



Conference

ECMW

**European Customer
Management World
London
May 2008**

**the
Customer
experience**



Much of this year's conference focused on the customer experience, including a pre-event the day before the main conference entitled 'The Customer Experience Summit', which attracted delegates and speakers from around the world. I had lunch with four Croatians, an American, a Nigerian and a guy from Doncaster. The others couldn't add much to the Doncaster Rovers – Huddersfield Town debate but luckily had plenty of interesting conversation of their own. Rather than write about each speaker sequentially I'll highlight some of the interesting themes that emerged from the presentations.



“
HOW DOES
YOUR
BUSINESS
CAUSE
CUSTOMERS
TO FEEL?”

Lou Carbone
ECMW May 2008

THE CUSTOMER EXPERIENCE THROUGH THE CUSTOMER'S EYES

Not surprisingly, all the speakers stressed the need to understand the customer experience from the customer's perspective. David McQuillan, Director of Experience Design at Credit Suisse uses the interesting term "Experience Immersion" to encapsulate his efforts to move Swiss bankers closer to the customer experience they are responsible for. First he identifies all the customer touchpoints then lists all the things customers might do (the experiences) at each touchpoint. The managers pick one experience from each touchpoint and first write down the experience they would expect as a customer in that situation. Next, they undergo their chosen experience - visit a branch, contact the call centre, find out how to make a complaint – or whatever it is. Finally they compare their ideal experience with reality! "Experience Immersion" included senior managers spending a day in a wheelchair to develop empathy with disabled customers and the legal department filling in the

new account application form they had designed and failing miserably! As the following speaker, American consultant Lou Carbone put it, 'how does your business cause customers to feel?'

MEASUREMENT

Much as he gets his managers involved in "Experience Immersion", David McQuillan sees the essential foundation of delivering a good customer experience as a thorough understanding of how customers feel about it from their perspective, which can be reliably generated only from systematic customer research. Lou Carbone calls it moving companies from 'make and sell' to 'sense and respond' and pointed out that to be of value customer sensing systems must be rigorous and objective. They are certainly that at Boots these days. Sue Needs, Head of Productivity at Boots explained to the Summit how for many years the company had relied on mystery shopping to provide customer experience metrics but decided to change to customer surveys for two reasons. The first and obvious one is



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that customer surveys provide feedback from real customers, not mystery shoppers. The second was the lack of credibility that mystery shopping results had with store managers and staff – they always had good reasons, other than poor service, to explain away low scores. So in May 2007 Boots launched their Customer Care Measures involving 20,000 customers every week across 1,500 stores. The questions are focused on what's important to customers, identified by preliminary exploratory research and they've come up with an innovative way to generate such a large sample size at reasonable cost. Each week randomly selected customers are given an



extra till receipt, which encourages them to take part in the customer care survey either by logging onto the website and completing a questionnaire or by calling a freephone number to be interviewed. Staff are asked to explain the process to customers and encourage them to take part and there is a weekly prize draw of £1,000. Sue reported that the new system has provided robust measures at store level allowing them to identify what's driving customer satisfaction, loyalty and sales, to implement changes and to measure the difference they're making. The measures have gained much greater acceptance amongst store managers and they determine 50% of their bonus, and that of their staff. The customer care measures are going up and they're being extended to a further 1,200 smaller stores.

For further information on the massive benefit Boots has derived from their more robust measurement system see the UKCSI results on page 22.

THE SERVICE PROFIT CHAIN

One of Sue Needs' reasons for wanting robust customer metrics was her belief in the linkage between employee satis-

faction, customer satisfaction and financial performance. It's working so far. In their "Great Place to Work" employee survey, Boots achieved its best score ever in 2007. But Sue wasn't the only presenter driven by Service-Profit Chain principles. Mandarin Oriental Hotels' Operations Director Europe, Liam Lambert, is totally convinced that employee satisfaction drives customer satisfaction, saying "we won't get anywhere if our employees are not delighted." According to Liam, the busiest restaurant in every hotel is the staff cafeteria, where the quality and choice of food is just as good as that offered to customers. Mandarin measures 'colleague commitment' for every department in every hotel. Liam emphasised the strong correlation across the company between their employee and customer satisfaction measures. If you're ever going to Thailand, the hotel with the highest employee satisfaction and customer satisfaction is in Bangkok. He wouldn't name it, but the hotel with the



lowest employee satisfaction also has the lowest customer satisfaction. He also pointed out that within hotels, departments with the lowest employee satisfaction also tended to get lower customer satisfaction scores for their area. The Service-Profit Chain at Waterstone's is Colleague Satisfaction > Customer Experience > Customer Behaviour. Operations Director, David Rowntree told the conference that improvements to the first two had increased average transaction value by



5%. In an interesting example of Harvard's 'customer-employee satisfaction mirror', he also pointed out that the new customer-focused environment at Waterstone's has reduced staff turnover by 15%.

INTERNAL BENCHMARKING

All the speakers from companies with multiple branches, stores or business units testified to the effectiveness of internal benchmarking for driving improvement in customer satisfaction. Avis has an 'over 80s' club for branches with above target levels of customer satisfaction, but also celebrates the best improvers as well as those with the highest scores. Nobody likes being at the bottom of league tables, which is why it works so well, but the initial reaction of those at the bottom may not be to redouble their efforts to improve service but to challenge the process, question the data and devote effort to developing reasons why it's more difficult to satisfy customers in their location, region or country.



CULTURAL DIFFERENCES

Cultural differences across countries is an objection I've encountered at several Leadership Factor clients over the years. The French always give low scores or the Germans are never satisfied. (Interestingly, across companies it's always different countries whose populations are never satisfied!). Someone asked Liam Lambert from Mandarin Oriental Hotels this very question. His reply? "No excuses! The score is the score! The hotel or department with the lowest score just has to do whatever's necessary to improve it!" In my experience, this no nonsense 'the score is the score' leadership from the top always works best. A few grumbles at first, then the culture soon evolves to one that focuses on actions to improve – especially if financial rewards are at stake. As they are at Boots.



REWARDS FOR CUSTOMER SATISFACTION

Clearly the very large investment in measuring customer satisfaction at Boots has to demonstrate a business pay-off so the measures have become a key part of the stores' scorecard. League tables are never popular initially but have made a huge and positive business impact at Boots for three reasons:

- The robustness of the customer satisfaction measure quickly made it much more accepted by managers and staff than the mystery shopping it replaced.
- An advantage of having a lot of business units is that benchmarking can be done against obvious peers; in Boots' case groups of 30-40 stores of similar size, with the same type of customer base and in comparable locations.
- Money is at stake – half of their bonus for store managers and staff.

And it's a tough regime. Regardless of how high their customer satisfaction is, stores at the bottom of their league table don't get any bonus. This prompted a typical question from the audience: "but what if you're bottom and fantastic?" And a great reply from Sue Needs "well if that's the case some of your peers must be even more fantastic so there's plenty of room for improvement!"

COMMITMENT FROM THE TOP

It's a very well worn cliché in the customer satisfaction world that the starting point is commitment from the top. Without it you won't get anywhere and virtually all CEOs claim that customers are absolutely crucial to the success of their organisation. So what's the problem? According to many of the delegates struggling to improve customer service from middle management positions, CEOs simply don't walk the talk when it comes to the crunch – especially when resources are at stake. Not so at Boots. As a key part of the customer

care initiative at Boots, a decision was taken at the outset to close the 'funding gap' – retailers' traditional policy of employing slightly fewer staff than are really needed on the assumption that 'productivity' will take care of the rest. And the commitment to survey 20,000 customers per week (and growing) is further evidence of a willingness to invest resources in improving customer satisfaction.



Cheryl Black, Customer Services Director at O₂ explained that five years ago the Board was instrumental in the company's strategic decision to differentiate itself in the mobile phone market on 'how it feels to do business with us'. In common with Boots, an early decision was to invest in more front-line staff to ensure that the resources were in place to actually give the customers a better experience. The company's customer satisfaction index is tracked at Board level and it has been ahead of its competitors for over two years now. As well as an overall customer satisfaction index, the company scores each important customer requirement so that it can drill down into problem areas in more detail and draw the right conclusions to take the necessary action. O₂ has invested heavily in staff rewards, including an across the board bonus of £1,000 per employee last year for winning one million new customers and the same again this year if they stay ahead of competitors on the customer satisfaction index. Strong internal communications leave staff in no doubt that their mission is to create a winning customer experience and that they are empowered to use their discretion to achieve it. And the message seems to be getting through. Last year a front-line employee in the call centre was contacted by an important business customer who was very distressed because he had lost his Blackberry on the eve of departure for a two week holiday in Barbados. (Hardly surprising he was distressed. What

would you do for two weeks in Barbados if you didn't have your Blackberry??) The advisor told the customer not to worry because he would sort the problem. Shortly after the customer checked into his hotel the following day, room service arrived with a silver platter containing not only a new Blackberry but also a bottle of Champagne! And the customer focus is also paying off for O₂. Like Boots they are top of their sector league table in the UKCSI.



MINDSET

Without the right mindset, an organisational culture that doesn't just permit but positively encourages all employees to do what is necessary to deliver an unrivalled customer experience, it simply won't happen. So where we're finishing this article is really where it all starts. Company mindset starts at the top of course but the key thing is convincing all middle managers and employees that the top really does mean it, that the real rewards in this company – promotion, pay rises, bonus or recognition – will come from going the extra mile for customers. You may remember the Stakeholder Satisfaction article about Irish Life (December 2006). To launch their "intouch" customer satisfaction drive, the CEO addressed a gathering of all staff in Dublin and, amongst other things, announced their suggestion scheme offering 100 prizes of 200 euros each for every great idea to improve customer service. And he walked the talk. Three employees who suggested ideas at the event were each given their reward on the spot. Now that's the kind of thing that alters mindset! **S**

For more on altering mindset, check out the "Advancing the Service Culture" training course at:

www.leadershipfactor.com
or call Ruth on: 0845 293 9480