CX Metrics Systems that deliver ROI: A practical guide to measuring and monitoring CX-driven business improvements

An McorpCX Best Practices Webinar

November 1, 2018

mcorp**cx**

Your hosts for today:

Michael Hinshaw
Founder and President, McorpCX

Jonathan Greenwood
CX Metrics Practice Lead, McorpCX

Graham Clark
Director, Digital Experience, McorpCX

- Best-selling author: *Smart Customers, Stupid Companies: Why Only Intelligent Companies Will Thrive, and How To Be One of Them*
- On multiple "Global CX Thought Leaders to Watch" lists
- Mentor and Teaching Fellow in Entrepreneurship and innovation at U.C. Berkeley's Haas School of Business

- Certified CX professional
- 12+ years developing, applying, and operating CX Metrics Programs to deliver customer-driven enterprise transformation.
- Previously global head of Customer Satisfaction & Loyalty Development at Schneider Electric

- Former global head of Digital, Digital Experience and Multichannel CX at Isobar, NIIT and Mphasis
- Fortune 50 leadership, and a startup entrepreneur
- Creator of Digital Customer Company and Digital E3 (Emotional/Empathetic/ Experiences) frameworks for Digital Operating Models (DOM)

For 17 years, McorpCX has helped leading brands design, deliver and systematize better customer experiences
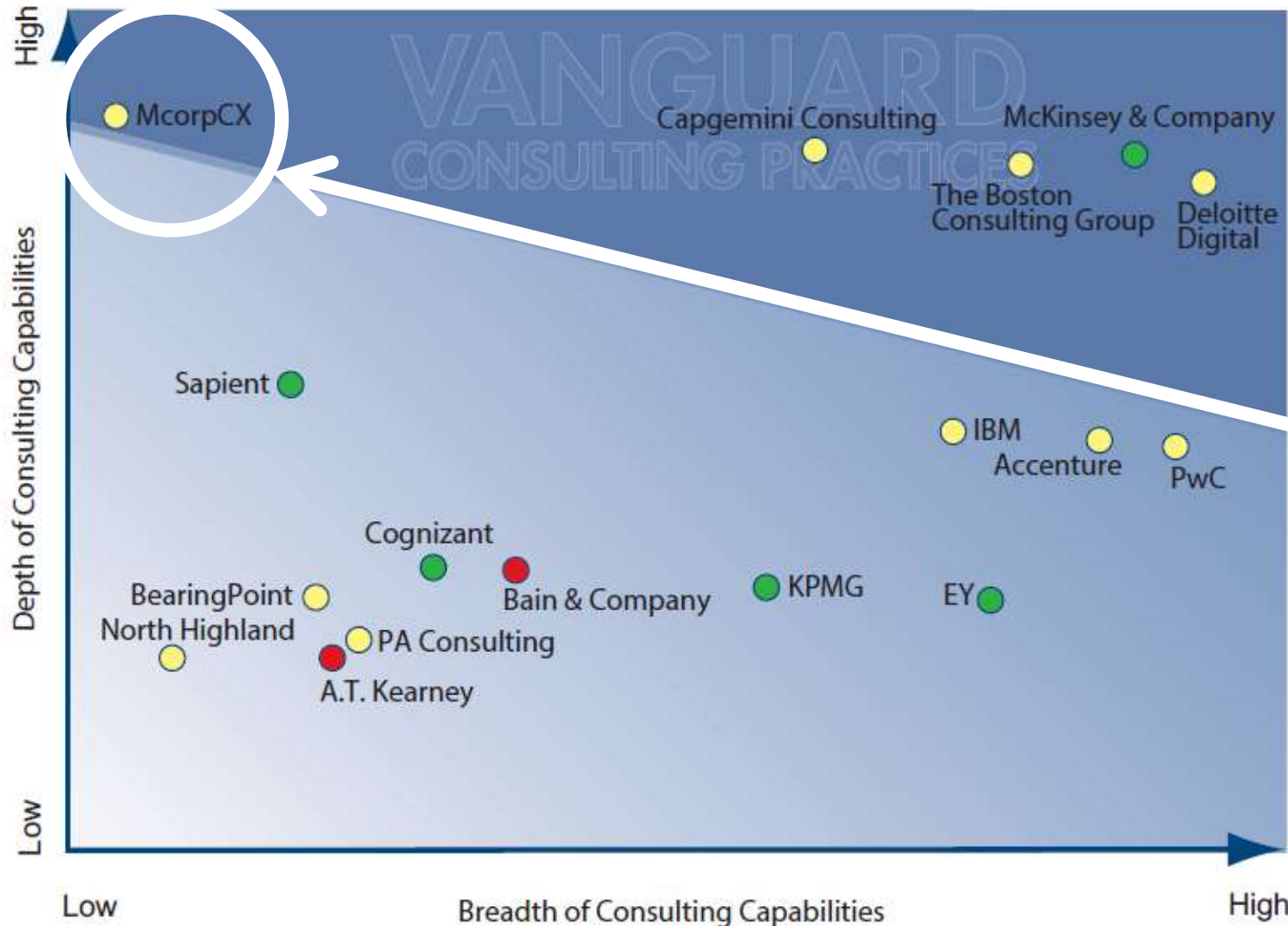
mcorp**cx**

Independently ranked Top-20 digital CX + strategy leader

"[Their] narrow but deep market position enables McorpCX to effectively serve both the SME market and the largest global corporations"[1]

-- ALM Intelligence: The Kennedy Vanguard

1) The Kennedy Vanguard – Digital Customer Strategy & Experience Consulting Providers

Delivering measurable value and ROI

Greater top-line revenue

~$25.8 million/ 10% annually

$

Faster time to market

From 90 days to under 7
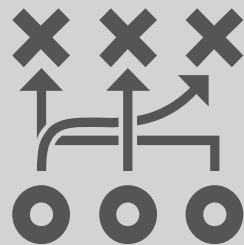
Decreased operating costs

Saving millions of dollars annually

Greater customer satisfaction

200%+

Proven across multiple markets and industry verticals

Today's discussion guide: Why now is the time to measure CX; How to design a CX Metrics System; CX measurement, in action! A quick-start CX Metrics playbook; Answers to your questions…

The CX imperative is clear to the C-Suite...

CX leaders enjoy results like...

Up to 2 times greater customer and employee loyalty[1]

Customers 4.5 times more willing to pay a price premium[2]

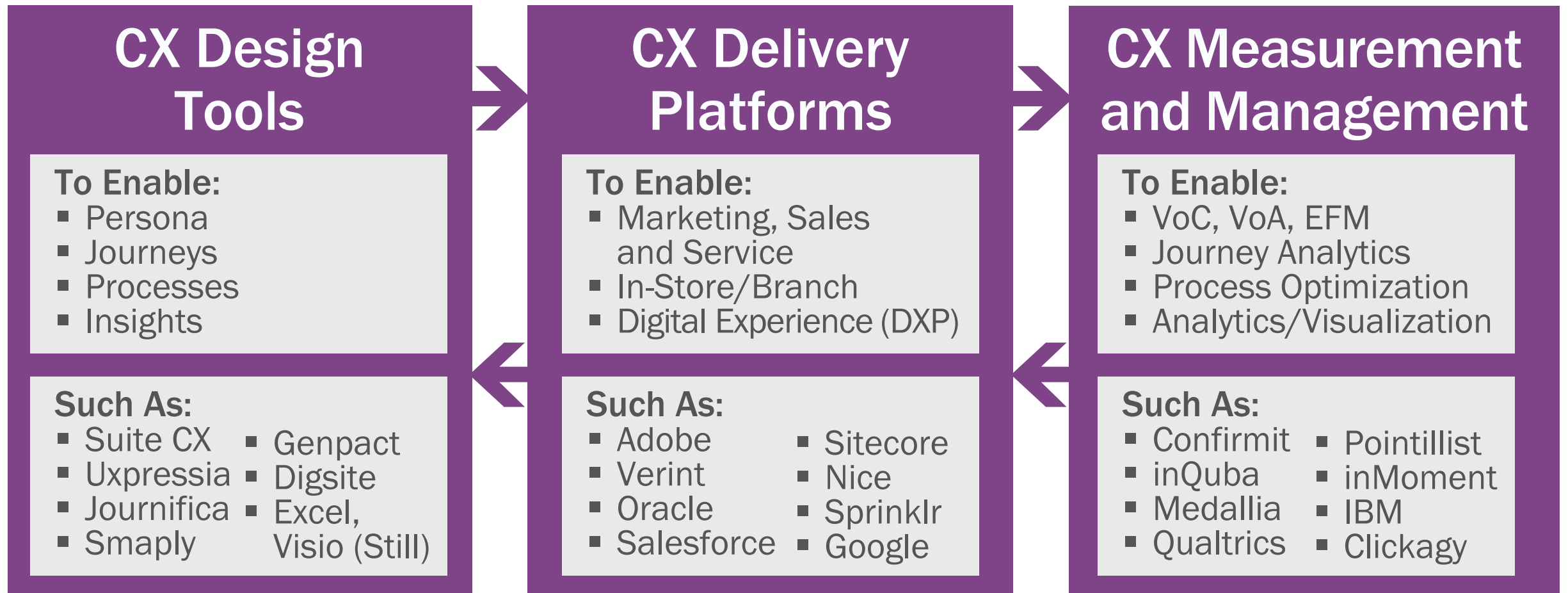Reduced customer service costs (For one telecom by 33%)[1]

Revenue growth 5.1 times greater than competitors[2]

It's also clear that customer expectations have radically changed… And that today, we (all) live in a "digital first but not digital only" multichannel world.

mcorp**cx**

CX technology offerings are exploding: Growing demand for data and analytics-driven decisions and investments

CX Design Tools

To Enable:
- Persona
- Journeys
- Processes
- Insights

Such As:
- Suite CX
- Uxpressia
- Journifica
- Smaply
- Genpact
- Digsite
- Excel, Visio (Still)

CX Delivery Platforms

To Enable:
- Marketing, Sales and Service
- In-Store/Branch
- Digital Experience (DXP)

Such As:
- Adobe
- Verint
- Oracle
- Salesforce
- Sitecore
- Nice
- SprinkIr
- Google

CX Measurement and Management

To Enable:
- VoC, VoA, EFM
- Journey Analytics
- Process Optimization
- Analytics/Visualization

Such As:
- Confirmit
- inQuba
- Medallia
- Qualtrics
- Pointillist
- inMoment
- IBM
- Clickagy

And executives get this. But many orgs are struggling...

89% of businesses[1] wish to be considered CX leaders in their industry
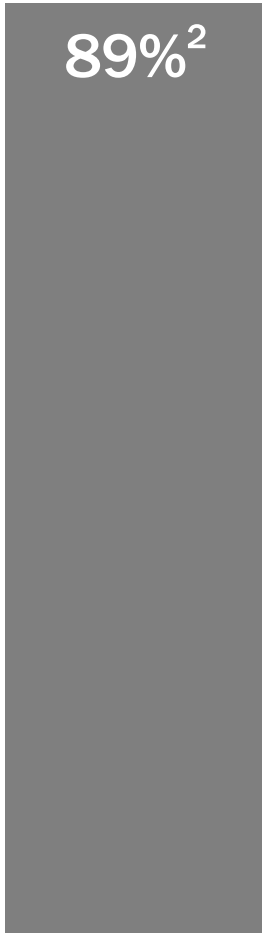
Yet 81% have yet to establish CX Management (CXM) competencies[2]

89%[2]

Of those that have, only 6% consider themselves advanced

6%[2]

3%[2]
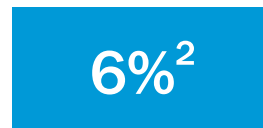
And only 3% are innovating

1) Gartner report "Gartner Survey Finds Importance of Customer Experience on the Rise..." 2) Forrester Research, June 2017: The State Of CX Management Maturity, 2017

Page 10

Because as compelling the case, how to connect CX investments to business results is still unclear

CX Investments and Activities

?

Business Results

With executives asking (the right) hard questions before investing: "I need CX Management to be…"

Predictable	Practical	Scalable
ROI-Driven	Improvable	Agile

Which is where a CX Metrics system comes into play...

Quantify the quality of experiences

Track and analyze customer interactions and perceptions

Predictably Linked to Business KPIs

Aligned with your process, financial, customer and workforce-related measures

Results and ROI-Driven Intelligence

Showing the value of a CX-driven approach to business improvement

Agile and Iterative

Leveraging where you are today, and systematically enable where you want to go

Today's discussion guide: Why now is the time to measure CX; **How to design a CX Metrics System**; CX measurement, in action! A quick-start CX Metrics playbook; Answers to your questions…

mcorp.cx

Two primary sources to gather data for CX Metrics

Voice-of-the-Customer (VoC)
What customers say they want, think, feel and do.

Voice-of-Analytics (VoA)
What customers actually do, and the systems they interact with

mcorp.cx

Linking VoC and VoA metrics to business objectives, in a comprehensive CX Metrics System

Business
("Measured")

The impact of what customers do on your business strategy and goals

Behavior
("Observable")

[VoA]

What Customers do, as a result their experience perceptions

Perception
("Subjective")

[VoC]

Customer perceptions about what happens, and how this affects their overall experience and intentions

Operations
("Observable")

[VoA]

What happens to Customers across journeys, and during their interactions

mcorp.cx

There's a 5-step approach to building this system...

Enabling deployment of a CX Metrics System based on current capabilities, that will allow you to improve it over time to better deliver on your customer experience aspirations and objectives:

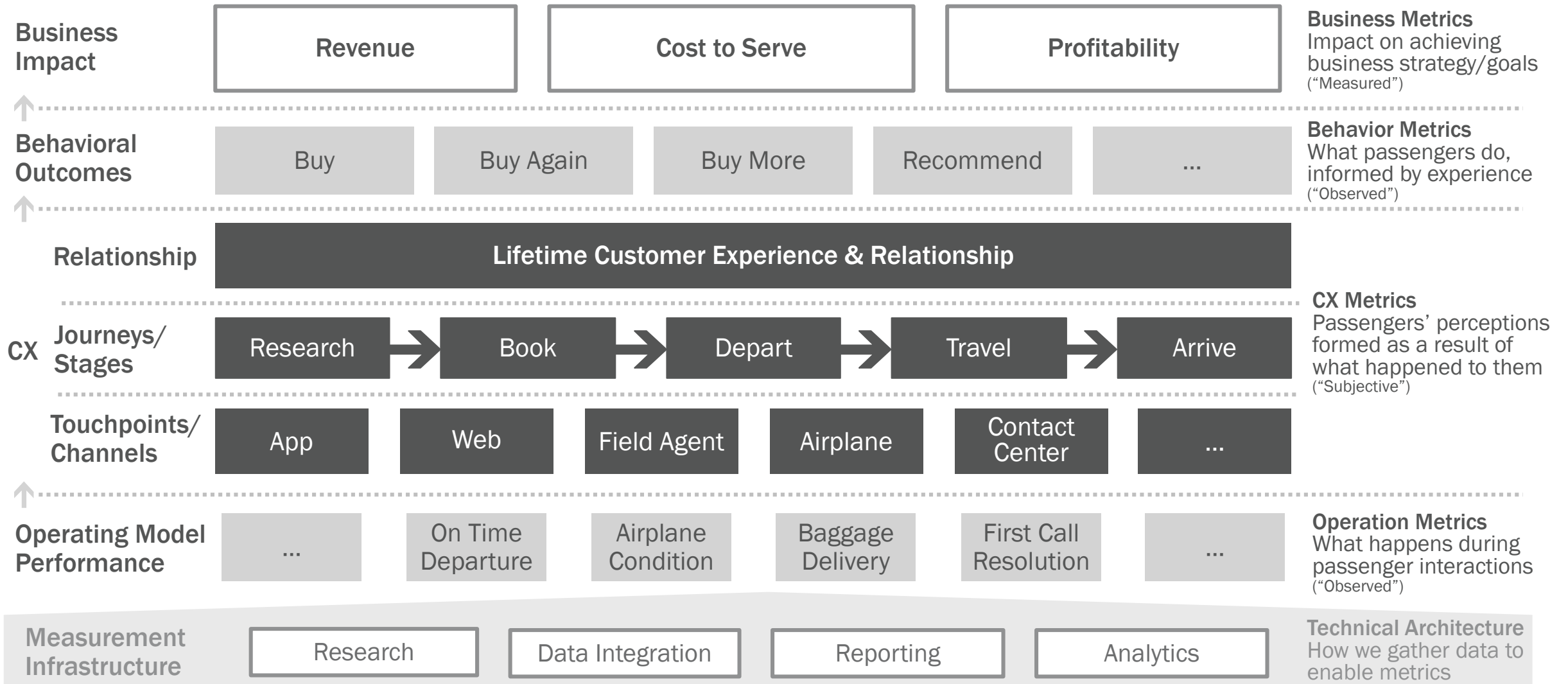| 1	2	3	4	5
Framework	**Architecture**	**System**	**Activate**	**Iterate**
Refine CX Metrics Framework, and map relationships to business measures	Build a detailed CX Metrics Architecture, linking current and future state sources	Design how the system will work (e.g. people, processes, data and technology)	Activate in an agile 'test, learn, iterate, and improve" environment	Continue agile iterations as you measure, review, act and refine your system

Step 1: Refine CX Metrics framework

Business Impact	Revenue		Cost to Serve		Profitability	**Business Metrics** Impact on achieving business strategy/goals ("Measured")
Behavioral Outcomes	Buy	Buy Again	Buy More	Recommend	…	**Behavior Metrics** What passengers do, informed by experience ("Observed")
Relationship	Lifetime Customer Experience & Relationship					

CX Metrics — Passengers' perceptions formed as a result of what happened to them ("Subjective")

CX **Journeys/ Stages**	Research →	Book →	Depart →	Travel →	Arrive	
Touchpoints/ Channels	App	Web	Field Agent	Airplane	Contact Center	…
Operating Model Performance	…	On Time Departure	Airplane Condition	Baggage Delivery	First Call Resolution	…

Operation Metrics What happens during passenger interactions ("Observed")

Measurement Infrastructure	Research	Data Integration	Reporting	Analytics

Technical Architecture How we gather data to enable metrics

Step 2: Build CX Metrics architecture

Relationship Level

RELATIONSHIP SURVEY

Customer Loyalty Index (CLI)
- Likelihood To Continue Buying
- Likelihood To Buy More
- Likelihood To Recommend

OVERALL Customer Experience Index (CXI)
- Ability To Accomplish Goals (Effectiveness)
- Feel About Interactions (Emotion)
- Ease To Interact With (Effort)

Effectiveness Drivers
- Meets Travel Needs
- ...

Emotion Drivers
- Trusted Company
- ...

Effort Drivers
- Ease To Understand
- ...

Journeys /Stages Level

TRANSACTIONAL SURVEY

DEPART Customer Experience Index (CXI)
- Ability To Accomplish Goals (Effectiveness)
- Feel About Interactions (Emotion)
- Ease To Interact With (Effort)

Begin Travel

Plane Boarded

Effectiveness Drivers
- Timeliness Of Departure
- ...

Emotion Drivers
- Staff Friendliness
- ...

Effort Drivers
- Ease To Check-In
- ...

Step 3: Design how the system will work...

MONITOR and evaluate performance

Establish robust GOVERNANCE

Develop Customer-Centric CULTURE

New/Better experiences!

Resolved issues!

ACT on priority CX Improvement initiatives (Sprints)

ACT on specific Issues of individual Customers

... → Check-in → Security → Hang-out → ...

Current customer experiences

Negative experiences affecting a single Customer

ANALYZE metrics impacting multiple customers

LISTEN (VoC + VoA)

CX Issue Resolution

Experiences affecting multiple Customers

CX Improvement

Activate and drive...

DATA

TECHNOLOGY

METRICS

Step 4: Activate the system, in an agile environment

Build

Refine

Start

Iterate and Improve

ARCHITECTURE

SYSTEM

FRAMEWORK

ACTIVATE

MEASURE, REVIEW, ACT AND REFINE

Design

Deploy

Test and Learn

mcorp.cx

Step 5: Measure, review, act and refine...

CURRENT

CX Metrics Framework

CX Metrics Architecture

CX Metrics System

Moving From

ARCHITECTURE

SYSTEM

FRAMEWORK

ACTIVATE

MEASURE, REVIEW AND REFINE

IDEAL

CX Metrics Framework

CX Metrics Architecture

CX Metrics System

Moving Towards

METRICS SYSTEM IMPROVEMENT BACKLOG

2018	2019	...

Initiative 1

Initiative 2

Initiative 3

Initiative...

Today's discussion guide: Why now is the time to measure CX; How to design a CX Metrics System; **CX measurement, in action!** A quick-start CX Metrics playbook; Answers to your questions...

CX Metrics System in action: A 'quick start' approach

The Model

You've done these to some degree (low fidelity or high… 3 hours, or 3 months)

ARCHITECTURE

SYSTEM

FRAMEWORK

ACTIVATE

MEASURE, ANALYZE, ACT AND REFINE

The 'quick start' approach focuses on a specific, high-opportunity aspect of your business

CX Metrics System in action: A 'quick start' approach

The Business: Financial Services Lending "Mini Case Study"

~500,000 Small Business Owners

<$10M in Annual Revenue

$37.50/Month Product Revenue

$250M Annual Revenue

Desired results: Define the target opportunity

Questions to ask...

Where should we focus for the business?
Choose a business area with obvious opportunity (and a sponsor...)

Which customers should we focus on?
Identify a key segment which can drive significant value

One company's answers...

- **Business Focus:** Revolving Credit Lines for Small Business Owners

- **Focus Area:** Customer Retention (15% or 83,000 leave each year; ~$37m Opportunity)

Retention	Awareness	Increase Conversion
New Product Launch	Improve Cross Sell	New Market Launch

Focus your effort: Understand the current experience

Questions to ask…

Which customer journey should we improve?
Align journey focus to business opportunity

What do we know about the experience today?
Leverage existing business insights ("VoB") and VoC customer research

One company's answers…

- **Insights-driven journey maps reveal pain:** Most frequent 'leave' category is to competitors, in reaction to targeted marketing campaigns

mcorp.cx
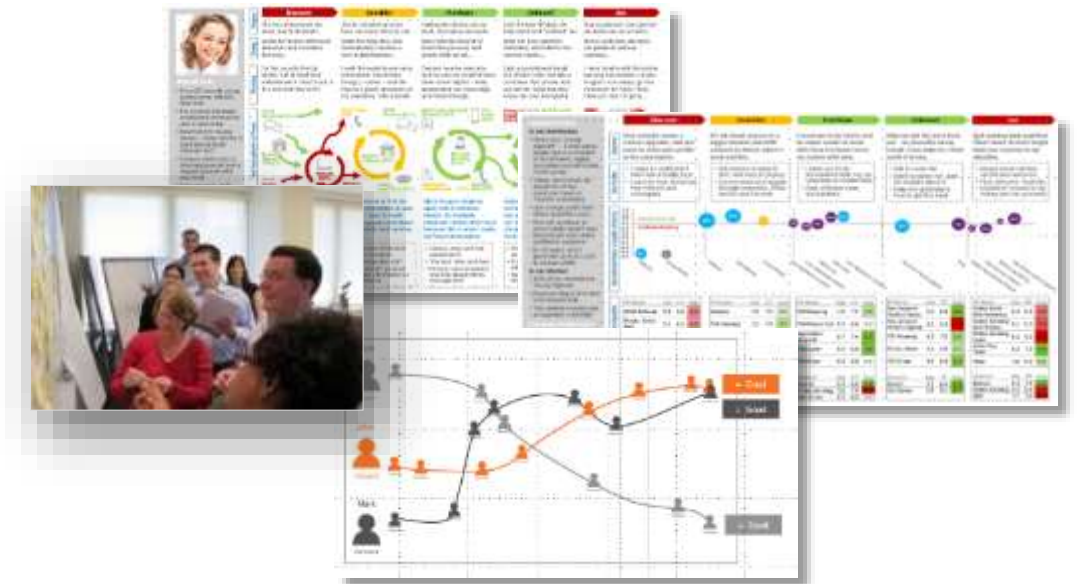
What we must track: Define CX Metrics + visualizations

Questions to ask...

What metrics are we gathering and tracking today, and how?
Across operational, relationship and behavioral data sets, and identify obvious data/metrics gaps

What metrics are important to our sponsors?
Understand what matters most to our stakeholders, and why

One company's answers...

- **NPS/CES both key**, stakeholder group(s) judged on both, existing excel reporting, underutilized bi/visualization tool and no integration of Digital Analytics.
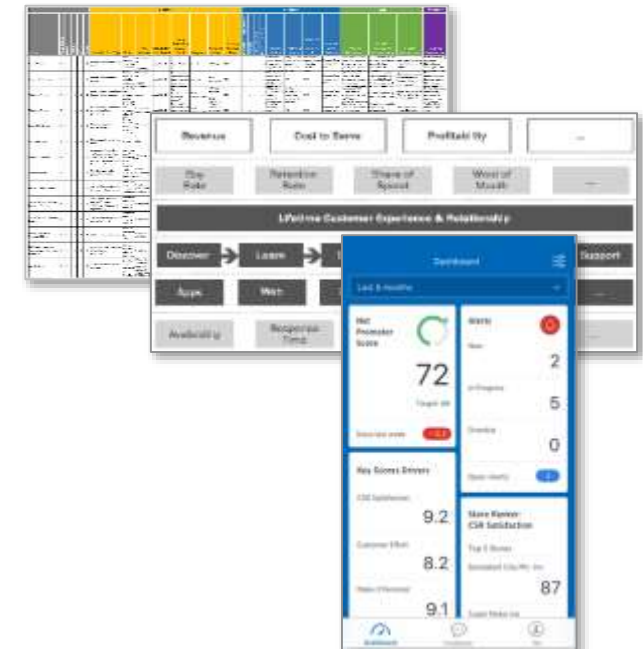
Leverage existing programs: Define action system

Questions to ask...

What do we need to change?
Focus on tuning existing VoC surveys to provide targeted feedback

Can we append "Voice-of-Analytics" to survey data?
Assess ability to align operational and behavioral data to VoC feedback

How will we act on this data?
Define accountabilities for analyzing and responding to insights

One company's answers...

- **Change to existing surveys:** Add effort questions at touchpoint and journey levels

- **Integrate VoA data:** Web, mobile, social and outbound marketing

- **SWAT Team:** Small v-team charged with analyzing data, driving action in ~90 day cycle
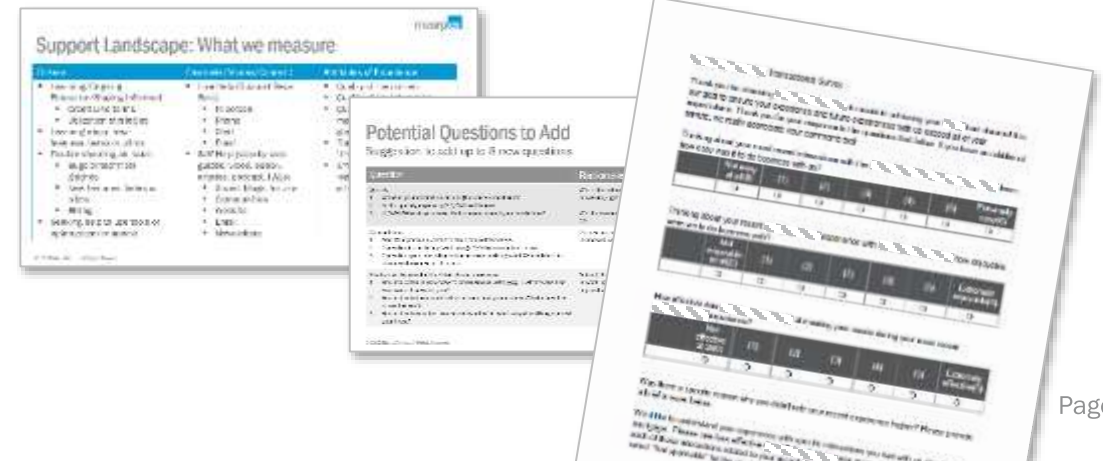
Drive to action: Measure, analyze, act and refine

Questions to ask…

What drives customer behavior?
Identify operational and perceptual drivers of positive or negative customer actions

How should we share insights?
Ensure insights and benchmarks are shared with stakeholders

Where should we focus actions?
Prioritize quick-wins and create prioritized backlog of initiatives

One company's answers…

- **Effort a leading indicator:** Customers with low effort scores attrite at up to 4x higher rate

- **Significant marketing impact:** Personalized education messaging drives retention

- **Actions drive measurable results:**

  - Forecast 24 per day or $3.7m recovery

  - Target spend $300k per-year software and staff plus $850k one-time cost

Today's discussion guide: Why now is the time to measure CX; How to design a CX Metrics System; CX measurement, in action! **A quick-start CX Metrics playbook**; Answers to your questions…

The "Quick start CX metrics activation playbook"

Operationalizing CX Series: Volume 3

Customer Experience Metrics: Quick-Start Activation Playbook

A Define Target Opportunity

B Understand The Experience

C Define CX Metrics & Visualizations

D Define Action System

E Measure, Analyze, Act and Refine

A quick-start approach will help you to quickly:

Introduction

We recognize that customer experience transformation is a business investment, not a 'nice to have.'

And while the value of improving CX is widely understood, getting at that value in a meaningful way (read: "show me") requires a focused effort to solve problems that – when solved – will drive measurable business value for your organization.

This chapter is about determining where to focus your measurement efforts to drive that value, and how to get organizational, stakeholder sponsorship to do so.

Getting Started

Looking across your enterprise, is there a particular business line or channel in your business where you (and others) hypothesize that specific issues and opportunities exist?

Is there that that "one customer group" that is critical to this business, where there is some consensus (or suspicion) that the impact of improving the experience would or could drive significant potential value?

Section 3 | Step 1 | Page 12

Establish CX as an integrated, cross-silo discipline	Get started delivering tangible CX ROI
Secure support and funding for CX initiatives	Show the value of CX Metrics to business results
Show CX as both a strategic and tactical discipline	Demonstrate the value of CX work to date

Getting started: 8 key considerations

1. Getting started is not as difficult as you may think

2. Ability for a 'rapid start': 30 day sprints, 90-day mandate

3. Find a burning business opportunity

4. Secure a sponsor, and ensure (some) organizational support

5. Small, multidisciplinary 'SWAT team' philosophy

6. Leverage what you have: Utilize existing tools and assets such as persona, journey maps, metrics, data, processes and technology

7. Link CX to business results, making the case for ongoing customer experience investment

8. If you don't have internal expertise, get outside help

Today's discussion guide: Why now is the time to measure CX; How to design a CX Metrics System; CX measurement, in action! A quick-start CX Metrics playbook; Answers to your questions…

Questions? A fireside chat...