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customer intelligence **made in switzerland**



# A MATURITY MODEL FOR CUSTOMER EXPERIENCE MANAGEMENT

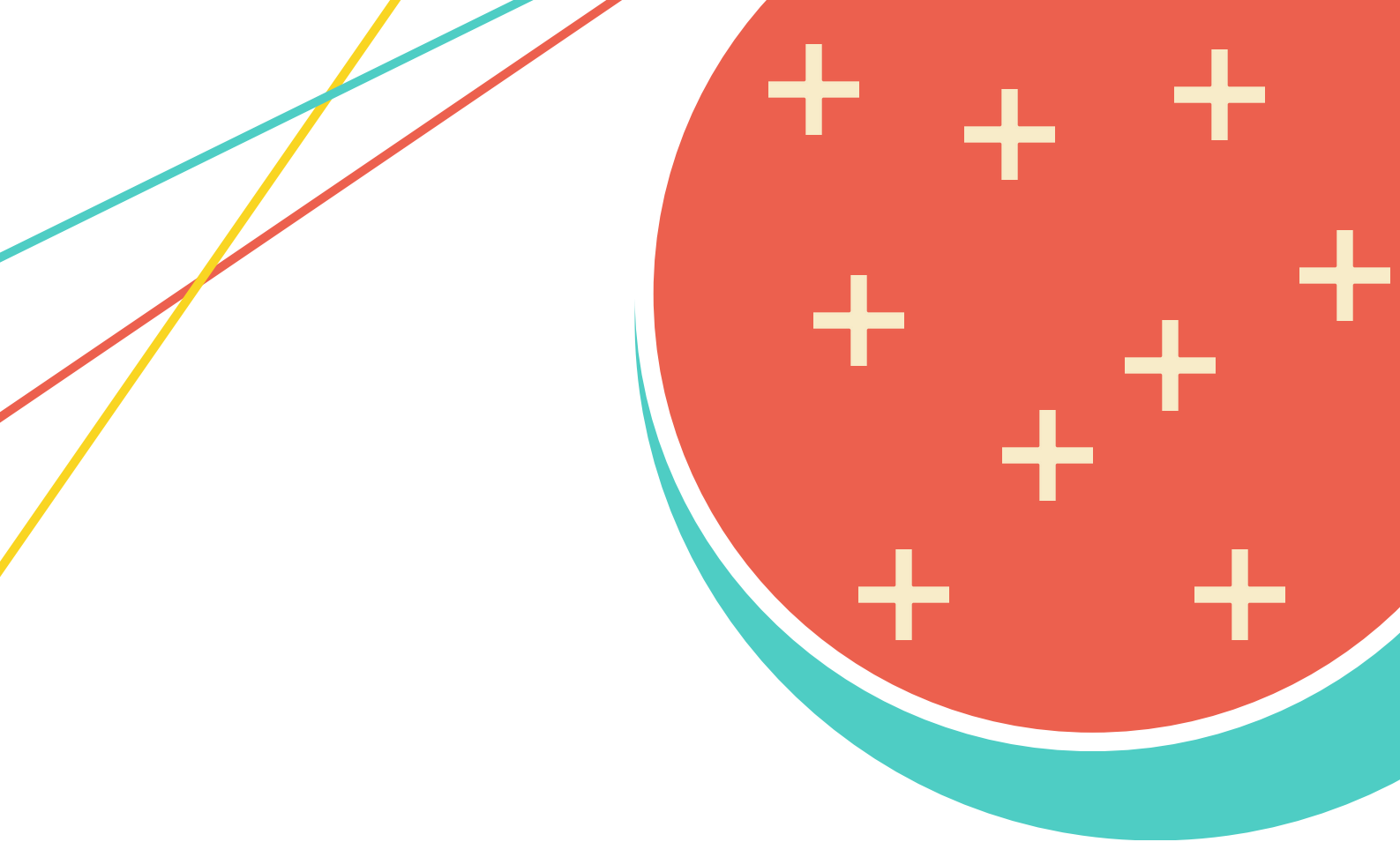
**WHITE PAPER**



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# FIRST STEPS TOWARDS CXM MATURITY

When setting out along the road towards an enterprise wide Customer Experience Management (CXM) solution, it is vital to map the entire journey beforehand. You may know where you wish to go, but you need to plan carefully how to get there, and this includes understanding your starting point fully.

Within this document you will find a basic road map and strategy for taking a company's current CXM (or lack of it) methodology and developing a mature, valuable set of processes which will enable the company to excel in its CXM endeavors.

CXM is an emerging strategy and corresponding set of business practices, so it is not surprising that a vast majority of companies are still in the early stages of adopting CXM (more than 2/3).

Alongside this, there seems to be a wide gap in service delivery quality between companies that have no, or very few, CXM strategies in place, and those that are well along the road to adopting CXM enterprise wide. Technology is the key to closing this gap for companies that wish to take the fast track to CXM implementation. The kind of technology that delivers real time insights, by interrogating both structured and unstructured data, streams across multiple channels.

SandSIV is able to help every enterprise navigate the road to CXM maturity, assisting at every stage. SandSIV delivers technology solutions that facilitate the adoption of CXM as a business tool across the entire enterprise.

# LEGACY TECHNOLOGIES AND METHODOLOGIES

There are two outdated sets of business processes which are still used by many organizations, and which have now been superseded by CXM. Both, Customer Relationship Management (CRM) and Enterprise Feedback Management (EFM), have been proven to be less effective than CXM at every level.

## + CRM - Ineffective and Outdated

CRM was first developed as a method of maintaining the customer relationship more than two decades ago. During this period, many organizations have invested heavily into both, technology and operational changes, to implement a viable CRM solution. Unfortunately, despite this investment, the customer relationship has not improved in line with the investment made.

The limitation of CRM is that the methods used to capture customer opinions are limited, and the data once accrued is not shared across the entire organization, so valuable data is not being exploited to its fullest. When faced with the fact that an expensive CRM solution is not delivering

the expected boost to the customer relationship, many companies have chosen to attempt to augment the failing CRM initiative by rolling out an EFM system by additionally rolling out...

## + EFM - Simply not Enough

As explained above, CRM does not encourage the sharing of data across the entire enterprise. EFM is often employed alongside CRM to overcome this problem. EFM enables the company to build a warehouse of gathered customer data, which have been obtained via CRM and which can be interrogated in many ways. Although this is an improvement, there is still a specific problem with combining CRM with EFM. All feedback, which has been warehoused and shared across the organization, has only been gathered in a single fashion, and this is when the customers are aware that they are giving feedback. This is an underlying problem with CRM, not with EFM, but it is still limiting the effectiveness of EFM.



## + From Capturing Feedback to Listening to the Voice of the Customer

There are three broad channels of customer feedback:

- Direct
- Indirect
- Inferred

Direct is when the customer is giving conscious feedback to the organization, typically through a survey or complaint.

Indirect is when the customer is providing feedback about the organization, but it is not direct feedback to that organization. It's about them, but not to them. This could include social media like Twitter or Facebook.

The third category is the inferred area, where customers are not actually telling you something specifically, but it can be determined based on operational data associated with the experience.

This could include IVR click stream, hold time, or any other operational data that gives clues to how the customer's experience went. We define the Customer Intelligence coming from these 3 different channels as Voice of the Customer (VoC).

## + CRM & EFM - Combined do not Capture Every Voice

Any solution which is intended to capture and act upon the VoC needs to encompass all three categories. CRM & EFM combined only capture the direct VoC and entirely ignore the indirect and inferred voices.

The only effective way to eliminate the shortcomings of CRM, EFM or a combination of the two, is to commit to CXM, and implement a company-wide strategy, which is actioned via a Voice of the Customer Hub (VoC Hub) (F.Cesconi, 2012, 'The customer has a voice, listen to it all times').



# TECHNOLOGY DRIVES CXM MATURITY

By implementing a feature rich VoC Hub, a company can progress along the road to CXM maturity much more quickly.

A VoC Hub provides the company with the technology required to deliver a single platform, which is capable of reporting on the status of the customer relationship in real time. This is a critical tool for ensuring that a swift route to a mature CXM model is taken.

A fully unified VoC Hub can gather customer feedback across multiple channels, locations and touch points. This includes both, online and offline channels, along with structured and unstructured data sources.

Once a VoC Hub is in place, the company will begin to benefit from a much clearer, 360 degree view of the customer relationship. The VoC Hub becomes an extremely agile tool for distributing and actioning feedback across the entire enterprise. This leads to tangible and measurable results very quickly, resulting in a very short lead-time to hit ROI.

## + The Path to CXM Maturity - Why CXM?

There are a number of factors that have led to the development of CXM as a strategy for businesses to extract value from the relationship to their customers. These include:

- Large companies all tend to show a similar shape in operations, meaning less individuality. CXM can be used as a vehicle for portraying uniqueness within the marketplace.
- Modern customers are better informed, with a wide range of tools available to help evaluate products/ services on offer. This results in a propensity for customers to switch brands or suppliers.
- Statistics show that companies which excel in the area of the customer experience post greater profits, and a much faster ROI, alongside other financial benefits.
- Social media/networking and other forms of communication technology make it very easy for customers to negatively affect the reputation of a company/product/brand in a vital manner.
- Overall, CXM allows a company to extract value from the customer relationship by raising the ratio of customer retention, leveraging customer advocacy to generate positive opinion, gain a larger share of the customer wallet and lower the cost of marketing.

Typically, most companies will operate several projects, which combine to produce the overall CXM initiative.



These projects will vary in timescale from a few weeks for issues such as streamlining the company website to be more customer centric, to several years in the case of organizational restructuring and staff training.

Additionally, many of these projects will be self-iterating, and, in effect, become permanent business processes in their own right. Due to the complexity and scope of a full CXM initiative, most companies find it a tough challenge. The Gartner CXM maturity model is designed to help businesses define their current CXM position, and plan a route forward. The Gartner CXM maturity model can assist with:

- Boosting the awareness of CXM within the organization, as well as the business benefits to be gained by investing in CXM

- Assessing and evaluating the company's current CXM position (or lack of it), and making comparisons between perceived best practices, creating a starting point from which the company can begin its journey towards CXM maturity
- Defining a set of long term goals which the company will work towards, which will provide an effective technological and organizational model and which will permanently improve the customer's experience
- Producing a strategic planning map for the prioritization of all CXM related projects across the entire enterprise
- Defining a clear set of steps to be taken to move the company forward towards its long term CXM goals



# THE GARTNER CXM MATURITY MODEL

There are two outdated sets of business processes which are still used by many organizations, and which have now been superseded by CXM. Both, Customer Relationship Management (CRM) and Enterprise Feedback Management (EFM), have been proven to be less effective than CXM at every level.

## + What is the Customer Experience?

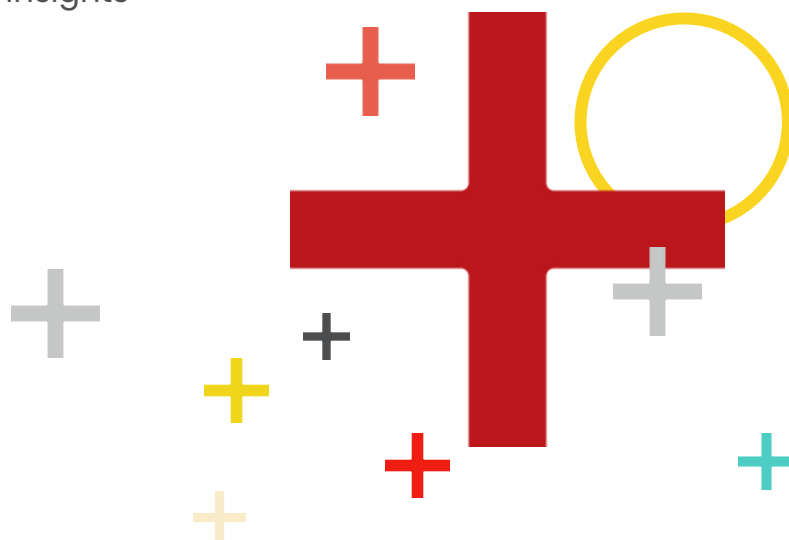
Before we take the first step along the road to CXM maturity, it is important that we understand exactly what we mean by customer experience. We could define it as follows: Customer experience is the real-time, cumulative opinions and feelings of the customers towards the business/brand/product. It is influenced by every interaction with the company across every channel.

We can further define CXM as a set of operational methods/procedures which will monitor the opinions and feelings of the customer and act upon the insights gained to refine the customer experience, which will raise the customer's levels of advocacy, satisfaction and loyalty.

## + The Five Stages of CXM

The Gartner CXM maturity model recognizes five distinct stages of CXM maturity, namely initial, developing, defined, managed and optimized. Global commercial metrics indicate that the majority of large scale businesses are currently operating at stage 1, the initial stage, or stage 2, the developing stage of CXM maturity, and are progressing towards stage 3, the defined stage.

There is one additional stage of CXM maturity which falls outside of this roadmap. We refer to it as the zero stage, and this is used to define companies which have no CXM initiative in place, have no plans to implement one, and are possibly entirely unaware of the existence of CXM.





## Stage 1 - The Initial Stage

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. At stage 1 we see the following indicators:

- There is no overall vision of CXM at grass roots level; there is no support or budgetary allocation to facilitate any form of CXM initiative being launched.
- There is no CXM strategy in place, and there is very little understanding of the value of CXM, as well as no process in place for evaluating the effectiveness of the competitors' CXM.
- There is no system or tool for measuring customer metrics, and there is no capacity for tailoring the customer experience based upon such metrics to improve the customer relationship.
- There is no CXM framework or set of best practices in place to standardize CXM policies and processes. CXM does not form a part of the decision making process.
- There is no process for assigning ownership of the customer experience, and no person or department is tasked with the job of maintaining it.
- There are no common business processes which operate across departments in place to manage the customer experience.
- There is no technology in place to gather customer experience data, store it, analyze it, or act upon it in any form.

## Stage 2 - The Developing Stage

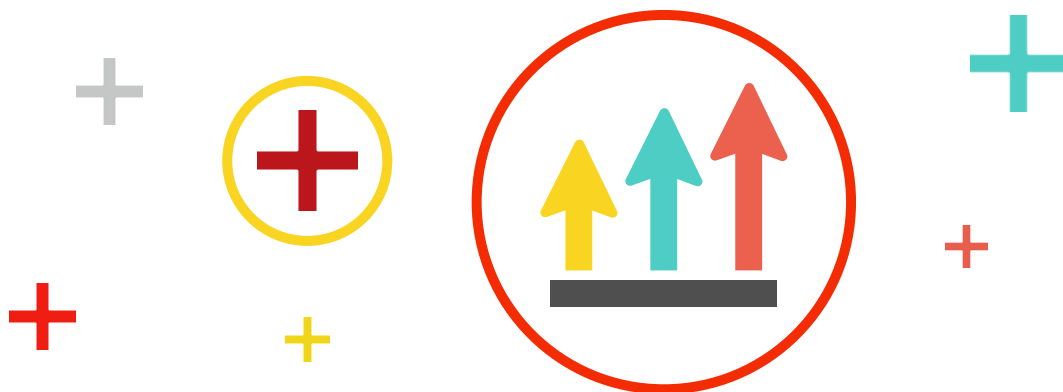
In stage 2 of the CXM maturity roadmap, the company has identified the value of CXM, and has begun to take steps towards deploying a unified solution. The current initiatives which gather or act upon customer feedback will have been reviewed and documented.

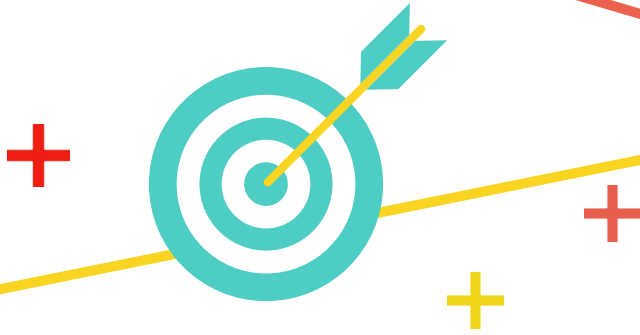
Shortcomings will have been highlighted and a range of improvements will have been planned. CXM will have become the responsibility of a clearly defined individual or group and a plan for development will have been agreed on.

However, in stage 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 will 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. Typically, a company in stage 2 of CXM maturity will exhibit the following indicators:

- No executive advocacy of CXM as a long term goal, with multiple groups working upon their own CXM projects, lacking unity.

- No unified strategy for developing the company's CXM capabilities will exist and departments will be working at department level to tackle CXM problems as they arise, reacting rather than taking action.
- No set of standard customer metrics will have been defined which the company as a whole can use a steering mechanism.
- Instead, localized small groups will be working with separate, often conflicting metrics.
- No companywide CXM framework will have been agreed on and standardized across the business, with the divergence of separate departmental CXM initiatives causing governance problems.
- A CXM team will have been established, which at this stage will solely be tasked with developing a view of the customer experience based upon customer feedback.
- Mapping of business processes which impact the customer experience will have begun.
- Current technologies which are used to manage the customer experience will have been identified. This includes CRM systems, call center and call logging systems, and tertiary technologies such as billing, delivery and ordering.





### Stage 3- The Defined Stage

Stage 3 is possibly the most critical stage in the Gartner CXM maturity model, as it is at this stage that executive advocacy is obtained. Senior management and key decision makers will have clearly outlined the company's CXM agenda, and the organization will be aware of it.

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. Typical indicators that a company has reached stage 3 of CXM maturity are:

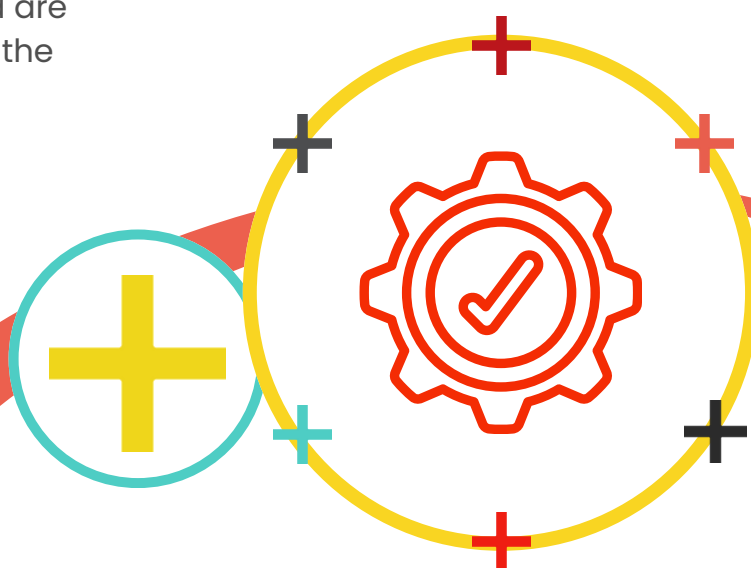
- CXM is recognized as a critical requirement for the business by executives and senior management, and is now being proactively driven by these two key groups.
  - Individual departments are now CXM aware, and a finalized audit of all of the company's current CXM strategies has been finalized, and plans are in place to extend, replace and improve them.
  - A companywide set of standard customer metrics have been agreed upon, to be used as the measure of CXM effectiveness.
- Although these metrics are still not tracked and actioned via a unified VoC Hub.
  - However individual departments are still managing their own separate CXM initiatives on a day to day basis, a companywide CXM framework has been agreed upon and the company is moving towards a single, centrally governed CXM initiative which will unify separate departmental projects.
  - 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.
  - The company will have defined the major business processes which affect the customer relationship and will have begun to engineer the most problematic of these to be more customer centric.
  - Technology will begin to evolve, as a full understanding of the limitations of the current systems has now been reached. as well as a clear set of requirements for future CXM technologies to fulfill.

## Stage 4 - The Managed Stage

By stage 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. Typically, a company which is in stage 4 of its CXM maturity will be identified as having the following traits:

- A solid, unified vision of CXM as a valuable business tool has been adopted by the board of directors, and is prominent in their goals and driven forward by the executives.
- There is a unified CXM strategy in place, and fragment CXM initiatives at departmental level have been joint into a single overall CXM policy.
- Customer experience metrics have gone through one or more iterative evaluations and been refined and perfected to fit the business, and are now solidly standardized across the enterprise.

- All departmental or group driven projects are now unified under a single governance group, which is responsible for pushing CXM strategies forward yet maintaining unity.
- The CXM team is now operating at a more advisory level, as individual departments are now up to speed on the processes and strategies employed in CXM. The team offers advice and steering as opposed to total direction and control.
- The company has identified most of the business processes which affect the customer relationship and has made significant progress in changing them to be more customer centric, and in line with the company's standardized CXM governance model.
- Technology is now being modified / extended to unify data in a single warehouse which is accessible across the entire business. Significant headway has been made towards utilizing customer data to create a 360 degree view of the customer experience.





## Stage 5 - The Optimized Stage

Stage 5, the optimized stage, is a significant milestone along the road to CXM maturity. By this stage, CXM has been adopted as a working culture, not simply a set of standards which employees are expected to work to.

There is no requirement for incentives or rewards to promote good customer centric behavior or working practices, and 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.

The CXM steering team has moved into a much less proactive role, and is now responsible for monitoring the company's CXM position, whilst exploring new ways to improve it, and evaluating the CXM strategies employed by competitors.

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 benefits can be seen by everyone, at every touch point between the customer and the company.

# CONCLUSIONS

## The Gartner CXM Maturity Model as an Indicator

The CXM maturity model outlined above is by no means definite, yet it is a fair description of the state of CXM across the clearly identifiable five stages of CXM maturity with a majority of companies.

Our best advice to all companies is to use the CXM maturity model that SandSIV has outlined as a yardstick to judge your own company's stage along the road to CXM maturity.

However, some companies will find that they are standing between two stages, or exhibit traits found in several stages. No two companies are alike, and although this model for CXM maturity can serve as a guideline, it should not be seen as a definitive set of instructions to achieve CXM maturity.

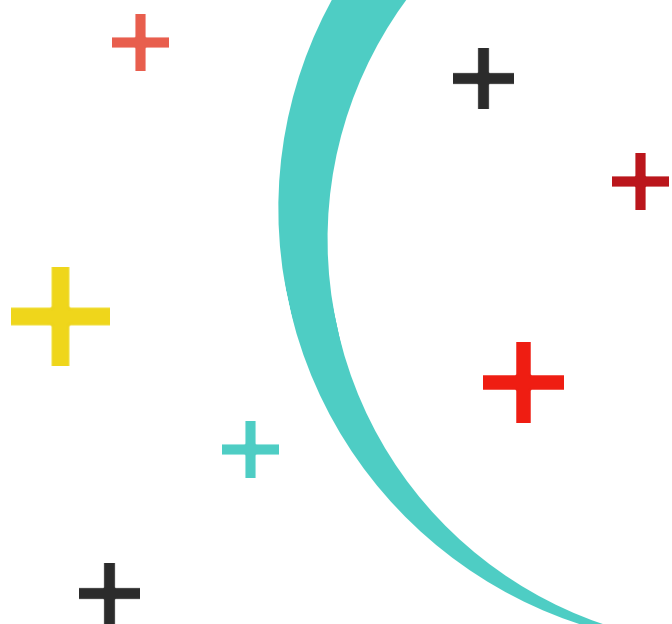


# ABOUT THE AUTHOR

## Federico Cesconi

Federico has over 20 years' experience in customer experience-based roles including 10 years with UPC Switzerland, where he held several senior roles most latterly as Director of Business Intelligence. He holds a PhD in Law from Università degli Studi di Milano and received several industry awards, across data mining and customer experience.

Federico co-founded SANDSIV in 2010 where he manages the strategic vision of the company, driving the company's business- and product-strategy as well as operations.





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# About sandsiv+



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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