mcorp|cx

Operationalizing CX Series: Volume 3

Customer Experience Metrics: Quick-Start Activation Playbook

How customer experience (CX) leaders systematically measure CX, and predictably deliver transformational business performance.

Contents

McorpCX is independently recognized as a top customer experience consulting and services company, enabling and guiding customer-centric organizations since 2002.

Whether your organization is just beginning its customer experience journey or is well down the experience transformation path, we are experts at driving customer experience success in an increasingly customer-centric world.

Call 1-866-526-2655 or visit us online at www.mcorp.cx to learn how we can help you and your organization.

Introduction

The Best-Practice Capabilities of CX Leaders

Customer experience management. You might expect that this is a well-understood term. After all, like customer experience, it's used a lot. However — also like 'customer experience' — it's used to describe many different things.

So for the avoidance of doubt, we'd like to start this playbook with two definitions.

- **Customer Experience (CX):** "How customers perceive their interactions with your company"
- **Customer Experience Management (CXM):** "The collection of capabilities and processes used to systematically design, deliver, and react to customer interactions"

This is important to understand for a simple reason: To radically improve customer experience, you need to radically improve your Customer Experience Management (CXM) capabilities.

Which is why leading customer experience orgs — the top 20 percent of companies as measured by factors including CX scores, revenue and profitability growth, customer retention and profit — share a number of customer experience management capabilities in common.

When leveraged together, these capabilities — eight in total — can help any organization do a better job designing, developing and delivering great customer and employee experiences.

> "CX leaders share these eight common, proven, best-practice-based customer experience management capabilities."

We've listed the eight best-practice-driven capabilities of customer-centric leaders, essentially providing a roadmap for scaling and systematizing customer experience management expertise.

Of these, two — customer understanding and CX measurement — are referenced in this playbook, and are a direct result of a well-functioning Customer Experience Metrics System.

- **Experience Strategy**: Aligned to your brand and business strategies, your experience strategy provides the "north star" for you to deliver on the expectations set by your brand.

- **Customer Understanding**: Deep insight into customer wants, needs, and perceptions provides the foundation for design and delivery of experiences that meet expectations.

- **Experience Design + Innovation**: This capability allows you to design products, services and experiences that meet customer needs and differentiate your business.

- **Governance**: Despite its tedious overtone, oversight is critical to effectively prioritize investments, guide delivery and hold the business accountable for improving the end-to-end experience.

- **Culture**: A customer-centered culture helps align the behavior of your people, and the meaning they attach to those behaviors (e.g. rewards, social cues), around the customer.

- **Measurement**: Gauging the CX metrics that drive business results is critical to understanding experience delivery and its impact on business performance.

- **Technology**: Comprehensive tools that enable your organization to understand and distribute knowledge of your customers, and to deliver and support customer experience.

- **Processes**: The systems your organization develops and enables that support the design, delivery and management of customer knowledge, data and experiences.

Developing better customer experiences requires:

Experience Strategy	Customer Understanding	Experience Design + Innovation
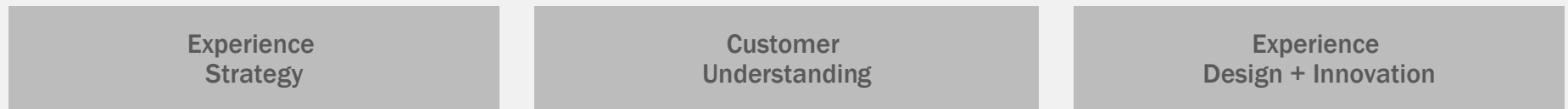
Delivering better customer experiences requires:
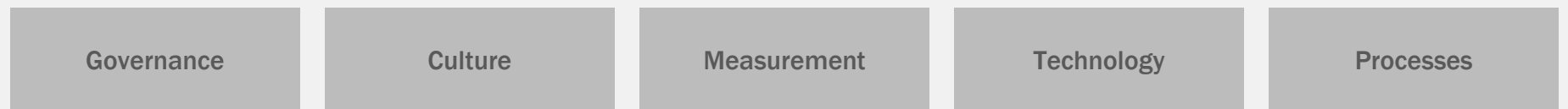
Governance	Culture	Measurement	Technology	Processes

The Importance of Measuring Customer Experience

In today's digital-first-but-not-digital-only and increasingly customer-centric world, customer experience (CX) has quickly emerged as a critical differentiator for 9 out of 10 executives.

But while many of these organizations are taking important steps to deliver on the promise of CX, most struggle to enable true Customer Experience Management (CXM) capabilities.

From our seat, there are many reasons for this. But a key reason is that measuring CX isn't easy. Top-level metrics like NPS (Net Promoter Score), CES (Customer Effort Score), CSAT (Customer Satisfaction) and others are hard to move, and harder still for leaders at all levels of an organization to use to make ROI-driven business decisions.

Which is why we believe that business executives will invest in CX when they see how it can predictably deliver business results, and directly impact customer-centric business improvement.

This is where a CX Metrics System comes into play. Properly designed and deployed, it will allow your organization to

- Quantify the quality of experiences: Track and analyze customer interactions and perceptions

- Predictably link CX to business KPIs: Aligned with your process, financial, customer and workforce-related measures

- Provide results and ROI-driven intelligence: Demonstrating the value of a CX-driven approach to business improvement

- Be more agile and iterative: Leveraging where you are today, and systematically enabling where you want to go

While measuring CX isn't simple (in today's complex business world, few critical activities are), it CAN be both straightforward and predictable with the right CX metrics system in place.

By systematically linking CX to desired and targeted business results such as retention, revenue or cost efficiencies, CX leaders consistently and predictably demonstrate how CX improvements directly impact the bottom line.

Which is where the rest of this guide comes into play. Its purpose is twofold:

First, to help you understand the strategic approach to defining and implementing CX measurement in your organization, including a proven CX framework, architecture and metrics system in the context of a comprehensive, strategic approach to measuring experience across your organization.

Second — and the primary focus of this guide — is to introduce you to a more tactically driven, agile "Quick-Start" approach that organizations have leveraged to efficiently, and relatively quickly, extract enough CX performance data to validate the value of the overall initiative. And, to illustrate how they're using these results as proof points to help deliver transformational business performance by linking actions to insights to ROI — so you can, too.

CX Metrics 101

Frameworks and Architecture

When it comes to measuring CX, everything starts with data: accessing and gathering information to understand the customer experience and ultimately drive action to deliver results.

Gathering the data is often referred to as "Customer Listening" and simplistically, there are two main sources we can leverage:

▪ **Voice-of-the-Customer (VoC)**: Essentially, VoC is what customers tell us about their experiences. Feedback typically takes the form of email, SMS text, webforms or outbound call surveys, ratings and reviews, social media feedback, call center log analysis and so on.

▪ **Voice-of-Analytics (VoA)**: VoA data is driven by what we can determine about the customer's experience from digital analytics, and observing how they interact with our business systems and operations.

For today's multichannel customer you need both VoC and VoA data.

To best interpret this data, it's important to set these metrics in the context of a framework which logically links them together, ultimately connecting them to business results.

This framework is the foundation for any CX measurement effort — whether comprehensive and strategic, or more agile and tactical.

Business "Measurable"	The impact of what customers do on your business strategy and goals
Behavior "Observable" VoA Data	What customers do, as a result their experience perceptions
Perception "Subjective" VoC Data	Customer perceptions about what happens, and how this affects their overall experience and intentions
Operations "Observable" VoA Data	What happens to customers across journeys, and during their interactions

CX Metrics Framework: Linking VoC and VoA metrics to business objectives, in a comprehensive CX metrics system

From the top down, we start with what we can measure, and how it relates to what we are trying to accomplish.

- **Business Results (Measurable)**: What business results are we aspiring to achieve? After all, we don't "do CX" simply for the sake of improving our customers' experience. We do it because it delivers tangible value. Understanding precisely what you're hoping to accomplish, and the value you hope to drive, is a critical first step.

- **Customer Behavior (Observable — VoA Data)**: What do customers actually do as a consequence of their experience with, and positive or negative perceptions of, our organization? Through our systems and data, we can observe customer behaviors. For example, they might buy more, stay longer, call for support less (or more) often, or spend more time with a digital app.

- **Customer Perception (Subjective — VoC Data)**: What do customers tell us about their perceptions and experiences? Gathered at the relationship, journey and interaction levels, perception metrics tell us what customers believe. And since 'the experience' lives in the minds of our customers, what they believe to be true is fact — for them.

- **Operations (Observable — VoA Data)**: What happens to customers across journeys, and during their interactions? Operations metrics allow us to observe what is actually happening to customers during their interactions with the business as they interact with our systems and processes.

"Knowing precisely what you're hoping to accomplish, and the value you hope to drive, is a critical first step."

Whichever your approach or objectives, the questions asked by stakeholders are both consistent and predictable. How do I activate? How do I get value? How do I prove ROI on the customer experience-related work we're doing, or plan to do?

Which brings us to the Quick-Start approach.

While perhaps less relevant for organizations wishing to start by planning and launching broad, comprehensive and technology-enabled cross-channel CX metrics systems, the lessons we're articulating and the "Agile attitude" we espouse can apply to all efforts.

By applying a Quick-Start approach through a more tactical lens, you can relatively quickly link CX metrics to desired results, showing specific, tangible value for your CX initiatives. At the same time, you will build a defensible foundation for CX measurement and insights to help guide the development of a more comprehensive CX metrics system over time.

Quick-Start Principles: What is "Enough"?

When is enough enough? This question is worth asking and answering regardless of your metrics system goals.

For a comprehensive, strategic system, 'enough' may be developing a clear understanding of everything you're measuring across your organization or business group today, including where, how and how often — with the top gaps identified and prioritized for closure. For a more targeted, Agile effort, 'enough' may be a handful of core metrics related to the specific results you're hoping to drive.

When we look at building a CX metrics system, defining the metrics framework and architecture at different levels of fidelity can mean different things. You don't always have to go to infinite levels of detail, but generally the more detail you have, the faster the time to value and the better the results over time.

But this effort can range from a half-day — to topline your current system or core metrics to determine how to implement some basics in order to deliver value, to many months of work — to fully define your existing systems and metrics, and linkages across your business.

Most often, many iterations of this work are completed over time to continually define and optimize a complete CX metrics system that changes and improves.

The depth and granularity with which you develop and apply your CX metrics system and framework has everything to do with your CX measurement and related business objectives.

For example, a more comprehensive or strategic effort might dictate that you link deeper and wider metrics — across customer segments or lines of business, for example — to corporate scorecard objectives such as revenue, retention or cost of service.

Or, for a more focused, Agile effort, you might define these same types of measures with a much narrower focus: a specific customer segment, business metric or product/service.

Whichever approach you initially take, or the business results you choose to measure, you will need to have specific goals to understand the impact of customer behavior on your strategy and objectives.

And they should be explicitly measurable.

Whichever your approach or objectives, the questions asked by stakeholders are both consistent and predictable.

- How do I activate?
- How do I get value?
- How do I prove ROI on the customer experience-related work we're doing, or plan to do?

Post-It notes and CX metrics system design

Post-it notes have a revered place in the world of design and customer thinking. A great way to quickly allow large groups of concise thoughts to take visible form, our and our clients' teams use them to help map existing metrics systems architecture.

By gathering and organizing a collective understanding in a workshop setting, you can quickly see where existing information — including operational, perceptual, behavioral and business outcome data — is gathered, analyzed and consumed across an organization.

> "With a 'Quick-Start' approach, you can relatively quickly — within about 90 days — begin to link CX metrics to your desired business results."

Quick-Start Playbook Overview

By its nature, a Quick-Start approach means doing "enough" to move quickly, add value and provide a foundation for CX learning and improvement. Importantly, this approach — grounded in Agile principles — is not fully linear.

The goal is not to design the "perfect" CX metrics system; it's meant to help you design and deploy what is essentially a prototype system that provides you adequate information to test it in a real-world CX application.

From there, you can rapidly and continuously iterate and improve on your CX metrics system based on your learnings, observations and results, and input from the business.

This also means approaching your CX initiative or project with a fairly structured, focused approach. As well-intentioned as many CX-improvement initiatives are, we've seen far too many that are too broad in nature and don't link to business goals — or business goals that matter to stakeholders — which result in artifacts such as persona, journey maps or even research-driven recommendations that don't drive action.

In many cases, this lack of action stems from an inability to demonstrate to business executives how these efforts — and the inevitable, related requests for CX investment — deliver predictable business results, and support customer-centric business improvement.

This may be self-evident — but for CX to succeed, action must be taken to improve it. And lack of action is often driven by a lack of visibility to success, against desired business results.

Based on the premise that your effort is both targeted and focused, the goal of this guide is to help you remove this "lack of visibility" obstacle.

By adding visibility of success and progress against it as a key element of your approach, you'll be able to both prove and improve your outcomes, your businesses results and your customer experience.

Again, this Quick-Start approach is aligned with Agile principles. This has a number of implications; earlier, we discussed how this allows you to prototype and test your CX metrics system. It also means that you won't have the luxury of time to overly "admire the problem."

Speed is your friend — the faster you move, the more rapidly you can iterate and improve.

To which, our Quick-Start rule of thumb means performing all of the five steps that follow in what we refer to as "Agile Waves" lasting no more than 90 days for each cycle.

We acknowledge that it's quite possible to take longer, but believe the optimal length of each wave should be 90 days, with any additional time subject to rigorous scrutiny.

Further, we don't expect that each of these steps and their associated deliverables will be perfected in 90 days — nor should they be.

But in our experience, 90 days is usually enough time to deliver measurable and visible results, at some level of fidelity and defensibility.

Subsequently, you can embark on additional waves to add more rigor, gain more benefit or apply what you've learned to different opportunities, projects or objectives.

On the pages that follow, we discuss the five components of a Quick-Start CX metrics system. At a high level, this includes the design and deployment of the system, in the context of a targeted, focused "CX-driven" engagement or project.

Wave 1: 90 Days

Define Target Opportunity

Measure, Analyze, Act and Refine

Understand the Experience

Define Action System

Define CX Metrics and Visualizations

Wave 2: 90 Days

Define Target Opportunity

Measure, Analyze, Act and Refine

Understand the Experience

Define Action System

Define CX Metrics and Visualizations

Wave 3: 90 Days

Define Target Opportunity

Measure, Analyze, Act and Refine

Understand the Experience

Define Action System

Define CX Metrics and Visualizations

The "Agile Wave" Approach: The "Quick-Start" performance of all five steps defined on the pages that follow in structured cycles of no more than 90 days per wave.

Activating a Quick-Start CX Metrics System

Step 1: Define the Target Business Opportunity

- 1 Define Target Opportunity
- 2 Understand the Experience
- 3 Define CX Metrics and Visualizations
- 4 Define Action System
- 5 Analyze, Act, Measure and Refine

Introduction

To maximize your success, start by selecting a part of the business that is important, and where there are known (or strongly suspected) opportunities for improvement. Indicators include the ability to do things like boost or speed customer acquisition; increase loyalty, usage or retention; or reduce cost or resources. For example, this may dictate that you focus on a particular product or product portfolio, or a particular line of business.

Once you have a focus area for your effort, focus again — on a customer segment that has the ability to drive business results, as defined by your stakeholders or executives. Examples would be a high-value segment that attrites at a higher-than-usual rate. Or a segment with a known CX issue which, if fixed, can drive improvements for other customer groups as well.

You can also work backwards from the desired result. For example, starting with an overarching business goal like increased sales, greater revenue or reduced cost can lead you to the business segment and then the customers you wish to target.

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, based on the business focus you select, and the results you aspire to deliver.

Pitfalls to avoid:

- Boiling the ocean: Focus is crucial. The ability to gather data and define metrics — and prove results — gets more complicated as your focus widens.
- Failing to bring stakeholders along: Ensure sponsors understand what you're doing, and buy in along the way.

Actions to take:

- Create a walking deck: Including project focus, rationale, metrics framework and key hypothesis, this deck is your tool for broader socialization.
- Build a mini-business case: This doesn't have to be complex — a 't-shirt sizing' approach can do. But based on your focus, specifically articulate and to the best of your ability define the results you hope to achieve.

Step 2: Understanding the Current Customer Experience

1 Define Target Opportunity

2 Understand the Experience

3 Define CX Metrics and Visualizations

4 Define Action System

5 Analyze, Act, Measure and Refine

Introduction

As described earlier, the customer experience is delivered and perceptions generated through multiple touchpoints and channels, at various relationship levels. These include perceptions of the overall relationship, the all-up customer journey and distinct stages within the broader journey, and the specific customer interactions or touchpoints throughout that journey.

In most organizations there is a combination of institutional knowledge (Voice-of-the-Business or VoB insights) and other data — (Voice of the Customer or VoC insights and Voice of Analytics or VoA insights) that can help you understand the current experience of your target segment in your focused business area. Or run a quick internal journey mapping workshop and generate low-fidelity journey maps. The goal isn't perfection, it's insights.

Remember, the immediate objective is to gain an understanding of the current experience and pain points, to see where you should focus measurement and improvement efforts in the context of the business opportunity you plan to address, and the customers you wish to focus on.

Focus is still key; the better defined the problem you are trying to solve, the easier it is to measure results.

Refining your CX metrics framework: Going deeper to align key metrics across all aspects of business impact, behavioral outcomes, customer perceptions and operating model performance.

Business Impact

Revenue	Acquisition	Cost to Serve	Retention

Behavioral Outcomes

Buy	Buy More	Recommend	Buy Again	...

Relationship

Lifetime Customer Experience & Relationship

Journeys and Stages

Learn → Consider → Buy → Use → Engage

Touchpoint Metrics®

App	Web	Store	Support	...

Operating Model Performance

...	First Call Resolution	Acquisition Cost	Conversion Ratios	...
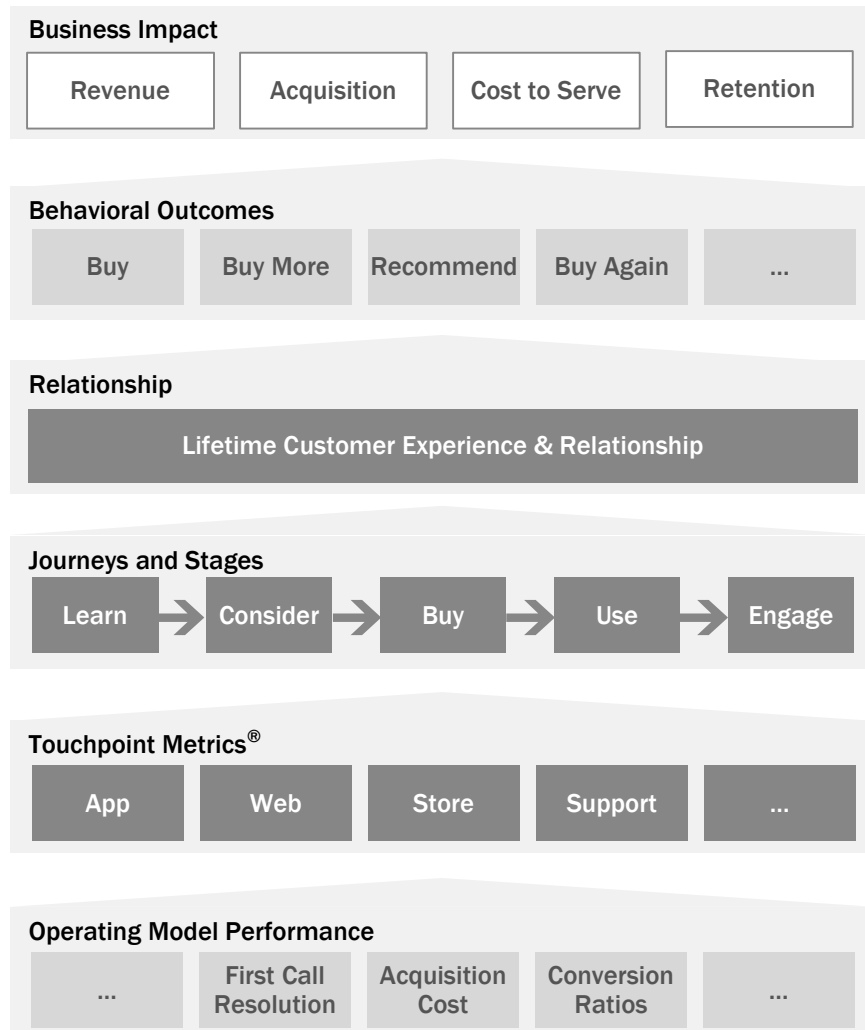
Questions to ask:

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

- What do we know about the experience today? Leverage existing business insights (VoB) and customer (VoC) research, as well as Voice-of-Analytics (VoA).

- Which pain points or opportunities (e.g. channels, touchpoints, journey stages) offer the greatest potential to improve the customer experience and drive desired business results?

Pitfalls to avoid:

- Not prioritizing the pain points: Identify the opportunities most critical to the business. Yes, the customer's needs and issues are the initial filter. But keep business objectives front-and-center.

- Admiring the problem: Don't get hung up on complexity or scale of a problem or problems. Narrowly define it, determine the causes, and determine potential solutions for solving it.

Actions to take:

- See the big picture: Actively search for detailed data on the business area and segment you're targeting. In most organizations, information abounds but is often locked in silos and/or disorganized.

- Represent the customer: Analyze and organize what you find in a way that reflects the customer's view of their experience. By starting from this outside-in view, you'll be able to better frame your findings as customer (not internal or departmental) issues.

Step 3: Define CX Metrics, Analytics and Visualizations

1. Define Target Opportunity
2. Understand the Experience
3. Define CX Metrics and Visualizations
4. Define Action System
5. Analyze, Act, Measure and Refine

Introduction

CX Metrics, analytics and visualizations are closely related, interdependent, and critical to get right as you build your case. Done right, and organized from an "outside-in, customer-centric point-of-view," the data can point to obvious, more easily accepted conclusions.

To find the right metrics, understand what you need to measure to determine the value of your efforts — and the experience — to the business. Most commonly, we see a default to customer perceptions. But as outlined earlier, CX metrics also include operational and behavioral metrics that measure what customers feel (perceptions), what we do to them (operations data), and what they do (behaviors).

The analytics question is answered by making sure you evaluate the available data in ways that help ensure the calculations behind your metrics are defensible, comprehensible and actionable.

Visualization is related to how you present the data you gather in a way that is consumable and usable by the business. For example, might your metrics roll up to an existing scorecard or performance target? Is there an existing report that you can link to or enrich with your data?

As important as the data is, the way it's presented and consumed is equally — if not more — important.

"As important as the data is, the way it's presented and consumed is equally — if not more — important."

Questions to ask:

- What metrics are we gathering today, and how? How can these metrics align to the businesses desired results?

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

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

Pitfalls to avoid:

- Analysis paralysis: There are myriad potential ways to analyze and visualize your data. To achieve the business outcome in an Agile way, focus on leveraging what already exists, and implementing a few incremental changes where appropriate.

- Not getting buy-in: Finalizing focus decisions without stakeholder (or broader business) feedback. Understanding what metrics matter most to your stakeholders — and how they can use them — is a key to success.

Actions to take:

- Build a strong foundation: Ensure your metrics architecture includes relevantly prioritized operational, relationship, behavioral and business metrics.

- Tell the story: Analyze and visualize data in ways that that can inform potential actions for your employees, leaders and customers — and which underpin or drive desired business results.

- Work with what you've got: In the spirit of Agile iteration, start by leveraging existing technology solutions as possible or relevant.

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

Step 4: Define Action System

1 Define Target Opportunity

2 Understand the Experience

3 Define CX Metrics and Visualizations

4 Define Action System

5 Analyze, Act, Measure and Refine

Introduction

The action system is your approach to gathering, acting on the insights your CX metrics system drives, and setting up a framework to guide measurement of resulting actions and continuous improvement during your first 90 days and beyond.

Your action system is about defining how you will activate the metrics, analysis and visualizations you defined in Step 3. It includes three key components — the first of which is an understanding of how you'll "Listen" to your customers. This can mean leveraging existing data gathering systems, and/or activating new or modified ways to collect feedback across segments and channels.
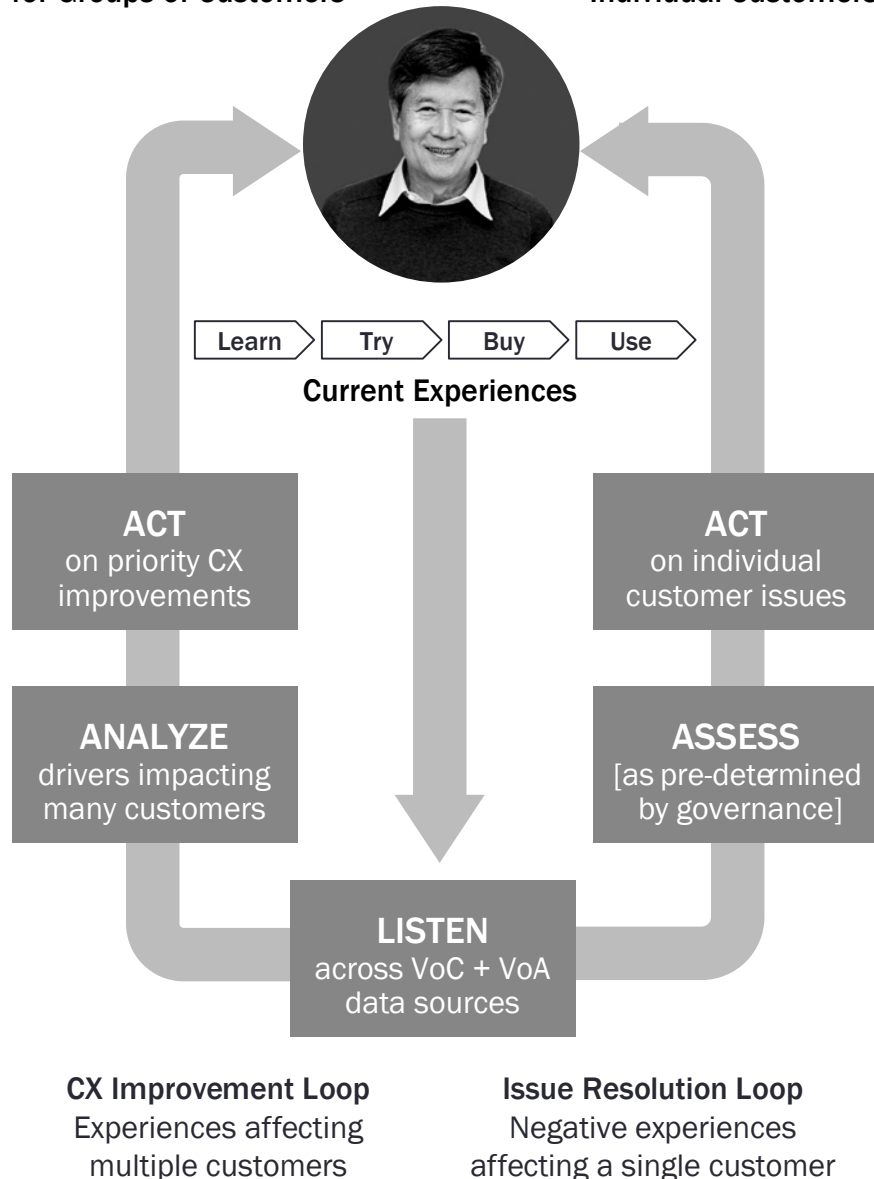
Next is how you "Analyze" the data gathered. With your analysis and visualization questions answered in Step 3, this is where you interpret the data, identify key insights, and share them across the organization. By understanding in advance how you'll get these insights in front of the right people in your organization, you can quickly begin to drive real improvements.

The last component of your action system is your ongoing "Measurement and Refinement" plan for your CX metrics, analytics and visualizations — as well as the specific business results you wish to achieve and the experiences you are focused on improving.

New/Better Experiences for Groups of Customers

Issues Resolved for Individual Customers

Learn ＞ Try ＞ Buy ＞ Use ＞

Current Experiences

ACT
on priority CX improvements

ACT
on individual customer issues

ANALYZE
drivers impacting many customers

ASSESS
[as pre-determined by governance]

LISTEN
across VoC + VoA data sources

CX Improvement Loop
Experiences affecting multiple customers

Issue Resolution Loop
Negative experiences affecting a single customer

The Closed Loop Metrics System: Operationalizing an end-to-end action system used to gather, analyze and act on CX metrics.

"Customer Experience (CX) has quickly emerged as a critical competitive differentiator for 9 out of 10 executives."

Questions to ask:

- What do we need to change? For example, tune existing VoC surveys to provide targeted feedback relevant to your effort.

- Can we append "Voice-of-Analytics" to survey data? Based on the metrics defined in Step 3, assess your ability to align some of this operational and behavioral data to VoC feedback.

- How will we act on this data? Gathering the data is a key first step. But without defined accountabilities for analysis and a system for responding to insights, it will be harder to succeed.

Pitfalls to avoid:

- Starting from scratch: It is rare that you would need to start from ground zero. An inventory of existing data sources can speed the process, while educating and bringing others along.

- Not developing a plan to act on insights: Know in advance who you will turn to and how you will ensure action is taken.

Actions to take:

- Prioritize: Identify the most important experience metrics, analyses and visualizations and action systems you need to activate, and in what order, to deliver desired business benefits.

- Find your flow: Define the refinement process by identifying "what next" so you can quickly activate Wave 2, and develop a CX metrics rhythm to continually gather and act on insights across customer experiences and CX metrics.

Step 5: Activate (Listen, Analyze, Act, Measure and Refine)

1 Define Target Opportunity

2 Understand the Experience

3 Define CX Metrics and Visualizations

4 Define Action System

5 Analyze, Act, Measure and Refine

Introduction

No one does this perfectly, immediately. In fact, the essence of Agile CX is to constantly act and readjust and refine, first doing 'enough' and then leveraging that to do a little more... continually improving and expanding as you achieve your desired objectives.

This approach is especially important given that your customers' expectations are increasingly, quickly and continually changing. This is why a closed-loop system can be so instrumental in driving scalable, long-term customer understanding and CX measurement capabilities.

But in the "Quick-Start" spirit, this is about getting enough information to allow you to quickly drive progress in a short 90-day period. Once you've designed your action system, activate it. Listen to your customers and analyze the data you gather to identify insights. Act on what you find to help drive improvements and measure your progress against baseline to validate your efforts.

The truth is, this Step 5 isn't the end. As you can see in the circular graphic that illustrates the first page of each step in this guide, it is also the beginning. And as we have discussed, the Agile approach to initiating and setting up your customer experience management, monitoring and governance capability means that it is a process which while never finished is continually improved.

Questions to ask:

- How well are we doing and what do we need to change and adjust in order to perform better?

- How should we share insights? Ensure insights, benchmarks and recommendations are socialized with key stakeholders.

- Where should we focus actions? Prioritize quick wins based on impact and effort, and create a backlog of initiatives.

Pitfalls to avoid:

- Assuming a project mentality: It is unlikely that you will deliver all desired or available outcomes immediately; success requires a posture of continuous refinement and action.

- Avoiding failure: A core principle of Agile is to fail fast and fail often. When you develop a hypothesis, you will likely fail in some areas — but you will "fail forward."

- Not communicating with stakeholders: Success requires ongoing buy-in and support from executives. There is no shortage of demands on enterprise resources, and lack of visibility can lead to elimination of important initiatives (like this one).

Actions to take:

- Define your communication plan: Know how you will keep the stakeholders aware of progress, success and failures, and actions taken in response to failures.

- Consider technology: Start with your existing platforms and tools, but examine some of the myriad CX management and measurement technologies that can be applied (more on page 48) to fill key gaps.

Where to Go from Here…

A Metrics-Driven, Customer-Centric Organization

At its core, customer experience management and experience improvement is essentially a business model improvement activity. But it's done with one eye on operational excellence, and another on the customer experience.

Our model for the metrics-driven, customer-centric organization features four major components, brought together in what we call a Customer Experience Operating Model or "CXOM."

A Customer Experience Operating Model is organized around an understanding of the customer. It's really a new discipline, built on those things proven to drive success in a transactional economy but enabled to focus on the key considerations that drive today's customer-centric experience economy.
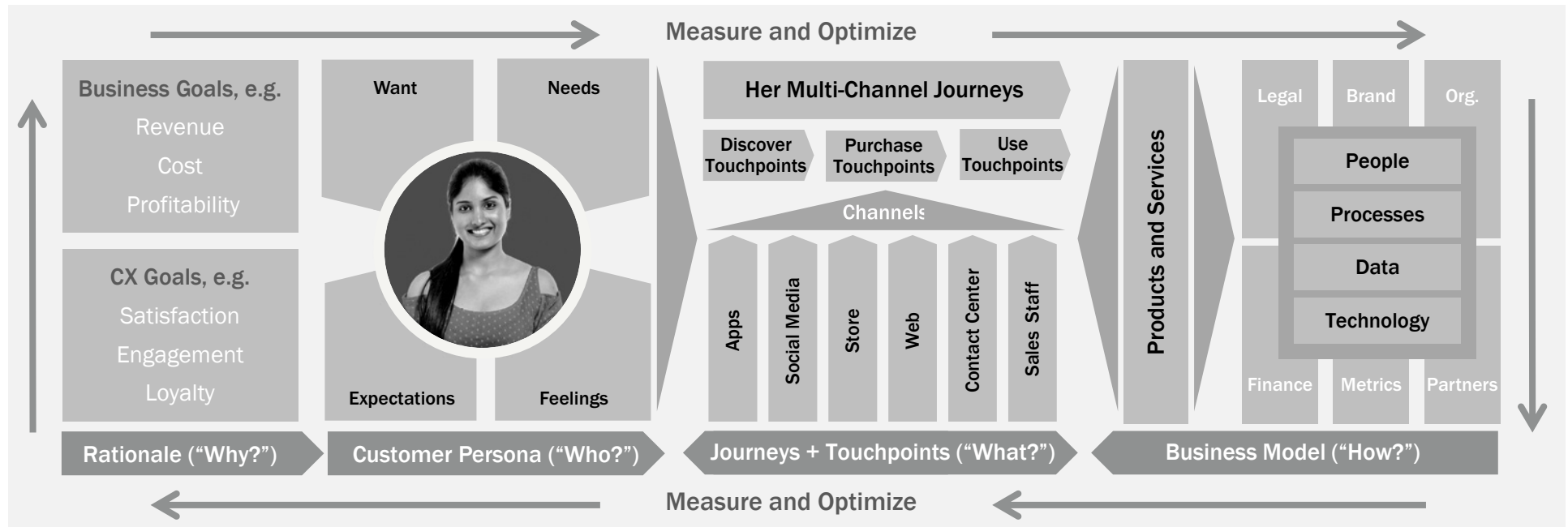
- **Business value realization ("Why?")**: The language of customer experience (CX) can sound foreign to more operationally focused executives.

  And let's face it — for most execs, the "why" of CX is related to the business and CX goals you're trying to accomplish. Customer experience objectives help ensure you'll get there.

- **Who do you serve, and how? ("Who?")**: A clear understanding of your customer, their wants, needs and expectations defines the experiences you need to provide them as they move through journeys and interact across channels.

  This "CX Vision" enables your CXOM to deliver experiences aligned to the achievement of your objectives.

The Customer Experience Operating Model (CXOM)

Measure and Optimize

Business Goals, e.g.
Revenue
Cost
Profitability

CX Goals, e.g.
Satisfaction
Engagement
Loyalty

Want | Needs

Expectations | Feelings

Her Multi-Channel Journeys

Discover Touchpoints | Purchase Touchpoints | Use Touchpoints

Channels

Apps | Social Media | Store | Web | Contact Center | Sales Staff

Products and Services

Legal | Brand | Org.

People
Processes
Data
Technology

Finance | Metrics | Partners

Rationale ("Why?") | **Customer Persona ("Who?")** | **Journeys + Touchpoints ("What?")** | **Business Model ("How?")**

Measure and Optimize

■ **Customer journeys, touchpoints and channels ("What?")**: Continually understanding and improving the multi-channel journeys customers take as they interact with your organization is a key benefit of your CXOM.

Delivered by the human, physical, digital and static touchpoints customers encounter in pursuit of their goals, the experiences they have affect the ability to reach your goals.

■ **Business operating model / CXOM ("How?")**: The business operating model defines how the organization delivers against the desired CX vision, and how that relates to driving business value through the products and services offered.

These are enabled by the People, Processes, Information and Technology that activate your channels and drive your culture.

■ **CX capabilities, metrics and measures**: CX capabilities are at the heart of a culture of endless innovation, enabling the organization to continuously manage, measure and optimize the CX Vision and Business Operating Model.

And without measurement it is exceedingly difficult — some would say impossible — to improve. Which is why the bulk of this guide is focused on customer experience metrics and measures.

Together, all of these things fit seamlessly together, enabling a future-proof, innovation-driven, customer-centric and perpetually improving customer experience operating model.

By aligning your business around an understanding of your customer, you can increase your ability to drive revenue, reduce costs, radically boost customer loyalty and engagement — and increase your competitive strength.

The Closed-Loop Metrics System

Whether you are approaching this from a more holistic or more targeted, tactical perspective, the end goal of any CX metrics system is to operationalize an end-to-end structure that will be used to manage those metrics.

We call this a "closed loop metrics system" because it gives organizations the tools and insights needed to understand what's happening to customers both at the individual and group or segment level — allowing you to "close the loop" by addressing individual customer issues, and by addressing systemic issues that affect groups of customers.

The major components of this system include the activities outlined in Step 5, with the development of the ongoing capabilities to listen, measure and analyze, act on and refine metrics, experiences and comprehensive customer understanding.

Unsurprisingly, this system is driven by and enables the ability to systematically listen and respond to customers. How we listen to them has to consider both VoC and VoA components, and do so across all stages of the customer journey, the journeys themselves, and the interactions embedded in each stage.

CX Measurement and Metrics Technology

Technology causes many of the problems our customers face, as well as inflicting much of the pain they encounter during their interactions with an organization. The good news is that technology can both help us solve these problems — and measure our progress against doing so.

As CX becomes even more critical, customers simultaneously utilize multiple channels just as experiences are increasingly personalized to segments and persona.

And in this increasingly complex ecosystem of interactions, data and relationships, enterprise CX metrics can encompass millions of digital interactions and thousands of relationships and transactions.

Coupling this complexity with the need to move quickly in this increasingly customer-driven, competitive world is critical.
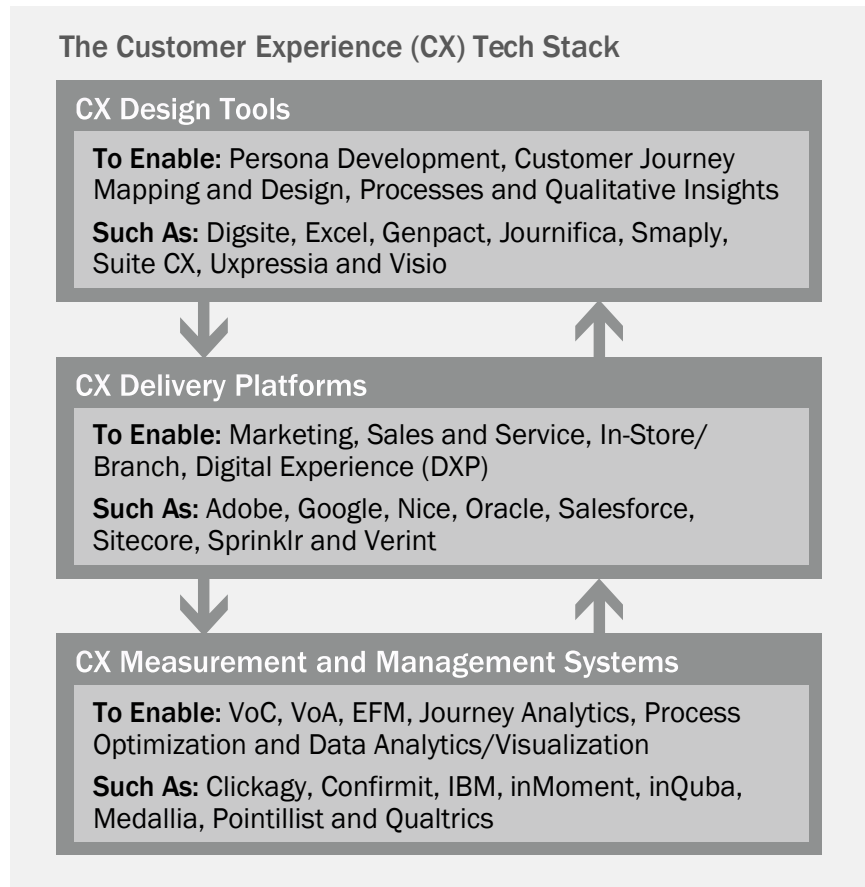
Like every other element of business today, measuring and actioning CX requires technology to help effectively connect systems and operational metrics to customer perceptions and behaviors — and link all this to business results.

This is fast moving but still relatively uncharted territory. We see three key elements in what we call the "CX Tech Stack," each of which is crucial to delivering on a Customer Experience Operating Model.

"Measuring and actioning CX requires technology to help effectively connect systems and operational metrics to customer perceptions and behaviors."

Together, these technologies enable not just the measurement of, but the design and management of customer journeys and experiences, directly aligned with business impact.

The vision is that all elements of the CX Tech Stack tightly integrate listening, design, execution and actioning across an enterprise's silos, groups and channels.

The Customer Experience (CX) Tech Stack

CX Design Tools

To Enable: Persona Development, Customer Journey Mapping and Design, Processes and Qualitative Insights

Such As: Digsite, Excel, Genpact, Journifica, Smaply, Suite CX, Uxpressia and Visio

CX Delivery Platforms

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

Such As: Adobe, Google, Nice, Oracle, Salesforce, Sitecore, Sprinklr and Verint

CX Measurement and Management Systems

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

Such As: Clickagy, Confirmit, IBM, inMoment, inQuba, Medallia, Pointillist and Qualtrics

Major Elements of the CX Tech Stack

- **CX Design Tools**: These tools allow you to model and understand the experiences you wish to deliver.

  They enable and help to visualize segment and persona models, customer journey and process design and visualization, and supply the qualitative and quantitative customer insights that inform experience design and innovation.

- **CX Delivery Platforms**: These platforms enable experience delivery, across functions and channels.

  From marketing automation and sales automation to content management and physical (store, branch, etc.) or digital (web, mobile, etc.) experience delivery, they integrate and dynamically interact with CX Design and Measurement tools.

- **CX Measurement and Metrics**: An increasingly robust set of technologies, these tools and platforms gather, analyze and visualize VoC and VoA data across journeys, processes and interactions.

  They also convert increasingly complex and massive data sets into insights that help to define, prioritize and manage desired actions to continually improve customer experience.

Getting Started: Eight Key Considerations

Our vision of a CX metrics organization is that every employee from the front line to the back office and the executive suite on down is reacting in near-real time to customer experience insights, issues and opportunities.

And that it does so across contact centers, stores or branches, every digital channel (e.g. web, mobile, social) and the field, all acting in concert to enable active, scalable listening and actioning capabilities in the enterprise.

But getting there is a multi-step journey. And with all journeys, simply getting started can often be one of the greatest challenges. With this in mind, we wanted to close this guide with some thoughts to help you take those first steps…

1. **Getting started**… is not as difficult as you may think. By following the steps outlined in this guide you'll be on a fast path to mastering your CX metrics.

2. **Speed is your friend**… by approaching this effort with a Quick-Start, Agile mindset (30-day sprints, 90-day mandate) progress and results quickly materialize.

3. **Focus, focus**… by starting with a tight focus on a burning business opportunity and a valuable customer segment, you maximize the odds for delivering positive, visible impact.

4. **Gain internal support**… by securing a sponsor, you'll ensure (even some) organizational support — which is crucial in most organizations to elevating visibility of your efforts.

5. **Stay small**… by bringing together a small team and embracing a multidisciplinary, cross-org 'SWAT team' philosophy you'll be able to move both quickly and efficiently.

6. **Leverage what you have**… by utilizing existing tools like persona, journey maps, metrics data and technology, you'll accelerate your efforts and maximize acceptance of findings.

7. **Link CX to business results**… by linking your CX improvement initiatives and your metrics to results, you'll support the case for action and ongoing customer experience investment.

8. **Don't go it alone**… If you don't have internal expertise in any of the key areas you need, get outside help. Many others have gone through this before, and you can accelerate your success by tapping into existing knowledge and expertise.

Glossary of Terms (Abridged)

- Agile Attitude: Focuses on delivering value and the ability to adapt to change by equating failure and problems with opportunities for learning and invaluable feedback

- Culture: Aligning the behavior of your people, and the meaning they attach to those behaviors, around the customer

- Customer Experience (CX): How customers perceive their interactions with your company

- Customer Experience Management (CXM): The collection of capabilities and processes used to systematically design, deliver, and react to customer interactions

- Customer Experience Operating Model (CXOM): How a business organizes and aligns value-creation activities around an understanding of and focus on the customer

- Customer Journey: The sum of experiences that customers go through when interacting with your company and brand

- Customer Understanding: Deep insight into customer wants, needs, expectations and perceptions

- CX Metrics System: An end-to-end action system used to gather, analyze and act on CX metrics

- CX Metrics: The business results, customer behaviors, customer perceptions and operational metrics that result from, and can indicate, the experiences your customers have

- Experience Design: Design of products, services and experiences that explicitly meet customer needs

- Experience Strategy: Aligned to your brand and business strategies, experience strategy provides the "north star" for you to deliver on the expectations set by your brand

- Governance: A framework for effectively guiding delivery, prioritizing investments, and holding the business accountable for improving the end-to-end customer experience

- Measurement: Gauging the CX metrics that drive business results is critical to understanding experience delivery and its impact on business performance

- Processes: The systems your organization develops and enables that support the design, delivery and management of customer knowledge, data and experiences

- Technology: Comprehensive tools that enable your organization to understand and distribute knowledge of your customers, and to deliver and support customer experience

- Voice-of-Analytics (VoA): VoA data is driven by what we can determine about the customer's experience based on what we can observe through digital analytics, and the ways they interact with our business systems and operations

- Voice-of-the-Business (VoB): What your organization knows about your customers, which can come from different roles, levels, groups and units across the business

- Voice-of-the-Customer (VoC): What customers tell us about their experiences; feedback typically takes the form of surveys, webforms, ratings and reviews, social media feedback, call center log analysis and so on