

Customer Experience Management (CEM) is an area of technology that continues to grow as the economy gets tougher and companies strive for low customer attrition.

David Boulanger, Senior Research Director, Customer Management, Aberdeen Group, questions Ian Henderson, Head of Customer Experience Management, Sword Ciboodle, about the importance of CEM in these tough economic times and how senior IT/business leaders should use CEM as a competitive differentiation to drive customer retention. >>>

CUSTOMER EXPERIENCE 101:

STRATEGIES, TACTICS AND WEAPONS FOR SUCCESSFUL CEM INITIATIVES

David Boulanger: What relevance does Customer Experience Management have in the current economic climate?

Ian Henderson: The current economic climate means that a lot of markets, regardless of industry sector, are becoming even more competitive. There are fewer customers out there who are willing to spend money and competition increases as a result. At this point in time, it becomes very important to understand the reasons behind customer defections and to understand how you can make the most of your existing customers.

In times of economic uncertainty, people tend to become even more intolerant of the unintelligent, untargeted communications that are distributed by some corporations out there. Customer intimacy becomes an important aspect of customer experience management. In being able to understand what your customer's demands are and how your business and marketing activity dovetails with your customer's thoughts, you begin to build an understanding of how likely they are to turn to one of your competitors.

Just as a customer will abandon an organization that provides a poor customer experience, the opposite is also true. The customer that has a good experience becomes an ambassador for that organization, ultimately attracting other customers. It is important to also be able to see the current downturn as an

opportunity for customer acquisition. This is an effective mechanism to help prepare for the upturn that is on its way within the next 18-24 months.

DB: What are the business benefits that accrue to the company looking at starting a CEM program? What does the ROI and Business Case for such an initiative look like?

IH: The first key point is being able to reduce acquisition and retention costs. Understanding what your existing customer's needs are and then retaining those customers is important, rather than having to spend precious dollars acquiring another customer of equal or lesser value to replace them. The next step is to take the customer's view of the business and find what they demand from it, and then optimize your business processes around the customer's expectations. Not only then does customer experience management bring you happy customers, but it actually brings you hard benefits in terms of streamlining your operations and understanding the cost to value ratio for different customer segments.

DB: What are the foundational capabilities a company looking to implement such a program will need?

IH: This is the "where do we start" question. Building a joined up view of a customer is the key starting point. We still see a lot of our customers operating with departmental silos that contain different chunks of data and information relating to their customers. The first step is being able to join those together and get a coherent view of the customers' demands on an organization; their wants and their needs. At the end of the day, their behavior and spending is what matters most to you.

Some people believe the crucial step before starting any CEM program is to create a complete data warehouse. Data warehouse nirvana is a good thing to move towards and it can be quite difficult, costly and time consuming. Try and get ahead of the game. What we try and do with a lot of our customers is to start off small in order to break the problem down and pilot the solution on a single part of the business. This is enabled by bringing key elements of customer information together in real time, without waiting for the complete Data Warehouse.

Another early step in deploying a CEM initiative is to look for the waste points in the organization and try to develop a culture where employees are prepared to identify where there are failures across the organization. We find that taking a CEM standpoint with a process approach really encourages a culture of change because it encourages people to start thinking in a different perspective and to question why things are done in a particular way. Of course, this means not only recognizing failures but also finding what you do well in an organization and how you perform in comparison to your peers in the industry.

DB: What internal barriers will these companies experience and need to overcome?

IH: Getting the CFO or the CEO of any company to sign off on investment right now is tough, and demonstrating the value of CEM can seem like a bit of an uphill struggle for some companies, partly because there is a set perception that it's really just about 'happy customers' and marketing activity and there is no real show of hard benefits. I think that those internal barriers are a misconception, and that departments must work to get across the real business benefits that come with CEM and to emphasize the cost difference between recruitment versus retention of customers. If you've got a problem that crosses multiple lines of business and multiple functional units, it can become the elephant in the room that no one really wants to tackle because it's too big. Adopting a CEM approach is a long-term campaign rather than a single project. The art is in planning your strategic goals over a number of months and years, breaking it down to more tactical milestones along the way, and understanding the return on investment at each stage. By doing this, you can deliver business benefits in individual chunks as part of an iterative approach.

DB: So once you have got the basics right, what are the recommended next steps?

IH: Once the initial pilot project is up and running and it's starting to return benefits for you, understanding how to scale it across your organization is the next step. This isn't an easy task because it's probably going to need to flex a little across different business lines. There are often different customer demands and customer segments involved in different areas of your business. Continuing the idea of piloting change is important because the pilot isn't only the first thing you do; it's

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something you do on a continuous basis.

Usually, the first stage of a CEM program is driven by the lowest hanging fruit; it's the easy things, the obvious operational benefits around first call resolution and handling time. Generally, we find that organizations have a gut feeling about where they should be concentrating their next move and who should be the ambassadors to these programs. This is a key step that means making sure there is always a leader to help move things on to the next stage, to start looking at the next area that we can start piloting.

DB: What external assistance can a company expect to use, and what capabilities and experiences do they bring?

IH: There are plenty of companies out there, Sword Ciboodle among them. Third party assistance helps to bring expert insight to an organization's particular problems and the goals they want to achieve over a period of time. Breadth of experience is the critical point; many companies have spent their entire existence working on CEM across different industry sectors. Being able to look at this problem domain from different perspectives and dimensions helps to crystallize the thoughts that exist in the organization already. Bringing in third party experience can tell you how your industry differs from another, but can also help find the commonalities that you can use to take advantage of experiences from elsewhere.

Any kind of CRM program will require buy-in at all levels of an organization from the CMO down to the guys on the ground using the applications at the end of the day. Being able to get that buy-in and to help motivate and understand the viewpoints of all of those different levels of an organization is crucial and often takes someone who is removed from an organization to best provide that perspective.

Ian Henderson works as Head of Customer Experience Consulting at Sword Ciboodle after joining the organization's professional services team in 2003. From professional services Ian progressed onto managing project delivery as an Operations Director.

Ian has worked with many of the company's blue-chip customers and in his current role uses his knowledge and expertise to define client's CRM Strategy, helping them realize maximum efficiency benefits.

Ian graduated from the University of Glasgow with a first class joint honours degree in MEng Electronics and Software Engineering.

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