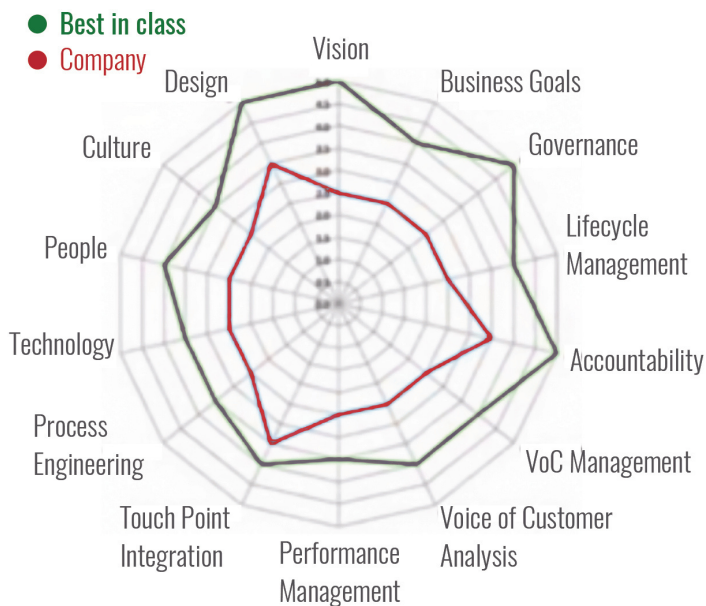
The roadmap needs to consider different aspects of CXM, including strategy, internal communication, processes, incorporation of voice of the customer capture and analysis and a measurement plan. However, usually the most crucial part is to set up a working CXM governance structure that is required to rollout the plan. The governance structure is of great importance not only to work out the plan, but more importantly, to guarantee the necessary future alignment with the organization.

CXM is a wide-reaching activity, encompassing different departments and various practices within the organization.

As CXM matures, these practices must work and evolve in concert, leading to a company- wide adaptation of a CXM approach to working. This can only be achieved with a wide governance structure that bridges the various silos, and guarantees the necessary top management attention.
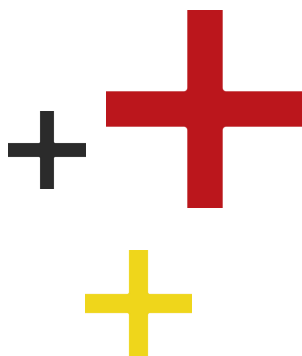
GET THE FULL BENEFITS OF THE ASSESSMENT

- CXM Assessment is not a "paper exercise". AS-IS situation of the CXM maturity is not enough.
- SANDSIV consultant, with extensive CXM experience, analyses the strengths and weaknesses.
- SANDSIV consultant defines the actions to get organization to next level.
- Especially important for lower CXM levels is to setup the right CXM governance structure.

- Workshop to define the CXM roadmap. ŸWorkshop to align management team. Start quick wins.
- Roll out the governance indications. Capture VOC and integrate VOC insights with actions.
- Establish a clear roadmap.
- Execute the roadmap.

CONCLUSION

- CXM requires an organizational change ŸReach for the moon, but keep your feet on encompassing strategy, operations, marketing, IT, and business processes.
- Above all, CXM requires new thinking and integration of a customer view within all aspects of the company.
- To manage the transformation it is important to make a structured assessment of the situation and to build a holistic roadmap
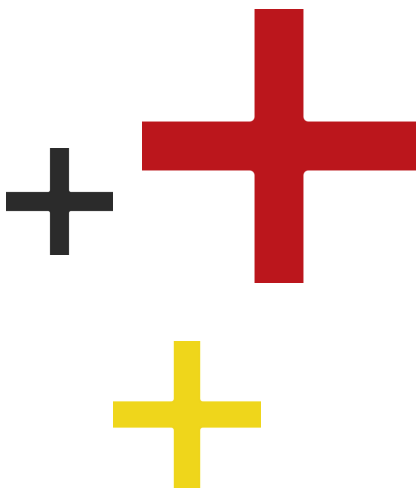- Reach for the moon, but keep your feet on encompassing strategy, operations, marketing, IT, and business processes.

" To set up and develop your CXM endeavor in the right way contact one of our expert CXM consultants. "

ABOUT THE AUTHOR

DR. JUKKA HEKANAHO

Dr. Jukka Hekanaho has 30 years of experience in data mining, and is an expert in both customer intelligence and delivering client-centric solutions within the fields of customer experience management and customer relationship management.

Prior to and after joining SANDSIV, Dr. Hekanaho held various management positions in the financial industry and worked as customer experience consultant within various industries.

Dr. Hekanaho holds a PhD in Data Mining from Åbo Akademi University.

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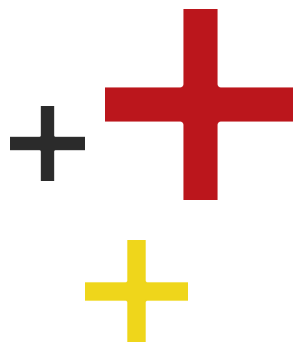
ABOUT
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SANDSIV is a Swiss software provider located in Technopark Zurich, Switzerland's main technology hub. Listed as a leading VOC vendor in Gartner's recent VOC Market report, SANDSIV has built its reputation in delivering its state-of-the-art Voice of the Customer enterprise solutions "sandsiv+" to advanced CX teams at leading organizations throughout EMEA, including leading companies in the telco, financial services, utilities, retail and transportation sectors.

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