

# Lessons From Leading Customer-Focused Organizations

## Customer Service Interview Study

By Mark Marone PhD



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In late 2010, AchieveGlobal conducted 13 in-depth interviews with leading customer service-focused organizations from the US, Europe, and Asia to uncover best practices and strategies for creating a successful customer experience. One-on-one phone interviews were conducted with organizational leaders from a broad range of industries, including financial services, healthcare, government, manufacturing, consumer products and services, and business-to-business industries.

Once we recorded and transcribed the interviews, we began to search for common themes. Our analysis uncovered nine key lessons or best practices of customer-focused organizations. Although some companies describe these lessons in different ways, the concepts nevertheless represent common threads that run throughout each case. These nine critical success factors are presented here with a brief description and supporting quotes.

### #1: Customer service is just one part of the customer experience.

To gain a better understanding of how the terms and definitions of customer service are evolving, we asked companies to discuss how they describe and define the concept of customer service in their organization.

Many companies use different terms to identify interactions with customers in different parts of the company. For example, while a company may refer to the “customer experience” as an organizational concept, their interactions with customers through the call center or CSR function might be referred to as “customer care” or “customer relations”. Other terms describe interactions with intermediate customers, “agent relations,” for example, or industry-specific customers, such as “patient experience” or “guest services”.

A clear distinction developed between how organizations think and talk about service in the traditional sense (through a customer service function) and the broader scope of “customer experience,” where the entire organization is focused on meeting and exceeding the needs of customers in all functions and across all touch points. Despite differences in nomenclature, respondents share a similar definition and agree that the concept of customer experience goes beyond just service. It involves meeting and exceeding the needs of the individuals that drive their business, regardless of whether customers are end users, internal customers, or agents.

*“It’s not just a matter of customer service as it used to be in years past. Now we want to be able to understand what customers need, how do we take care of it, do a great job of taking care of it, and determine if there is something else we can do.”*

*“Customer experience is a little bit more about the quality of interactions and the outside-in view from the customer of what facilitates a great customer experience.”*

## **#2: Customer focus is now front and center in an organization’s mission and values.**

For years, customer service belonged to the realm of the customer-service function. When organizations talked about customer service, they most often referred to the department that supported customers. Today, since the focus on customers is permeating other areas if not the entire organization, we asked companies to tell us how this effort is being communicated and promoted throughout the company.

Leading customer-centered organizations are making customer experience a core component of their overall corporate mission and values. For most companies we interviewed, the concept of customer-focus is communicated from leadership and throughout the organization so that it is becoming ingrained in the culture.

*“One of our values is stated as ‘we are committed to understand our customers’ needs and proactively deliver products and services to meet those needs.’”*

*“We have four corporate values, and the first one is called ‘our customers,’ and under that we explain that it means: I ask, I am accessible, I listen, I am responsive, and I am accountable.”*

## **#3 Customer experience is what happens when organizations interact with the customer at any touch point.**

Organizations provide value to customers and meet their needs through a wide range of channels. The companies we interviewed discussed how their customers interact with each of these channels, such as their websites, phone centers, and different sales channels, in addition to third-party agents, resellers, or distributors. Other touch points include marketing, product development, and other functions that impact the customer experience.

While customer-focused organizations understand that customer needs must be met consistently throughout each channel, the companies we interviewed talked

about some of their challenges in accomplishing this. A beverage company told us about the challenges of managing touch points where there are so many different types of customers and different distribution channels or ways of buying. An insurance company we interviewed discussed the challenge of maintaining their brand promise to customers through independent agents. Successful companies are working to ensure their customers are provided an optimal experience throughout each and every channel.

*“Since we restructured, we’ve done a better job of taking care of our customers at each touch point, but customers buy from us through so many various distribution channels that it has been a challenge to manage.”*

*“We’re working to coordinate the experience at different touch points. There are so many places we touch the customer, but we’ve come a long way in making sure the customer has a consistent interaction online, in a local office, or when they meet a technician.”*

## **#4 Organizational alignment is critical for managing the customer experience.**

Many of the companies we spoke with discussed the challenges of transcending departmental silos and understanding the customer experience across functions. Not only must each functional area understand how to deliver value to the customer within their own area, but they must understand how other parts of the organization meet customer needs.

Alignment goes one step further to ensure that not only is there awareness of how each function impacts the customer, but that customer data and feedback are shared across the organization. Alignment ensures that everyone makes customer focus their job and they work together to ensure an optimal experience.

*“Everyone knows where they fit in and how, why, and what’s needed upstream and downstream from them and how what they do effects what happens later.”*

*“The whole company is a service-providing company whether in selling, maintaining or upgrading; it’s all about service, so it’s important within each department.”*

*“More and more in the service experience, it’s that cross-functional knowledge that’s so important to create that seamless experience.”*

## #5 Customer service fails when there are barriers to information.

Every company experiences occasional failures in customer service. In addition to defective products, administrative errors, or logistical problems, there are plenty of other things that can go awry that end up upsetting customers. Other than things outside of their control, we asked companies to tell us what goes wrong when they are not able to meet the customer’s need—that is, why service fails.

With few exceptions, companies told us things go wrong when there is a lack of timely information or inaccurate information when responding to a customer issue. Delaying resolutions to locate information or waiting for authorization, or having the wrong information, makes it difficult to correct problems quickly. Sharing information, eliminating silos, and aligning the organization are critical requirements to reducing and expelling service failure.

What’s more, successful organizations use bad customer experiences as an opportunity to create loyalty by solving problems in a timely manner and in a way that exceeds the customer’s expectations. Customers may remember the problem, but they will never forget how they were treated and how the problem was handled by the organization.

*“Unusual product questions will come up and sometimes your CSR people just kind of get caught in a trap and may provide some incorrect information or not totally understand the question.”*

*“When we haven’t met that need, it’s because we have not been able as an organization to work together to get information back to our customer.”*

*“Promoters may have had a breakdown somewhere, but the recovery that was applied was so satisfactory that that made them a promoter for that company.”*

## #6 Different segments of customers have different needs and expectations.

Not all customers have the same needs, nor do they have the same experiences with organizations—that is, different segments of customers have different expectations and unique paths through various touch points. For example, some customers prefer to go online, while others prefer conducting their business face to face or over the telephone.

Successful customer-focused companies know it’s dangerous to treat all customers the same. While catering to every individual’s unique needs is not feasible, the companies we talked with were clear about the importance of avoiding a one-size-fits-all approach. Rather, using customer data they segment customers based on distinct needs, preferences, expectations, and their value to the organization.

*“We know each customer looks at us from a unique perspective; they have different needs and experiences, so what’s important to them is unique to them.”*

*“You can’t just assume every customer wants the same thing—we don’t treat them the same—if you took that approach you’d have lots of unhappy customers.”*

## #7 Customer-centered organizations measure more than just satisfaction; they measure the customer experience.

Annual customer satisfaction surveys are no longer sufficient to identify customer loyalty, and measure experiences and expectations throughout the organization. Companies must gather feedback on experiences relevant to all touch points. Rather than relying only on survey data, companies now collect data through various day-to-day interactions, such as web chats, buying behaviors, and in-person feedback.

The companies we talked with are focusing efforts on collecting data on the customer experience that go beyond measuring the nuts and bolts of customer interactions to gathering insights on such things as how confident customers felt about their interaction, the professionalism, attitude, and empathy demonstrated by employees, and whether or not customers’ needs

were met. Customer-focused organizations measure what they want the experience to be and what their customers say they want it to be.

*“The old customer satisfaction is actually too much of a macro measurement. We really need to get down to what it is that customers really want.”*

*“We also look at things like return rates, customer escalations, any source of feedback that would tell us somewhere along the continuum about the customer experience.”*

*“We’ve got these touch-points feedback programs in place where the customer is able to give us a lot of insight on how they perceived their experience.”*

### **#8 Incentive, reward, and training systems reinforce that everyone is customer-focused.**

Customer-focused organizations measure individual’s performance in delivering service, both to internal and external customers. Performance expectations and standards of service delivery are integral to overall performance evaluation for these companies. Not only are employees incentivized and rewarded based on customer feedback data, they are evaluated through observations and other less tangible criteria.

However, rewards and incentives must be combined with training to ensure that employees understand and are committed to being customer-focused. In addition, training and coaching clearly defines what behaviors are expected. Only when employees are engaged and buy-in to the value of customer centricity can organizations improve the experience they deliver to their customers.

*“Our new staff training called ‘customer college’ brings them into the culture and the expectations that we have in delivering service to our clients. This philosophy has gone beyond our call centers to other functional areas.”*

*“It’s not just a value that’s up on the wall, it’s not just a class that gets taught, but it’s part of our annual performance review system as well.”*

*“Everyone that enters the company is evaluated based on the ‘customer-obsessed tool,’ because being customer obsessed is one of our four core values.”*

### **#9 Leadership support and commitment drive continuous improvement.**

Creating a customer focused organization begins and ends with leadership. From establishing the mission to aligning the organization to improving on the delivery of value to customers through each interaction requires the support and attention of leaders.

#### **The Nine Best-Practices of Leading Customer-Focused Organizations**

- #1: Customer service is viewed as only one component of the Customer Experience
- #2: Customer-focus takes a central position in the organization’s mission and values
- #3: The Customer Experience is viewed as the cumulative effect of every customer/organization interaction or touch-point
- #4: Organizational alignment is critical to ensure effective management of the Customer Experience
- #5: Customer service fails when there are barriers to sharing of information between departments
- #6: Different segments of customers have different needs and expectations
- #7: Customer-centered organizations measure more than just satisfaction; they measure the whole customer experience
- #8: Incentive, reward, and training systems that are aligned, reinforce company-wide customer-focus
- #9: Leadership support and commitment drive continuous improvement in the delivery of the Customer Experience

Leaders keep the message alive, propose new directions, and facilitate innovation of the customer experience. In this way, there is not only executive support, but executive commitment. The companies we interviewed are pursuing strategies of increasing investments in training, coaching, rewards, and other enablers to create a culture of ongoing improvement of the customer experience.

*“Our CEO always talks about the need to go to the next higher gear on customer experience. We’re relentlessly pursuing it and taking it higher and higher.”*

## Conclusion

In an ideal world, companies develop and execute strategies on each of these success factors to create an organization that consistently provides an exceptional and differentiated customer experience. The outcome of this will continually increase customer loyalty, and ultimately ensure a stronger market position. Although the leading companies we interviewed have a clear vision of where they need to be, or are well on their way there, some are further along than others. Indeed, even for a few very large companies that are leaders in their industry, the ideal world, they admitted, is still a long way off.

However, what sets these companies apart is not how advanced they are in creating a customer-focused organization, but their understanding that meeting these success factors requires a wholesale evolution in the way their entire company must think and behave. Consequently, they acknowledged that this process represents a continuous journey, rather than a one-time strategy. Given the magnitude of change in processes, policies and mindsets required to accomplish each of these nine success factors, this is a multi-year journey that successful companies are prepared to travel.

### About the Author

Mark Marone, PhD, has more than 15 years of academic and private-sector experience in market research and consulting on issues such as business development, corporate strategy, and customer loyalty. Mark has written extensively on topics in sales strategy and sales best practices, as well as trends in customer service and corporate leadership. He has been a featured speaker and presented research findings at numerous international academic and professional conferences. He earned a Ph.D. from Indiana University and held several academic posts, including adjunct professor of business at the University of South Florida.

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In the 21st century, the level of human skills will determine organization success. AchieveGlobal provides exceptional development in interpersonal business skills, giving companies the workforce they need for business results. Located in over 40 countries, we offer multi-language, learning-based solutions—globally, regionally, and locally.

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### **World Headquarters**

8875 Hidden River Parkway, Suite 400  
Tampa, Florida 33637 USA  
Toll Free: 800.456.9390

[www.achieveglobal.com](http://www.achieveglobal.com)