Temkin Group Insight Report

The Four Customer Experience Core Competencies

Assess Your Strengths And Gaps

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When experience matters

Executive Summary

Organizations that want to become customer experience leaders need to master four customer experience competencies: Purposeful Leadership, Employee Engagement, Compelling Brand Values, and Customer Connectedness. Gauge how close your company is to being a Customer-Centric Organization using Temkin Group's competency model to identify strengths and weaknesses.

The Four Customer Experience Competencies

Two-thirds of companies want to be industry leaders in customer experience.[1] While any company can improve portions of its customer experience, it takes more than some ambition and a few superficial changes to create lasting differentiation.

So, what are the ingredients for long-term success? Temkin Group has identified four competencies that companies must master in order to build and sustain customer experience differentiation (see Figure 1):

1. **Purposeful Leadership**: Operate consistently with a clear set of values.
2. **Employee Engagement**: Align employees with the goals of the organization.
3. **Compelling Brand Values**: Deliver on your brand promises to customers.
4. **Customer Connectedness**: Infuse customer insight across the organization.

Companies that master all four competencies are what Temkin Group calls "**Customer-Centric Organizations**" which it defines as

> *An organization that continuously aligns its resources with customer needs*

1. Purposeful Leadership: Operate With Clear And Consistent Values

Just about every large organization has vision and mission statements floating around their hallways. But when it comes to making decisions on a day-to-day basis, these documents are no where to be found. They play NO ROLE in how the company is actually run.

Instead, firms make decisions based on individual goals and objectives, a handful of hard metrics, and by making compromises across conflicting executive agendas. And that's the best case. Most times decisions aren't coordinated at all.

That's why organizations need to (re)introduce a clear purpose for their organization that is more compelling than just more profits; a raison d'être that aligns the myriad of day-to-day decisions.

[1] "*Customer Experience Goes Into Overdrive*" from Customer Experience Matters blog, June 14, 2010

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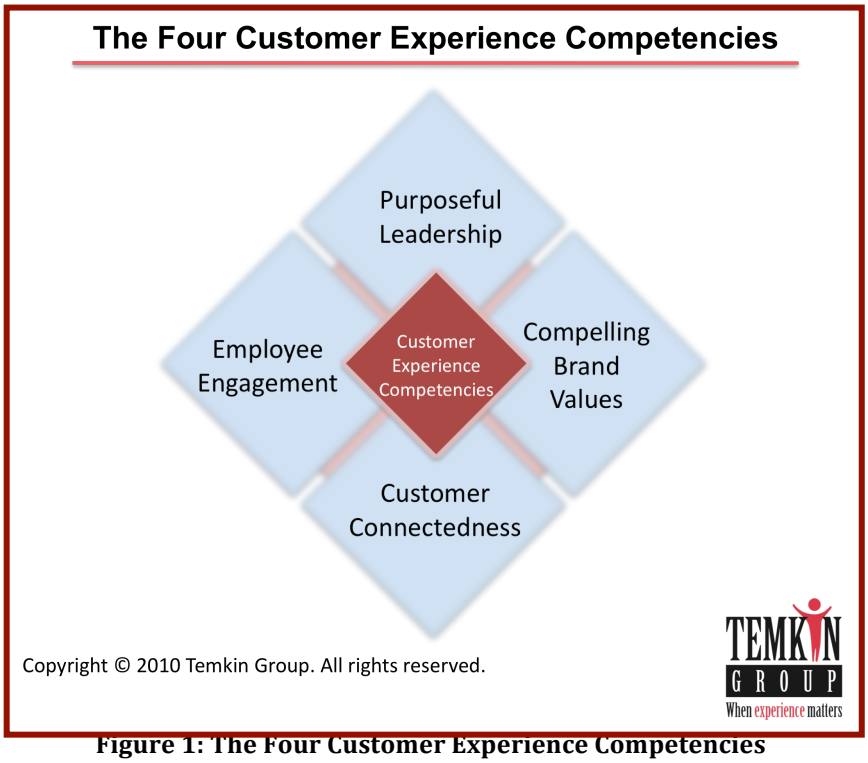

Figure 1: The Four Customer Experience Competencies

Companies looking to master this competency should:

- **Develop a clear purpose.** While shareholders want growth and profits, these objectives aren't compelling enough to align decisions. So executives must clearly define what makes their company special from the standpoint of customers and employees. Ask yourself: What do we want to accomplish as an organization?
- **Act consistently.** Employees can tell what's really important by looking at what decisions executives make and how they spend their time. So execs need to make sure that they act consistently with what they say is important. Corey Booker, Mayor of Newark, once shared this advice that he follows: "*My mom used to say that who you are speaks so loudly that I can't hear what you say*."[2] Remember, you can't fake it.
- **Embed it into the HR fabric.** Companies need to make sure that their HR practices reinforce the company's purpose. Tony Hsieh, the CEO of Zappos explained that the company's 10 core values, that start with "Deliver Wow Through Service" and ends with "Be Humble" are the cornerstone to how he runs the company.[3] He hires, fires, and promotes people based on how well they support those values.

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[2] "*Cory Booker: Newark's Mayor Fights for a Revival*" from US News & World Report, October 22, 2009

[3] "*Discussing Zappos' Culture With Tony Hsieh*" from Customer Experience Matters blog, May 28, 2008

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- **Market to employees.** Firms shouldn't just assume that employees understand what's important to the company. They need to maintain internal marketing campaigns to get the message out. Execs should develop plans for touching all employees, from recruiting materials to new hire training to ongoing communications.

2. Employee Engagement: Align Employees With Goals Of The Organization

It might seem obvious that customer experience requires a complete focus on customers. But that's often not the correct approach. What should you focus on instead? Employees. While you can make some customers happy through brute force, you can not sustain great customer experience unless your employees are bought-in to what you're doing and are aligned with the effort.

That's why one of Temkin Group's *6 Laws Of Customer Experience* is "Unengaged Employees Don't Create Engaged Customers."[4] But this is not about altruism. Employee engagement creates a "virtuous cycle" (see Figure 2). Southwest Airlines truly "gets" the value of employee engagement. According to Herb Kelleher, the airline's founder:

> *"I never had control, and I never wanted it. If you create an environment where the people truly participate, you don't need control."*[5]

Companies looking to master this competency should:

- **Make it easy to do the right thing.** If it's hard for employees to do something, then they are less likely to do it -- and more likely to get frustrated. That's why enabling technologies need to be designed for employees to easily accomplish tasks that help customers.
- **Resist under-spending on training.** You can't just change business rules and processes and hope that customers will be treated better. Just about any change to customer experience requires employees to change what they do and how they do it. That's why companies that aspire for great experience invest heavily in training. Container Store, for instance, provides every first-year, full-time salesperson with about 241 hours of training—compared to the industry of about seven hours.[6]
- **Communicate, communicate, communicate.** If you want to have employees feel like they're a part of something, then you need to tell them what's going on. So develop a robust communications plan that not only tells employees what the company is doing, but also explains why you're doing it.
- **Measure employee engagement.** Firms need to put the same rigor in monitoring employee relationships that they do in monitoring customer relationships. So they need to develop a tracking measure like "likelihood to recommend <firm> as a place to work" that is used to gauge progress and to identify corrective measures.

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[4] "*The 6 Laws Of Customer Experience*" by Bruce Temkin, from the Customer Experience Matters blog (experiencematters.wordpress.com)
[5] "*Never had control, never wanted it*" from Washington Post, February 10, 2010
[6] From the Container Store website (www.containerstore.com/about/index.html)

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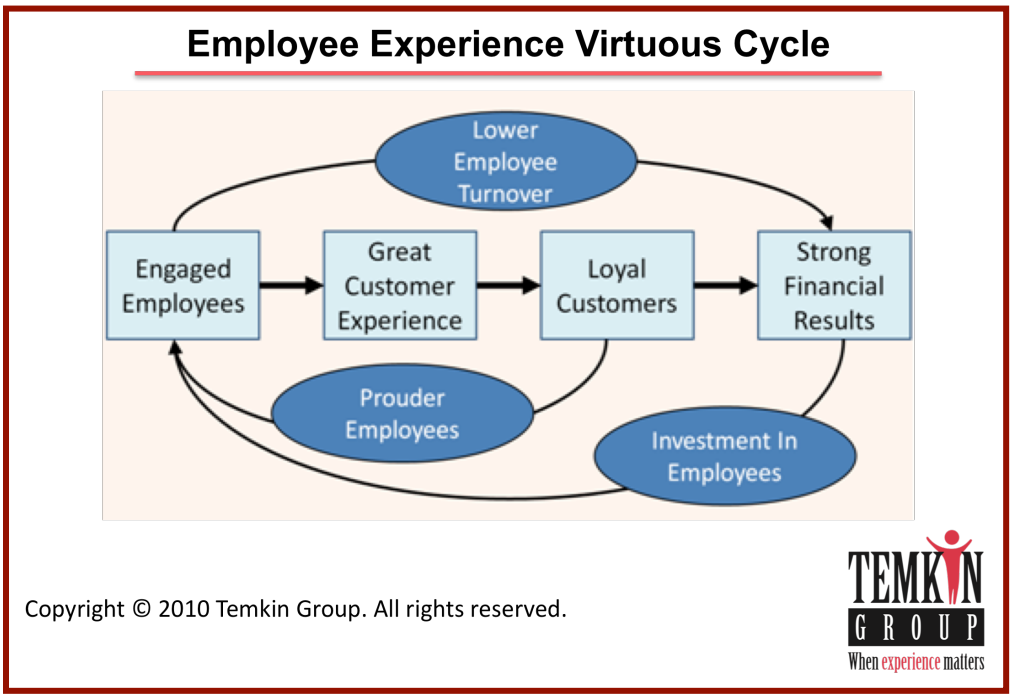

Figure 2: Employee Experience Virtuous Cycle

3. Compelling Brand Values: Deliver On Your Brand Promises To Customers

True brands are more than just marketing slogans, they're the fabric that aligns all employees with customers in the pursuit of a common cause.[7] John Wang, CMO of Taiwanese electronics company HTC, captured this sentiment well:[8]

> *"Brand value means something to the end user. Brand recognition, all it means is a bunch of advertising to make people recognize the brand name… Building brand value is like earning respect; you have to earn respect, you cannot buy respect."*

To earn respect, companies need to make sure they live up to their brand value every time they interact with customers. Companies looking to master this competency should:

- **Reaffirm brand tenets.** While companies often start with a clear brand, they can get diluted over time. Howard Shultz, president and CEO of Starbucks, once said: "Customers must recognize that you stand for something." But even with this clear understanding of brand value that drove its meteoric rise, Starbucks lost its way a couple of years ago. Rather than finding out too late that your brand has lost its meaning, companies should reassess the internal and external vibrancy of their brand at least every two to three years.

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[7] "*My Marketing/Branding Favs Over 2 Years*" from the Customer Experience Matters blog (experiencematters.wordpress.com), July 1, 2009
[8] "*How Innovation Led HTC to the Dream*" from Fast Company, September 29, 2008

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- **Define clear brand promises.** Companies must make explicit the promises that they are making (and intend to keep) with their brands. For Marks & Spencer, this takes the form of what it calls "Our Service Style" which has four elements: Be positive, be determined, take ownership and responsibility, and be respectful.9
- **Widely communicate brand values.** Brands need to be understood and "owned" by the entire organization. That's why it's critical for companies to heavily invest in communicating the brand value to everyone in the company. Prior to launching its "North of Expected" marketing campaign, Alaska Airlines spent 10 weeks on an internal campaign called "Be North Of Expected" that encouraged employees across the airline to internalize what the branding meant to them.
- **Keep your brand promises.** Having a solid understanding of your brand promises isn't enough; you need to live up to those promises every time you interact with customers. When Staples launched its "That Was Easy Campaign," it examined all of its interactions with customers to see if they lived up to the promise of being easy. Not all did. One of the interactions that Staples identified and redesigned was its rebate process. Over half of the people that experience its much "simpler" rebate process say that they will make Staples their primary provider of office supplies.

4. Customer Connectedness: Infuse Customer Insight Across The Organization

In most companies, decisions are made with woefully little customer insight. People often rely on their "gut feel" or outdated anecdotes about customer needs, desires, and feedback. But any company that wants to improve its customer experience needs to embed deep customer insight in every aspect of its operations.

Companies looking to master this competency should:

- **Focus on target segments.** There's a user experience saying: "any experience that's built to meet everyone's needs won't meet anyone's." It's quite true; different segments can react quite differently to the same treatment. So companies must have and use a clear customer segmentation model to guide all of its decisions.
- **Build a closed-loop voice of the customer (VoC) program.** Customers are more than willing to tell you what they think; as long as you give them a good forum to respond and you do something about what they say. That's why companies need a VoC program in which they collect, analyze, and respond to customer feedback.
- **Develop strong user-centric design skills.** Good experiences don't happen by accident; they're purposefully designed. Every touchpoint should be created (and tested) to meet the needs of customers – whether it's a Website page, iPhone app, call center script, monthly statement, or retail store layout.
- **Make customer insight widely available.** Every part of an organization can benefit from more customer insight. So companies need to invest in the infrastructure to widely share this information.

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[9] "*Customer Experience Lessons From Marks And Spencer*" from the Customer Experience Matters blog (experiencematters.wordpress.com), March 16, 2010

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Assessing Your Customer Experience Competency Level

Is your company a **Customer-Centric Organization**? To gauge your organization's customer experience competency level, Temkin Group created its Customer Experience Competency Assessment (see Figure 3). You can use this tool in a number of ways:

- **Self-assessments.** Take the test yourself and identify the strengths and weaknesses of your organization.
- **Group discussions.** Take the self-test in a group and discuss the strengths and weaknesses identified as well as the areas of agreement and disagreement in the results.
- **Action planning.** Develop plans for making progress towards being a Customer-Centric Organization.
- **Progress tracking.** Take the self-test every six months to track your progress.

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Customer Experience Competency Assessment

To what degree do the following activities occur within your company?

1 = Never 2 = Periodically 3 = Usually 4 = Almost always 5 = Always

Customer experience metrics are reviewed and treated as importantly as financial metrics	
Senior executives regularly communicate that customer experience is one of the company's key strategies	
The executive team uses a clearly defined set of values to guide how it makes decisions	
Employees across the company understand the core values of the company and understand how those values relate to their role	
Senior executives support decisions to trade-off short-term financial results for longer-term customer loyalty	
PURPOSEFUL LEADERSHIP total	
The company's brand is translated into a clear set of promises to customers	
The company's brand guides decisions about how customers are treated and interactions are designed	
The company regularly examines how effectively interactions live up to its brand values	
Marketing does as much brand marketing inside the company as it does outside the company	
Employees are encouraged to interpret how their efforts can reinforce brand values	
COMPELLING BRAND VALUES total	
Employee feedback is actively solicited and acted upon	
Managers are evaluated based on the engagement level of their employees	
The company provides industry-leading training for employees	
The company celebrates and rewards employees that exemplify its core values	
The human resources organization is actively involved in strategic initiatives	
EMPLOYEE ENGAGEMENT total	
Customer feedback is regularly collected and acted upon	
User-centered design approaches are used to design interactions in all touch points (Web, phone, etc.)	
The company has a well defined set of target customer segments that guides priorities	
Executives regularly interact with customers in target segments	
Customer feedback is integrated throughout key processes like product development and marketing rollout	
CUSTOMER CONNECTEDNESS total	
OVERALL TOTAL	

Competency Area Totals:		Overall Total:	
5 to 10	Very Poor	<50	Customer-Oblivious Organization
11 to 15	Poor	50 to 59	Very Weak Customer-Centricity
16 to 20	Okay	60 to 69	Weak Customer-Centricity
21 to 25	Very Good	70 to 79	Moderate Customer-Centricity
		80 to 89	Strong Customer-Centricity
		90 to 100	Customer-Centric Organization

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Figure 3: Customer Experience Competency Assessment

About The Author, Bruce Temkin

Bruce Temkin is Customer Experience Transformist & Managing Partner of Temkin Group. He is widely viewed as a leading expert in how organizations build differentiation with customer experience. He has worked with hundreds of large organizations on the strategies, operational processes, organizational structures, leadership, and culture required to sustain superior customer relationships.

Bruce is the author of Customer Experience Matters (experiencematters.wordpress.com), one of the most popular blogs in the space, where he regularly posts insights on topics such as customer experience, branding, and leadership.

Prior to forming Temkin Group, Bruce was Vice President & Principal Analyst with Forrester Research. During his 12 years with Forrester, he led the company's business-to-business, financial services, eBusiness, and customer experience practices. Bruce was Forrester's most-read analyst for 13 consecutive quarters and was one of the most respected analysts in the industry.

Bruce authored several Forrester's most popular research reports on customer experience including "*Experience-Based Differentiation*," "*The Customer Experience Journey*," and "*Voice Of The Customer: The Next Generation*." He created Forrester's Customer Experience Index, which rates more than 100 firms on their overall customer experience. He also led the creation and updates of many of Forrester's customer experience evaluation methodologies and training workshops.

Prior to Forrester, Bruce co-founded and ran a couple of Internet start-ups. He also held management positions with GE, Stratus Computers, and Fidelity Investments.

Bruce has been widely quoted in the press, including media outlets such as New York Times, Wall Street Journal, and Business Week.

Bruce is a highly demanded public speaker who combines deep expertise with an engaging, entertaining style. He has delivered keynote speeches at hundreds of industry and corporate events; often recognized as the top speaker. At Forrester's inaugural Customer Experience Forum in 2009, for instance, his two sessions received the top ratings of the event.

Bruce holds a master's degree from the MIT Sloan School of Management, where he concentrated in business strategy and operations. He also holds an undergraduate degree in mechanical engineering from Union College.

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About Temkin Group

Temkin Group is a customer experience consulting firm with one simple goal for its clients: increase customer loyalty by becoming more customer-centric. We combine customer experience thought leadership with a deep understanding of the dynamics of large organizations to help senior executives accelerate their results.

Temkin Group was formed based on four core beliefs:

1. **Customer experience drives loyalty**. Our research and work with clients has shown that customers experience influences how much people buy from you, switch away from you, and how often they recommend you.
2. **Improvement requires systemic change**. Companies can improve customer interactions in isolated areas, but they can't develop competitive advantage until customer experience is embedded in their operating fabric.
3. **It's a journey, not a project**. Building the capabilities to consistently delight customers doesn't happen overnight. Companies need to plan for a multi-year corporate change initiative.
4. **We can help you make a difference**. Transformation efforts aren't easy, but leading your company to be more customer-centric is worth the effort. Temkin Group can help organizations accelerate their results and avoid many of the bumps along the way.

Temkin Group Services

Temkin Group services include:

- **Interactive workshops** to instill a common mindset, vocabulary, and approach across an organization.
- **Strategic reviews of customer experience plans** and objectives to identify opportunities for accelerating efforts and avoiding missteps along the way.
- **Assessments of customer experience competencies** to identify and close critical gaps.
- **Senior executive sessions** to ensure appropriate levels of alignment and commitment.
- **Executive coaching** to help executives leading customer experience efforts.
- **Speeches and webinars** to teach customer experience concepts.

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