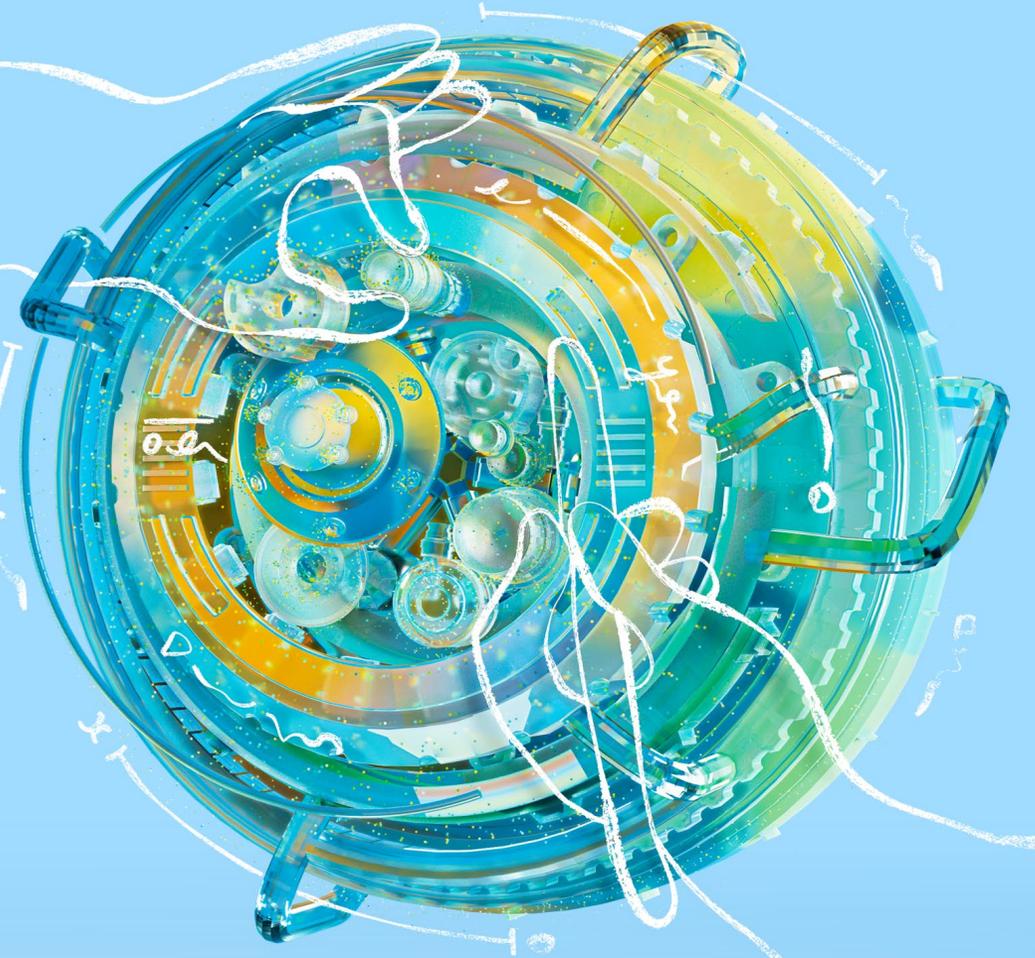


Deloitte.
Digital



How the right CX Operating
Model can pave the way to
future success

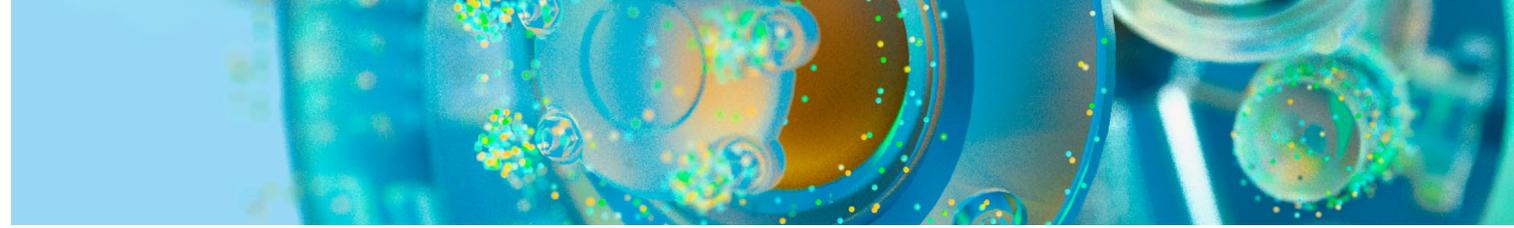


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01 Introduction



Introduction

Customer Experience (CX) is more relevant than ever

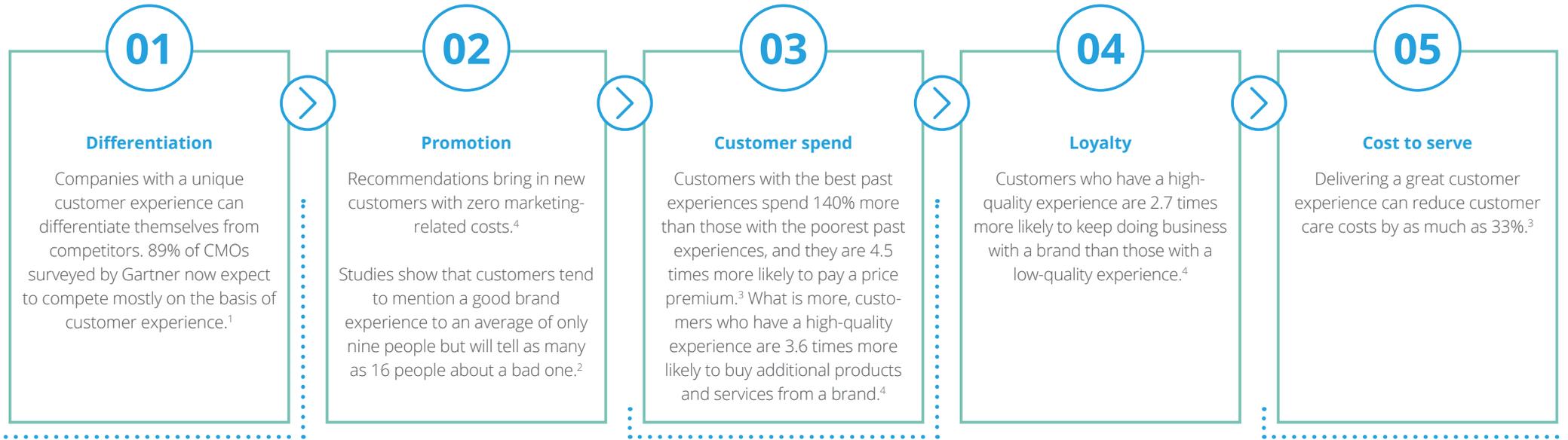
How often have you heard people wonder why a certain company does not offer the level of convenience they find at Amazon, the personalization they experience at Netflix or the unique terminal and inflight experience of a Singapore Airlines flight? These successful players have one thing in common: they build their business models on customer data and tailor all of their activities to the customers' needs.

Executives of some traditional companies may have picked up on these demands but ultimately ignored them. For a lot of organizations, responding to new customer expectations means a radical departure from the status quo. The

objective used to be achieving operational and product excellence or improving productivity and performance. Today, it takes more than that to achieve long-term success. Customer expectations are on the rise and companies will only be able to win the battle if they succeed in taking a big-picture view and translating expectations into human experience. They have to design connected experiences that aren't tethered to a particular touchpoint or channel to enable customers to access them whenever, wherever and however they choose. For that, companies not only need to manage dedicated touchpoints but also the entire purchase journey as a whole. In a nutshell, those organizations that

savvy enough to carefully measure, track and manage the customer experience will be able to maximize customer satisfaction and improve their bottom line. But to do so, they will need to adopt a different mindset throughout the organization and, above all, introduce targeted organizational changes.

FIG. 1 – WHY CUSTOMER EXPERIENCE IS SO IMPORTANT



¹ Gartner, 2019

² "Customer Experience is the Future of Marketing," Forbes, 2015

³ "The Value of Customer Experience, Quantified," Harvard Business Review, 2014

⁴ Deloitte Project Experience

Core CX challenges to be solved

For most companies, getting the customer experience right looks easier than it is, and many believe they are already doing a good job. In our daily experience however, we often see a large gap between the experience customers expect and the one they actually get. Why is this the case? What are the major challenges we are seeing out there today?



FIG. 2 – CORE CX CHALLENGES



Broken Customer Connectivity

Although top management may clearly express a willingness to focus more on the customer, a lot of legacy organizations, often built on established product lines, tend to suppress the kind of customer-centric initiatives that make customer experience their core business proposition. Complex data privacy regulations and unclear data rights often restrict the kind of access to the customer that allows companies to dig deep into identified pain points beyond data. For a 360-degree view of the customer experience, companies need access to all of the feedback and customer pain points.



Misaligned CX Understanding

Departments often fail to align their understanding of the overall CX strategy and to establish the necessary internal processes, functional interfaces, CX principles and responsibilities. This inevitably results in a misunderstanding of “who needs to do what”. Perhaps more importantly, companies need to ensure that everyone has a uniform understanding of CX in general. Unless every employee understands the relevance of CX and its impact, they will not be able to tap into the intrinsic motivation they need to join forces and pursue this common goal.



Incomplete CX Measurement

Budget owners and stakeholders who expect a substantial return on their investment need transparent performance indicators to advocate for CX within an organization and to manage their projects and programs effectively. In reality, however, organizations often struggle to find the right metrics to clearly link their customer experience efforts to meaningful business results. As a result, they fail to allocate budget to the most effective improvement measures.

FIG. 2 – CORE CX CHALLENGES



Isolated CX Management

CX Managers are often in charge of specific pain points and improvement measures within a single department. This can lead to a silo mindset that ignores the big-picture view of the customer journey. We recommend allocating responsibility for the overall customer journey to a dedicated team in order to improve the overall customer experience. This often requires creating new full-time roles dedicated to improving a certain segment of the purchase journey.



Insufficient Data Insights

Too often, decision-makers are unable to integrate diverse datasets and derive meaningful insights for the organization. Today's companies have broad access to customer data, but many lack the expertise or the access rights to put this enormous amount of data to optimal use. Customer data is often collected in organizational silos without an overarching system to consolidate insights and make them accessible across the organization. This makes CX initiatives a lot less efficient; without the relevant information about consumer preferences and behavior, they cannot succeed. Decision-makers often rely more on their gut feeling than on solid evidence.



Lagging Technological Infrastructure

Based on our discussions with clients, most companies understand that they need a new kind of technology platform flexible enough to cope with the pace of change in this current stage of digitalization. A lot of companies are unable to renovate their legacy IT architecture fast enough to keep up with changing business demands. They not only need dedicated personnel to ensure that the new tools and systems fit seamlessly into the overall enterprise architecture and planning systems, but also the right tools to capture customer feedback across all touchpoints. Companies that ignore this key challenge will find themselves with a detached technological backbone unable to deliver the data they need for the right metrics and actions.

FIG. 2 – CORE CX CHALLENGES



Online Obsession

Over the last decade, companies have replaced numerous offline touchpoints with digital interfaces like websites or apps. This has led to a strong focus on online touchpoints and a tendency to neglect the customer journey as a whole with its online as well as offline touchpoints. In the end, placing responsibility for online and offline experiences in separate silos, focusing solely on one over the other or failing to actively manage cross-channel integration will prevent companies from establishing a seamless customer experience with the right glue holding all of the activities together.



CX Hyperactivity

Improving customer experience is a top priority for most companies, spawning countless projects and programs that directly or indirectly aim to improve CX. However, based on our experience, trying to do everything at once is one of the main reasons major market players deliver such poor experience. One way to focus a company's efforts is to develop a more data-driven CX management strategy and leverage those measures with a clear business case.



02 Principles of a CX Operating Model

Principles of a successful CX Operating Model

Executive Summary

There is not one right way to set up a CX operating model when it comes to creating an effective customer experience. Companies need to start by defining the decision-making processes for crucial design areas and then, in a second step, developing the underlying E2E customer journey roles, responsibilities and deliverables.

Our CX Operating Model design framework offers a set of best practices and principles that we have identified as vital for the various organizations we have worked with:

- It is not the entire organization that needs to change, but the way the organization coordinates its CX efforts and collaborates across departments to manage the customer journey.

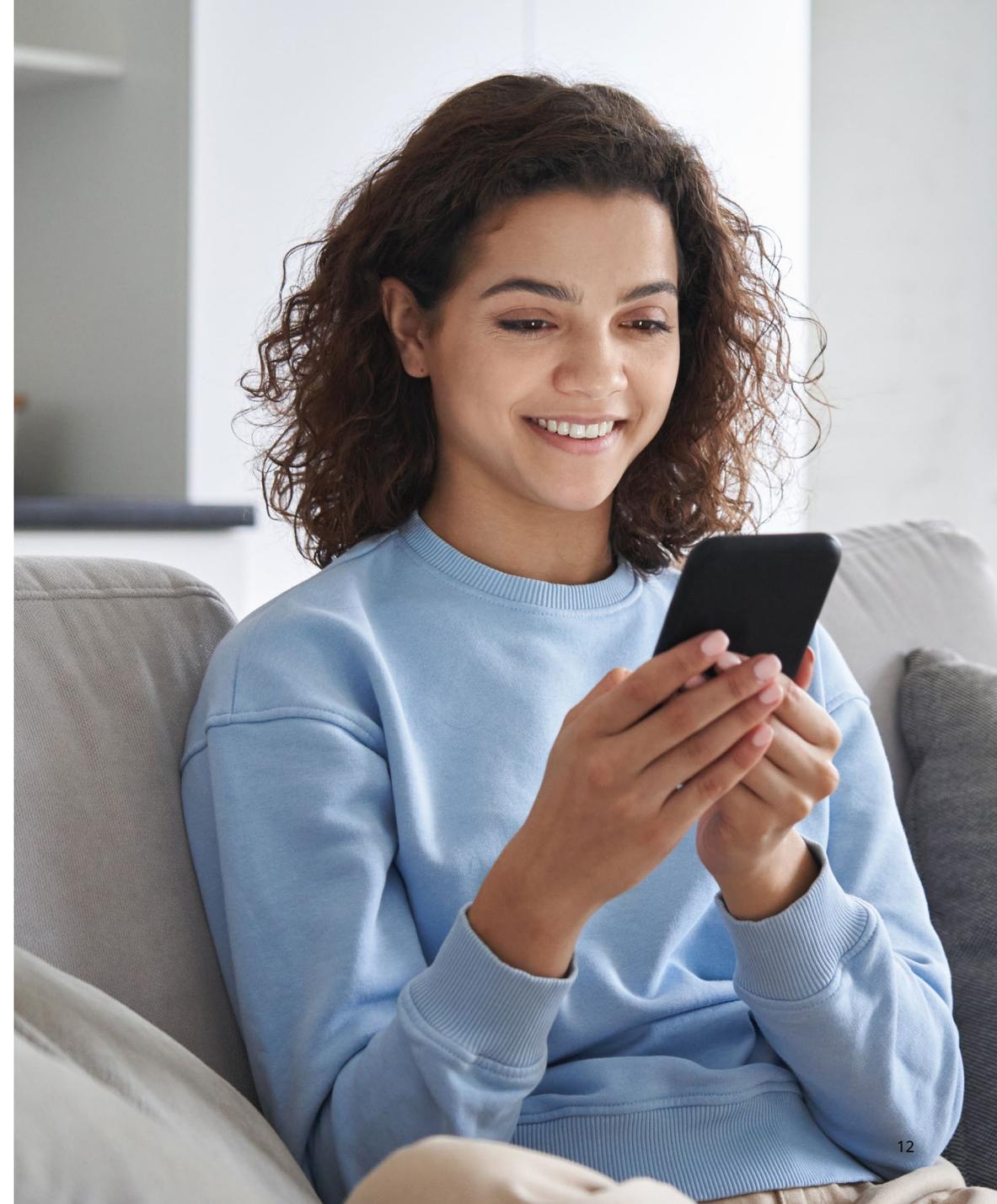
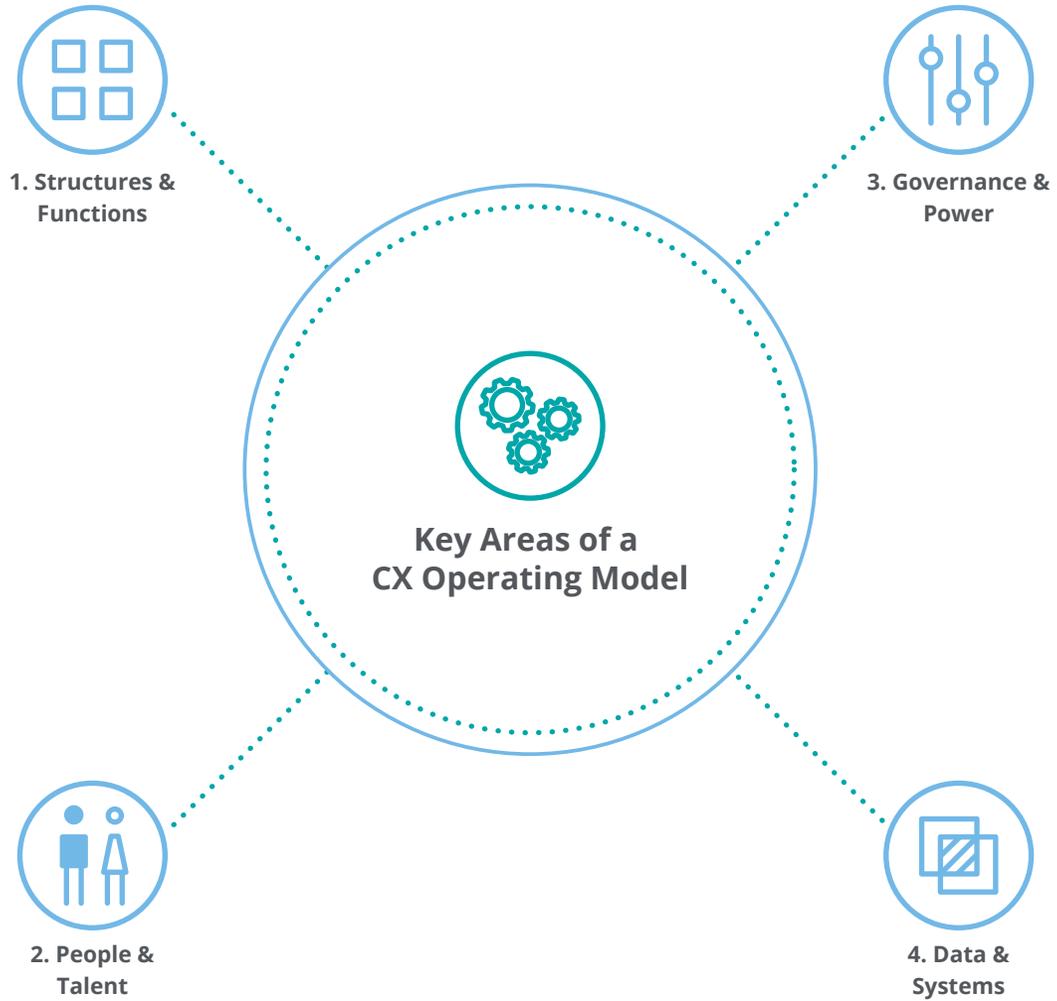
- An effective governance style relies on clear incentives as well as the resources, E2E views and dedicated roles and budgets to support the CX initiatives, paired with a transparent measurement and reporting culture.

- A strong people and talent strategy enables companies to build internal capabilities, work in diverse, agile teams and sustain a high retention rate through continuous training and development. Without a superior employee experience, it's impossible to achieve a superior CX.

- Digital organizations need clear ownership rules to manage data and customer feedback with the right user enablement and clear value-creation processes that are linked to offline touchpoints.

All dimensions within the process are interdependent. In other words, if one lacks maturity, it negatively impacts every other area and automatically blocks initiatives in other fields. That's why it is so essential for companies to select and implement a CX operating model that best aligns with their strategy. Without doubt, this is a challenging, complex task to achieve.

FIG. 3 – CX OPERATING MODEL DESIGN FRAMEWORK



Structures & Functions

It is not the entire organization that needs to change, but the way the organization coordinates its CX efforts and collaborates across departments.

Whether it is deliberate or not, almost all companies run initiatives in multiple business units with the clear goal of enhancing the customer experience. It is important in the actual interaction with the customer for all of these initiatives to fit together, representing and enabling a seamless E2E experience across all online and offline touchpoints.

Most companies develop CX initiatives in separate cross-functional and project-based teams. Although we generally support this approach, the reality shows that the ongoing operations or the outcome of CX initiatives are often not transparent to different teams or management, which can turn these projects into silos. This results in initiatives being misaligned

and already scarce resources being wasted, as well as incorrectly assigning responsibilities and priorities. In our experience, having a central, dedicated CX team, which is responsible for a company-wide, holistic CX management, has proven to be the best organizational approach to embedding CX in a company structure. The team is responsible for defining a comprehensive CX strategy, which is aligned with and has buy-in from the company's senior leadership. It is also tasked with keeping leaders accountable and on track.

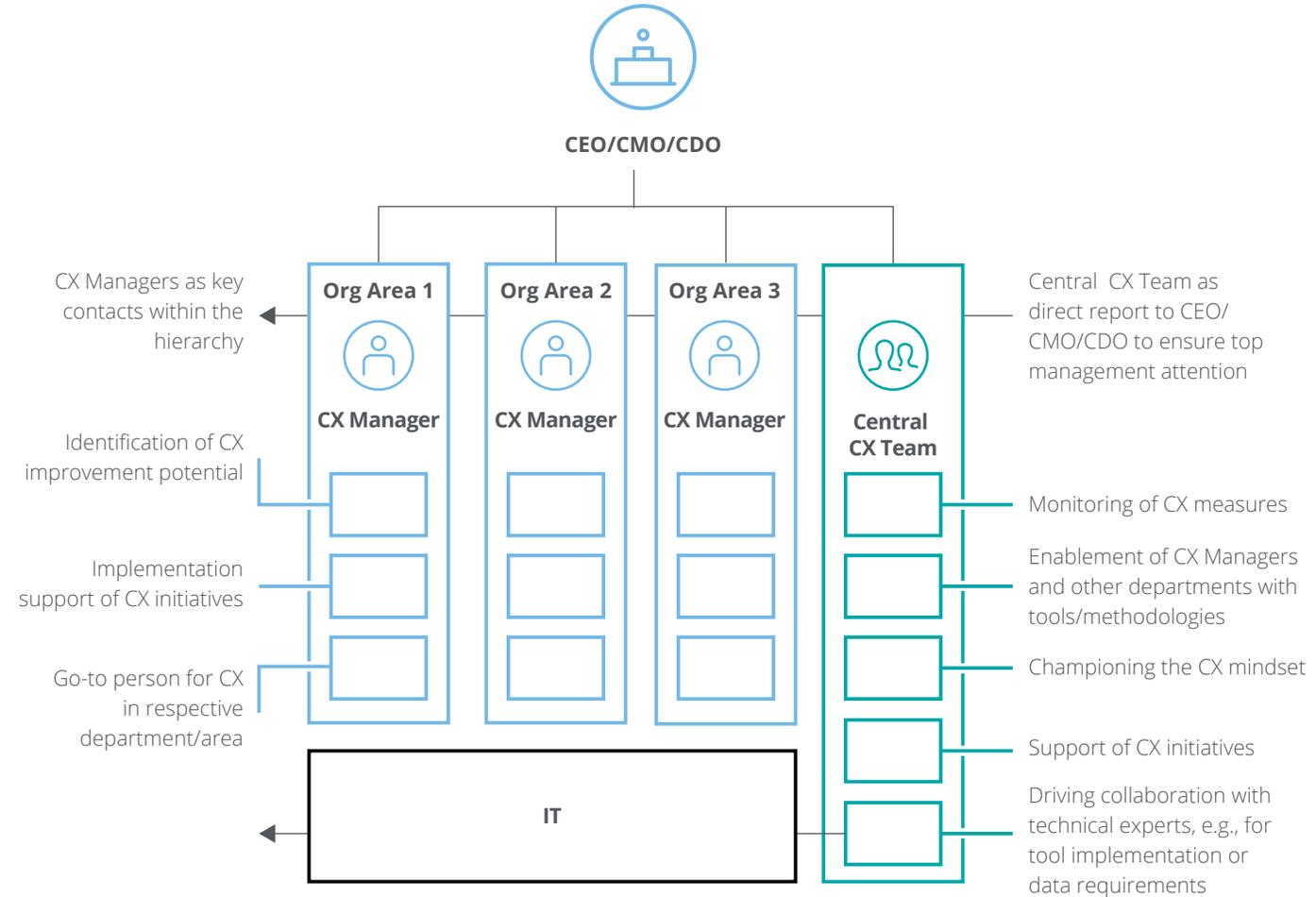
It is absolutely critical that a central, dedicated CX team has the support of team members from all departments, especially those that own customer touchpoints, e.g., Customer Service, Retail/Shop

departments, etc. In this cross-functional set-up, the team handles tasks like coordinating the overall customer journey as well as transparent reporting of project goals to senior management, assigning responsibilities for each touchpoint and managing the financials. Senior management needs to understand what each initiative and project contributes to the overall customer journey to avoid duplicate work and wasted resources.

That said, the degree to which CX initiatives are coordinated and centralized depends on the organizational structure. Our experience shows that companies need top management buy-in and direct reporting lines to a single dedicated executive, ideally within the C-suite (e.g., CEO, CDO or CMO). This ensures E2E responsibility at the management level. We also need similar roles to manage CX initiatives with a big-picture view of the customer journey as a whole.

Without a proper crackdown within the organization, chances are high that legacy structures will suppress or ignore the efforts of CX teams operating across reporting lines. Measuring the CX at the customer journey level strengthens this collaboration and drives success across departments. Ideally, these metrics will be reflected in the target systems of CX staff and line functions.

FIG. 4 – WAYS TO EMBED CX IN THE ORGANIZATIONAL STRUCTURE



Building a network based on natural human interactions does not mean we rely solely on people to form the networks and hope that they meet the needs of the organization. Adaptable organizations focus their process design on getting as close to the customer as possible, starting with the voice of the customer. Adaptable Organization design uses informal networks to assess how individuals and teams align with the stated customer mission. The new network design must balance customer adaptability and scaled efficiency. Far too many organizations ignore informal structures, the complexity of the tasks and the work environment. In the ongoing battle between efficiency and flexibility, many organizations believe that they can only have one or the other. Adaptable Organizations pursue efficiency and flexibility simultaneously through centralized and decentralized teams. They also recognize that structural design is not static; teams can be shifted accordingly, as required by the work or environment.



Governance & Power

An effective governance style relies on clear incentives and on dedicated resources and budgets to support CX initiatives, paired with a transparent measurement and reporting culture

The C suite needs to make CX a company-wide initiative, equipping CX leaders with sufficient budget, dedicated resources and the power to coordinate CX initiatives across the organization. Without a clear commitment and shared understanding, the organization itself is less likely to move and more likely to remain stuck in old habits and procedures.

The key to success is a clear incentive scheme for teams and individuals based on key CX metrics. This will secure middle management commitment to cross-functional collaboration across the organization. Collaboration is especially crucial between CX initiatives and the “line organization”. As multiple entities within an organization pursue CX initiatives with varying interests and goals,

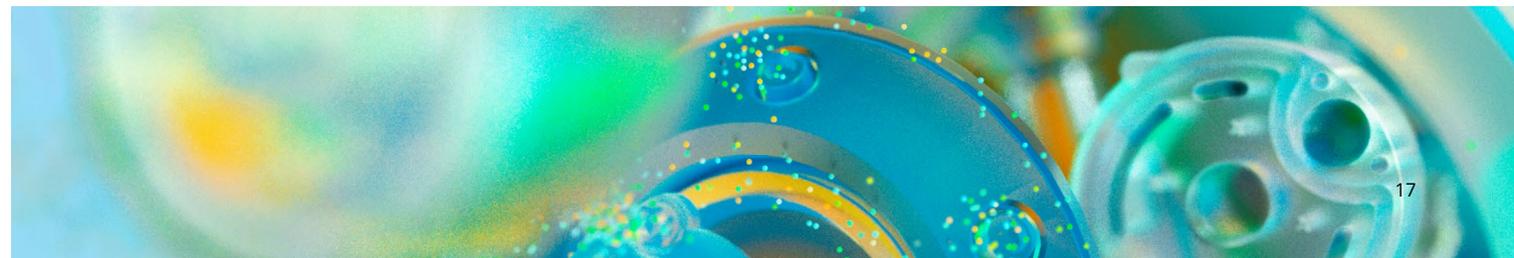
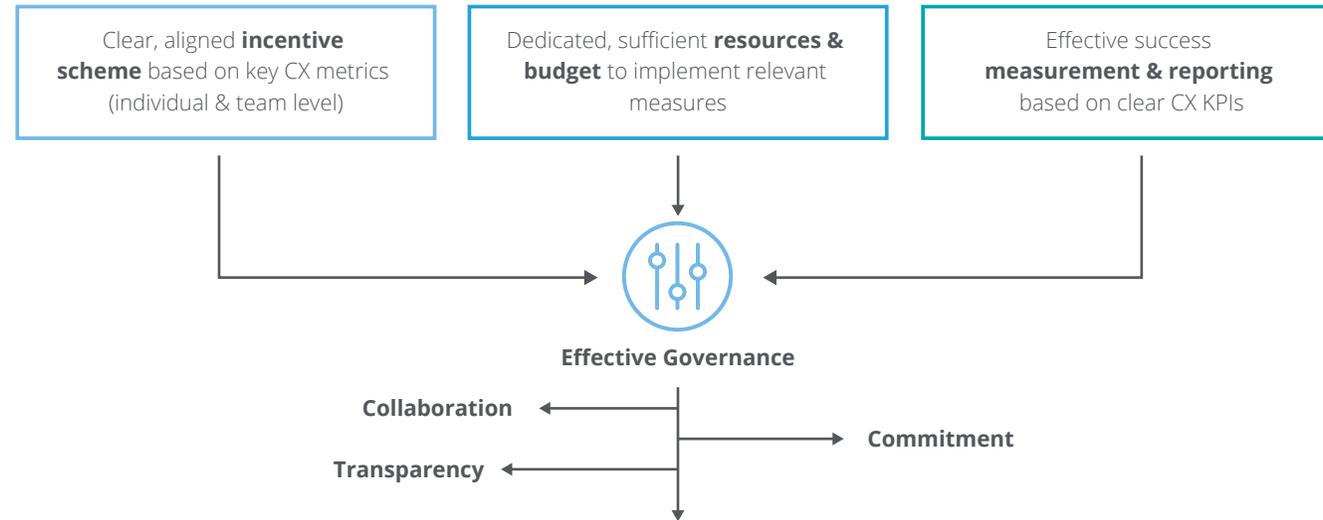
it is essential to establish a comprehensive set of key performance indicators. Early and clearly communicated performance milestones are accelerators for CX adoption within an organization. Our work with clients has shown that incentive structures on the operational level are seldom in line with the communicated, long-term vision of the organization. Too often, the incentives for sales reps and service agents focus on short-term cross- and upselling, call prevention and other operational performance indicators. This often neglects the long-term view of holistic CX management. As a first step, it may be worthwhile to establish transparent incentive structures that are aligned with a long-term strategic goal.

It is also important to have rigorous, rapid reporting and escalation systems to ensure sound decision-making in the face of obstacles or major decisions. We often see companies build their CX initiatives on so-called speed boats that management can prioritize as needed. However, they will only achieve long-term success if they strike the right balance between “freedom and flexibility” and “power and governance”. And yet, when challenges or obstacles arise, management must take care that those speed boats do not end up colliding or taking off without delivering any benefit for the company.

That is why it is so essential for companies to establish a clear link between customer experience and measurable business value.

That said, we don't believe that any successful CX program should be based solely on financial considerations without taking the customer into account. Equally, not every single initiative in a company's CX project portfolio has to produce a direct monetary effect; a positive impact on the customer experience may suffice. In order to succeed, it is crucial for companies to manage their strategic project portfolio with clearly defined business goals. This will ensure that customer experience improves and with it the bottom line. Making customer experience and business value the joint objective will help effectively prioritize investments and measure their impact.

FIG. 5 – REQUIREMENTS FOR AN EFFECTIVE GOVERNANCE SYSTEM



People & Talent

A strong people and talent strategy enables companies to build internal capabilities, work in diverse and agile teams and achieve a high retention rate through continuous training and development measurement and reporting culture

Advocating for CX is not only about customer centricity but also about human centricity. In addition to customers, it is important to focus explicitly on the employees responsible for delivering the actual customer experience. Companies must rely on a diverse set of capabilities and broad-based experiences to maximize the end-to-end experience of the consumer.

The challenge is to develop new internal capabilities and experience by attracting talent with the required skillset and mindset. What today's companies need is a good mix of technical and analytical skills as well as business and communication skills. And although it is unlikely to find this skillset in one and the same person – often referred to as “purple people” – a diverse group of employees working in a team can cover a wide range of capabilities.

Today's talent is not only working for financial gain. They want to contribute to something bigger than themselves – a common purpose. This is an important point for companies to consider as they compete for the scarce resources that enable CX in an organization. A shared purpose defines success through the eyes of the customer and helps improve the overall customer experience by acquiring, connecting and motivating people. Although recruiting external talent is important, companies often overlook dormant talent potential within their organizations. Companies can side-step the war for talent outside of their organizations by mobilizing talent in house – and save money in the process.

“If we consistently exceed the expectations of employees, they will consistently exceed the expectations of our customers.”

Shep Hyken

Experience shows that reskilling an internal hire (such as teaching a math major to code) may take time, but it can be done for as little as one-sixth of the cost of hiring an external candidate. In order to succeed, companies need to lay the groundwork by actively managing and monitoring their employees' skillsets, while introducing and communicating incentives for employees willing to become part of a more flexible workforce.

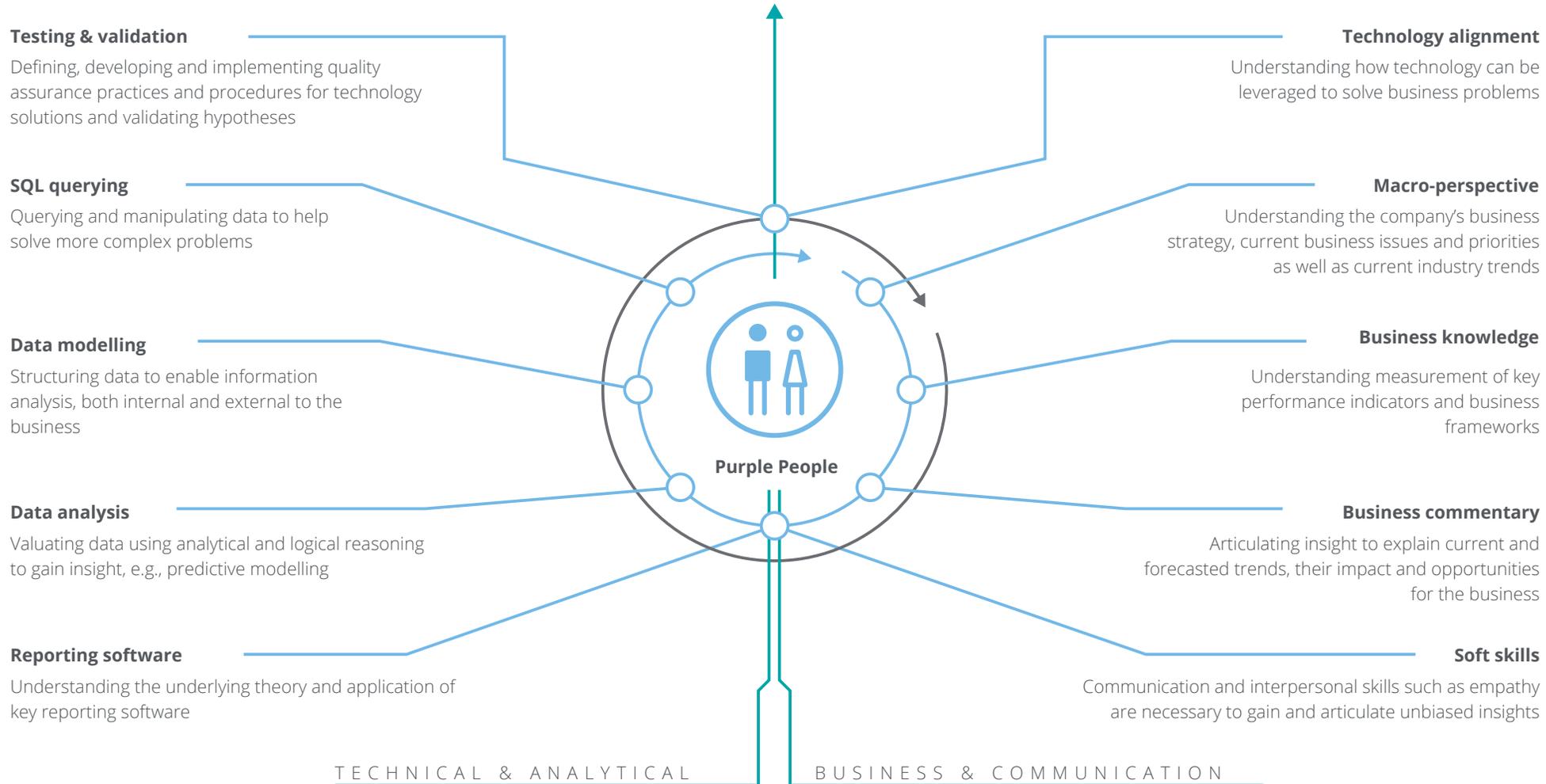
Our 2021 Global Human Capital Trends report reveals that re- and upskilling are now more important than ever. Additionally, a recent World Economic Forum report states that more than half of all people in employment will require significant reskilling and upskilling in the next three years. As a consequence, continuous learning remains crucial for both the acquisition and the development of talent. But how to approach learning within an organization? Companies need to integrate real-time,

personalized learning into their CX operating model. With a growing number of learning providers now offering video, text and program-based curricula in smaller, more digestible formats, organizations have an opportunity to craft an approach that will allow staff to learn whenever and wherever they want. Additionally, this modern approach to learning fosters community among people who have learned or are learning with the same mission in mind. This helps the informal network in an organization nudge knowledge and ideas forward.

In addition to who we work with, the way we work is equally important. Enlightened organizations work in small, agile and customer-centric project teams made up of internal and external talent with the right skillset and mindset. They make it easier to cope with a changing business environment, because they remain flexible and offer different perspectives to every challenge.

Our research shows that ideas developed by teams with three or more members have 156 percent greater appeal with customers than teams with one or two key contributors. This goes along with having a culture that is open to change, but is also prepared to accept failure as an opportunity for learning and growth.

FIG. 6 – CX PROFILE WITH TECHNOLOGY AND BUSINESS CAPABILITIES



Data & Systems

Digital organizations need clear ownership rules to manage data with the right user enablement and clear value-creation processes

Today, it is no longer a secret that data is vital for long-term success. However, raw data itself is of little use to an organization. It starts to get really interesting when organizations implement the right data governance strategy and put the right technological infrastructure in place to transform qualitative raw data into meaningful analytics-based insights. Without reliable information and insights about consumers and other stakeholders in a company's business environment, CX cannot unleash its true potential.

Data governance defines standards and procedures for how a corporation generates, processes and leverages the potential of data. It is a collaborative discipline that aims to supply high quality data and ensure sufficient access across the organization.

However, some of the challenges facing organizations in governance are as follows:

- Data silos across an organization prevent it from creating a common data layer
- Data owners do not receive enough incentives to actively contribute their data assets to the organization
- Organizations fail to manage data quality sufficiently, preventing trustworthy application of data
- Organizations are often unable to turn data into actionable insights that are easy to execute across the organization



At its core, the Deloitte data governance approach is centered on governance policies and principles as well as governance structures and governance processes that are backed up by the right tech and tools. To help prepare and provide the right data for each use case in an organization, it is important to establish the right decision-making authorities with strong rights, lean decision-making processes, clear roles and responsibilities as well as the right incentives and access rights for data owners and users. However, experience shows that many companies lack the right system architecture to unlock the dormant potential of their data. They need to start building scalable and flexible CX customer data platforms with efficient access rights across functional silos to support the various data requests along the customer journey.

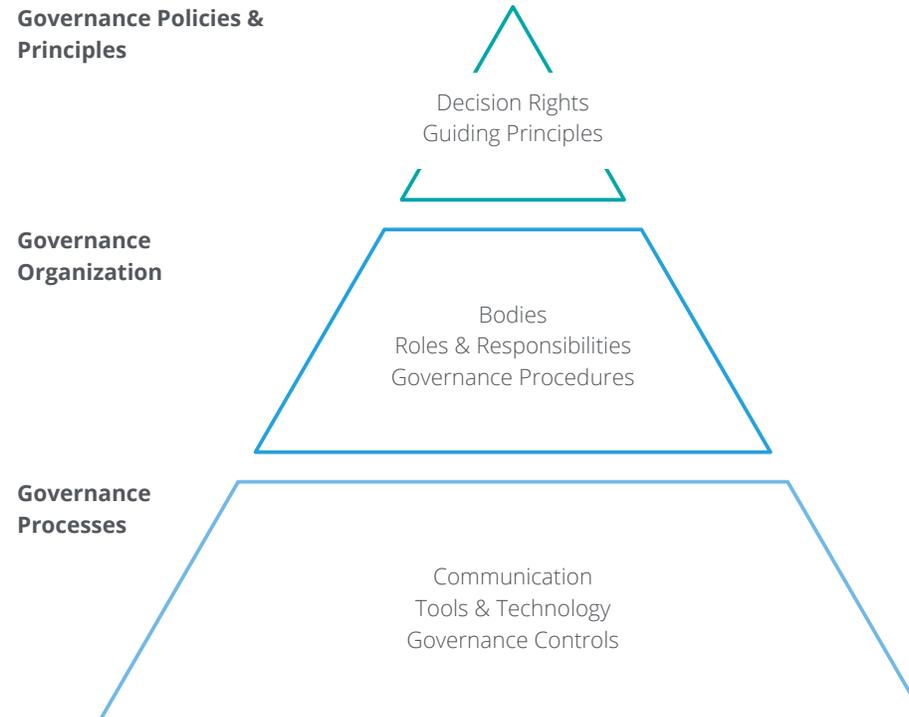
“We’ve spent the last 30 years focusing on the T in IT, and we’ll spend the next 30 years focusing on the I.”

Peter Drucker

Additionally, organizations need to start enriching their internal data by leveraging the potential of external data sources (e.g., weather data). Integrating third-party data can be useful for a variety of use cases, either at a strategic level or as event triggers for automated personalization of the customer journey. They help evaluate a customer's context on a larger and more complex scale, which is essential for delivering a personalized experience. Data extensions from a reliable source may come with a better price point and higher quality than data generated internally.

Although today's technology enables analytics at scale, user enablement is key if you want to harness it effectively. Initiative leads need to think about who is actually using the platform and what their individual requirements are. While data scientists tend to place the focus on sophisticated analysis tools running on the data platform and greater freedom, other user groups might require more guidance and pre-built dashboards as a self-service data solution.

FIG. 7 – DELOITTE DATA GOVERNANCE FRAMEWORK



The background is a complex, abstract composition of blue and green tones. It features several concentric circular patterns, some of which are filled with a dark, almost black center. Scattered throughout the image are numerous small, multi-colored dots (yellow, green, blue) that resemble particles or data points. The overall effect is that of a futuristic or scientific visualization, possibly representing a molecular structure or a data network.

03 Case Studies

Case Study

Bank ABC: Customer-centric Operating Model

The root cause for CX challenges is quite often a company's current operating model, which is unable to translate new customer-centric strategies into distinct operational tasks and identify the right improvement measures along the customer journey. That is why companies need to effectively rebuild or at least adapt their existing customer experience operating model.

One of our clients, which we'll call Bank ABC, was not satisfied with its current operating model. Management felt that both the alignment of its capabilities and the agility of its execution were preventing the company from achieving its objectives for 2020. They believed that decision-

making powers and accountability structures in particular were causing inefficiencies. The goal they had set themselves – to become the best regional bank by delivering what matters most to their customers – seemed at risk. In response, Bank ABC reached out to Deloitte for support in developing the right CX operating model designed to:

- Optimize workflows to drive collaboration and engagement around the customer
- Strike the right balance between loyalty to the current corporate culture and those behavioral changes that might be required to achieve the stated objectives
- Achieve an agile and nimble structure while also complying with regulatory requirements

Based on our approach, Bank ABC developed a future-fit CX operating model and introduced a number of distinctive changes and actions to improve the existing model. These were mapped into 4 major design dimensions:

1. Structure & Functions

Since the organization had grown over time without establishing dynamic processes and assigning the right roles and responsibilities, we developed a CX operating model that makes it a more customer-centric, agile organization. We broke down the teams and hierarchies along 4 core dimensions to enable customer proximity:

1. Customer experience delivery (the channels customers use to interact with Bank ABC),
2. Customer experience design (tracking and improving the customer experience),
3. Operational enablement (providing effective services and processes to support the delivery and design layers) and
4. Support roles (enabling the bank's core operations to focus on delivering their objectives). The customer experience team was integrated into the organization as a separate entity and led by an executive general manager (EGM) reporting directly to the CEO.

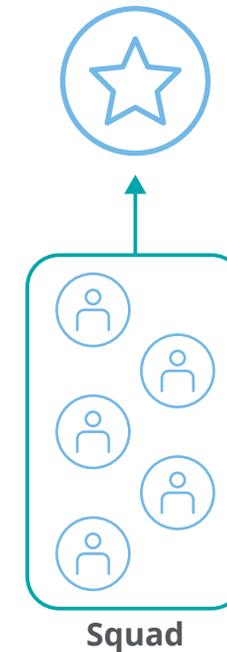
2. People & Talent

To support the new organizational design, Bank ABC created cross-functional teams for the Customer Experience Design stream, which are similar to those Spotify has been successfully using for years. These teams are now responsible for designing and optimizing new and legacy processes within agile working tribes and squads.

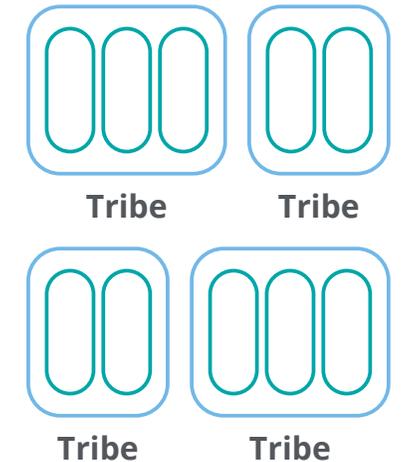
The strategic focus was on new and future talent models to support the capabilities the bank needed, including exploring partnerships and accessing external talent. Talent was embedded within a test-and-learn culture to promote innovation – “think big, start small and act fast”. By prioritizing the wider business outcomes ahead of team/personal outcomes, the bank adopted true enterprise leadership.

FIG. 8 – AGILE TEAMS ORGANIZED IN SQUADS AND TRIBES

Squads are multidisciplinary teams whose members work toward a shared goal



Tribes are groups of squads that work on related areas



Instead of prioritizing the product offering, the bank's focus is now on tailoring all interactions to the wishes expressed by the customer. The new structure incorporates a wide range of human touch points and ensures a uniform experience across all channels and platforms.

Immediate feedback suggested that the new operating model is energizing leaders and enabling teams to own independent missions, which increases communication, trust, knowledge and ultimately the organization's ability to deliver to its customers.

3. Governance & Power

Together with the client, we shifted the leadership approach from "command and control" to "guide and influence". This fosters a decentralized decision-making process spread across the organization. In order to ensure alignment with decision-makers and the right level of control for the senior leadership team, the bank scheduled regular governance forums and meetings.

We defined an overall budget for the customer experience team, which was allocated to subteams in line with the priorities defined in the strategy for the upcoming financial year. Through the planning phase, target improvements on KPIs, such as quantity of contacts, net promoter score metrics or churn rates, were set at the customer experience lead and sub-team level. How large and how aggressive the target is correlates with amount of budget allocated, and in turn the resources and capabilities.

They established a system of quarterly reviews to reevaluate whether the allocations matched the strategic imperatives for Bank ABC, and whether the squads believed they could make the desired impact.

4. Data & Systems

The client developed technology platforms as a service for the entire organization. The development process centered around newly identified requirements and available budget to offer a high level of system and tool flexibility with substantial investments in new key technologies. It also added features able to interface openly with external parties and data providers along the customer journey. This provides the analytical foundation to drive benefits and respond to needs throughout the customer journey as well as helping internal operations and functions become more flexible and agile. From now on, the platform will enable the company to base its decisions on in-depth insights on both the customer and the business.

In line with the new strategy, having the right CX operating model allowed Bank ABC to effectively manage and follow its strategy for 2020. It was hard to quantify the overall success for Bank ABC

as no concrete KPIs were set up front. This is something we have seen with quite a few clients: they fail to link a broader change in the culture and operating model with concrete KPIs. Where changes have been tracked against concrete KPIs, however, the results clearly indicate the benefits of a strong CX operating model.

- **15% capacity growth** achieved with only 5% additional headcount after adopting a more responsive operating model (global technology company)
- **180% improvement in net promoter** scores for teams that adopted more responsive ways of working within the organization (global financial services company)
- **50% reduction in defect/error rate** reflecting an overall increase in the software quality dashboard following a transformation to cross-functional teams (global financial services company)

The examples above show that KPIs can be built around traditional and/or customer-centric disciplines. Both help to quantify and monitor the results of a change in the CX operating model. We highly recommend linking the KPIs to the relevant CX drivers and initiatives along customer journeys. In turn, this allows us to link this success back to the original improvement measures in the CX operating model and drive holistic continuous improvement.

FIG. 9 – SELECTED CX DRIVERS, MEASURES AND KPIS

Traditional disciplines

Discipline	Marketing	Sales	E-Commerce	Customer service
Goal	Acquire more customers; Improve campaign response rates	Improve profit margins; Grow revenue; Improve efficiency	Increase cross-selling/ up-selling; Improve conversion rates	Increase customer satisfaction; Lower customer service costs
Exemplary Metrics	<ul style="list-style-type: none"> • No. of responses by campaign • Customer retention rate 	<ul style="list-style-type: none"> • Number of new customers • Amount of new revenue 	<ul style="list-style-type: none"> • Share of wallet • Conversion 	<ul style="list-style-type: none"> • Voice of Customer scores • Average time-to-resolution

Customer-centricity

Discipline	CX	Customer social listening metrics
Goal	Create a unified view of the customer; Customer retention; Improve revenue	Measure social engagement
Exemplary Metrics	<ul style="list-style-type: none"> • NPS • Customer satisfaction score • Churn rate 	<ul style="list-style-type: none"> • Conversation value • Reach

Case Study

Telco ABC: “Voice of the Customer” Program

A “voice of the customer” program allows organizations to obtain concrete customer feedback through micro-surveys. It takes a high level of sophistication to implement a program like this with respect to each of the above levers, as it must be flexible and robust enough to address any challenges that arise and to affect lasting change in customer experience. We worked with one of our clients, a major telecommunications provider, to find an effective solution for multiple challenges by implementing an NPS-based program across the entire organization. This project, among others, demonstrates how important it is to rely on best practices when it comes to introducing CX initiatives and managing the improvement measures that go along with them.

First of all, it is crucial to set the scene before a project begins. On the one hand, this relates to raising awareness at the upper management level about the importance of customer feedback. On the other hand, it is equally important to challenge current structures and workflows to ensure they can handle continuous customer input effectively. Allocating the right amount of time and budget is also key, whether it is for creating new roles, designing the associated processes or developing the formats needed to roll out a “voice of the customer” program.

Based on our key dimensions “structures & functions”, “governance & power”, “people & talent” and “data & systems”, the most important learnings from the Telco case are as follows:

1. Structure & Functions

Our client had already laid the groundwork for a company-wide CX initiative by setting up a centralized CX team with all the relevant skills and expertise. In order to achieve the goals of the “voice of the customer” program – implementing the most effective CX measures and making customers happier as a result – the Telco needed additional dedicated roles. They would all have different functional and technical backgrounds and work as a tight-knit team with a joint mission. The main focus of the central CX business team was to drive regular initiatives for better customer experience in collaboration with individual experts responsible for specific customer journeys. These dedicated CX roles were installed to build a bridge between the CX team/the E2E-view and their respective departments, consolidating cross-departmental expertise and playing a critical role in breaking down silos and developing optimal CX measures.

Implementing a cross-functional approach like this does not necessarily mean hiring new FTEs, but rather creating flexible teams by offering job rotations or lending talent between departments. Either way, organizations need to find the right employees to take on these roles, who are willing to leave the established “company view” behind and fully focus on the customer perspective.

Besides the CX-team and the dedicated CX-roles, another key success factor for our client was the democratization of feedback. One of the main pillars of the new workflow design was to involve as many employees as possible in the process of bottom-up feedback analysis in order to leverage as much internal expertise as possible. To make this decentralized approach work, the Telco had to have an effective system of transferring topics to the right center of expertise, which is why it is so important to have the dedicated CX experts mentioned above. It is their job to collect upcoming ideas, discuss them with their CX colleagues and then assign them to the team with the right skills for execution.

2. Governance & Power

The more departments and roles are involved, the more vital it is to have well-balanced governance and power structures. Cross-departmental cooperation on CX measures can only work if top management is truly committed to improving CX and to supporting the related initiatives – even if they are less profitable in the short-term. It is important for this commitment to be communicated and championed within the entire organization through, for example, a dedicated CX incentive scheme. It is also important to have a strong change management system and a well-planned, engaging campaign to motivate employees to deal with customer feedback on a daily basis.

Besides low motivation and commitment, most CX programs fail due to a lack of clearly allocated budgets. Through our experience we have seen that new structures work most efficiently if they have sufficient budget available for CX measures. Either the CX team controls the budget centrally

or it is distributed directly to the individual CX roles as a ring-fenced fund. As there need to be clear responsibilities for CX across all customer journeys, the respective CX roles – and not siloed departments – should be responsible for prioritizing and budgeting CX improvements. A standardized process for deriving, managing, implementing and tracking measures also helps achieve streamlined, focused collaboration on a multitude of topics across various departments. For these new governance models to endure over the long term, we must be able to track the success of the resulting CX measures with clear-cut financial indicators, for example derived from an NPS along key touchpoints and customer journeys. The client developed a model that links different initiatives to improve CX to their respective ROI at the initiative level.

3. People & Talent

We believe that having a team with a diverse set of skills is the key to success in most projects. In this case, it was especially important to involve people from different departments and levels who were truly dedicated to improving the company's CX. These experts in turn had to develop new internal capabilities and roles based on a well-organized onboarding process that ranged from introducing relevant workflows and tools with any training required and strengthening the focus on customer experience.

However, simply onboarding new dedicated roles is usually not enough to kick-start CX improvement. The CX team needs to introduce certain methodologies across the entire organization and educate their colleagues accordingly. It is therefore necessary to offer regular workshops across departments to make sure that CX knowledge and an appreciation for customer feedback gain widespread acceptance. Another way to increase

the success of a change management initiative is to promote the top-level management's commitment to the cause in newsletters, interviews and other channels. The main thing to understand is that programs like these will only be successful if the entire organization supports the concept and ideas behind it – and we recommend conducting a regular pulse check to keep things on track.



4. Data & Systems

It is worth noting that a “voice of the customer” program only works well when you have the right technology infrastructure. This requires commitment, a clear decision to invest and the will to continuously improve the respective systems rather than simply setting up a “one step solution”. In this case, our customer selected Medallia as the tool for measuring customer feedback, as the program provided enough flexibility to cover all relevant touchpoints. Assigning dedicated owners and contacts for the system and training colleagues to work with the tool were the keys to a successful rollout. Another issue we cannot ignore is the fact that most companies currently struggle with siloed data pools that prevent them from consolidating data effectively and achieving a 360° view of customer feedback. Figuring out how to link Medallia to other relevant systems was therefore one of our customer’s key issues but the massive effort it required promised even bigger rewards – in the form of deep customer insights. Integrating

the finance team’s data pools with the calculation logics for the business case allowed the Telco to make sound decisions about which improvement measures to prioritize and to calculate what the financial impact would be in each case – all of which contributed to making the Telco a more CX-driven organization.

In summary, implementing and rolling out a “voice of the customer” tool is a complex process that requires a change in mindset, new workflows and new systems. Companies are therefore well-advised to take a hands-on approach and introduce a clear strategic communication policy to make the tool a success. Based on our experience with this Telco, there are additional key issues to consider before implementing such a system.

- **Set clear goals!** Goals should be clear from the very beginning. This not only applies to the project as a whole, but also for the specific CX roles. From the outset, everyone should have specific goals to achieve in a

given timeframe. This becomes even more important when CX managers hold two positions at the same time.

- **Prepare for a journey!** Once a new design is up and running, work starts and should not be stopped again. It is still vital to continue improving upon design concept through regular exchanges, trainings and discussions. Expectations are high, particularly in the beginning, and the CX teams are eager to showcase their initial results. However, employees in general, and those new to the CX roles in particular, need time to get to know the tools and workflows before they can start their work in earnest and deliver their first successes.
- **Provide purpose!** It is a well-known fact that employees working in a company for a long time tend to adopt the company view and stick with it. With the rollout of a “voice of the customer” tool, however, it might be worthwhile to obtain new external input to

get the day-to-day business out of its rut. It is the responsibility of the CX team to remind their team and the corporation as a whole to block out the company view for a while and see their processes from the customer perspective. There are for sure certain initiatives that may not make any sense from a business point of view, but they do when we approach them from the customer perspective!

- **Talk, talk, talk!** Communication is always key – our project was no exception. It is critical for the different departments to join forces, which will only succeed if everyone is willing to communicate clearly. Maintaining an ongoing dialogue with the different CX roles is essential – it is the only way to tackle any challenges that arise in the best possible way!

- **Have some fun!** Last but not least, make sure to create excitement and passion for the topic. People need to feel that working together to achieve a better CX is an enjoyable endeavor. Creating empathy and energy with all stakeholders not only improves the employee experience, but helps navigate these necessary changes over the short and long term.





04 The bigger picture

The bigger picture

Our end-to-end approach for customer experience

Managing a customer experience transformation comes with many opportunities, but also with great challenges. We see that many organizations start working on isolated aspects to drive customer experience. However, a way broader view is required to manage the interdependencies between the different aspects. We support our clients with our proven end-to-end approach to find the right answers to their questions across six relevant modules we believe are crucial to become a CX leader in their respective industry.

- 1) CX Strategy**
- 2) Pain Point Analytics & Solution Design**
- 3) CX Validation & Integration**
- 4) Scaling & Operations**
- 5) Organizational Transformation**
- 6) CX Cloud Architecture**



1. CX Strategy

Choosing the target vision is a key success factor for sustainable CX transformation. It is vital for organizations to be clear-eyed about what they want to achieve and, perhaps more importantly, why they want to achieve it. This will help them set the right priorities and incorporate CX goals into their overall business strategy. The CX strategy module will enable you to understand your current CX maturity level, define what good CX means for your organization (setting the CX “north star”) and evaluate your strategic options. You will then analyze which organizational and technical capabilities are needed in order to close gaps and move towards the CX target vision.



2. Pain Point Analytics & Solution Design

In the CX game, you cannot excel without a profound understanding of your customer's expectations and perceptions along the entire customer journey. Setting up E2E CX measurement metrics via Voice of the Customer programs is a vital step that enables a company to monitor in real-time what customers think and feel at critical touchpoints and along relevant customer journeys. State-of-the-art Voice of the Customer applications, such as Medallia and Qualtrics, collect the relevant data, providing easy-to-use dashboards and analytics tools that give you a quick overview of current developments. With additional design research, you can deepen your understanding of customer behaviors and needs, and use these insights to build pain point directories, experience maps, personas and archetypes. This will help you identify improvement potential and design experiences tailored to your customers' needs. Interviews with employees and other stakeholders that have in-

depth process expertise and discussions within cross-functional teams will allow you to leverage the collective understanding of the organization, to better understand underlying root causes. Only when you have a clear understanding of the root cause of a pain point, your CX teams will be able to design a more appealing solution for the customer.

Once pain points are identified and quantified, teams can start to ideate, design and validate solutions to address them. There are many service design techniques which teams can and should rely on to describe, discuss, detail and prioritize their ideas. For example, many teams use dedicated ideation workshops to come up with a bunch of ideas to solve a specific pain point. Afterwards, the most promising ideas are prioritized and further detailed. During the selection and refinement of ideas, we made good experiences with low fidelity prototypes to test all hypotheses and solution ideas early to meet the customer's needs. Again, feedback of lead users

or solution testers is critical in order to deliver a truly customer centric experience. Finally, the list of potential solutions to improve a specific point in the customer experience should be reduced to one or two ideas, which can then be implemented.

3. Validation & Integration

Once ideas are sufficiently detailed and tested, teams can start to build a Minimum Viable Product (MVP) to give more customers access to the solution. This very first iteration of the new solution should focus on the bare minimum aspects the solution needs in order to solve the initial pain point. Additionally, teams are required to provide a minimum viable organization to operate the solution. This minimum viable organization is most of the time represented by the project team itself in combination with a couple of representatives from other relevant teams (e.g. customer care). By operating it, the team is able to further validate and to learn from the resulting customer feedback – it is the foundation for further iterations to build a new, permanent solution for the initial pain point.

4. Scaling & Operations

The fourth module builds up on the established MVP and focuses on continuously improving the value for customers, but also on more efficiency when it comes to operations. Following a build-measure-learn approach, the MVP must be further improved according to the collected feedback to achieve the desired customer experience improvements. At the same time, standardization, automation, and stabilization is required. To achieve this, sufficient integration with relevant systems, existing processes, but also other customer journeys is required. The extended MVP must become part of the overall CX management. While a new solution might be initially developed by a central team, the resulting product or service improvement must now become part of the organizations operations teams to operate and maintain it. This potentially requires a change in roles & responsibilities but also in available skills. A proper scaling is key to maximize the impact of the implemented idea.

5. Organizational Transformation

As discussed in this Point of View, making your organization more customer centric plays an important role in becoming a leader in the arena of CX management – but this certainly will not happen overnight. It takes a proper operating model with clearly defined roles and responsibilities as well as a centralized CX team with dedicated interfaces to a network of CX champions across the organization. A lot of leading organizations heavily invest in change management initiatives, including ongoing communications with the entire staff, to emphasize the importance and the impact of CX improvements. For example, a team of dedicated change agents should act as ambassadors and spread your message across the company, ensuring they move the organization in the right direction.

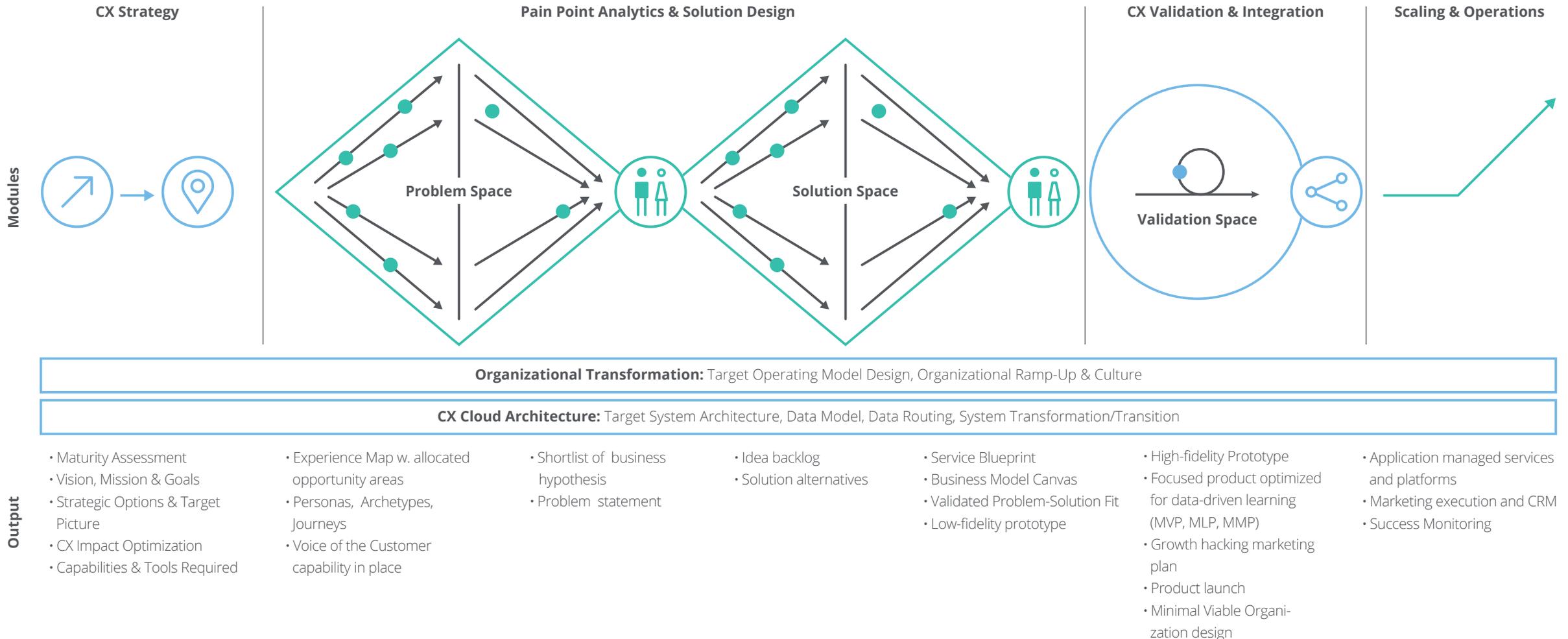
6. CX Cloud Architecture

Holistic CX management always requires a strong focus on the underlying technology stack, particularly when faced with growing data and feature requirements. This not only means implementing certain tools but also but also finding answers to questions arising from an enterprise architecture perspective. We developed the CX Cloud Architecture module with this in mind, covering issues critical to the integration of different systems and tools, but also anticipating capabilities that may be required in the future. For example, each of the technologies and location types (cloud/on premise) required for successful CX management has its own specifics from an integration perspective. This includes authentication, data transfer protocols and code languages for the APIs / web services. Only a well-experienced integration team, with a broad range of expertise in the related tools and techniques is capable to manage the resulting complexity.



FIG. 10 – THE E2E DELOITTE CUSTOMER EXPERIENCE APPROACH

Iterative and explorative sequences leading to impactful CX initiatives that can be designed and tested on your customers before scaling



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