Seven Transitions for Marketing, Sales and Service

A PERSPECTIVE BY JIM CHAMPY, FRANK CAPEK,
DAVE SUTTON, COLBY THAMES AND ROBERT MORISON

Stryve

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The rapid evolution of information technology is changing the ways that we connect, communicate, and collaborate, both as individuals and as enterprises. The convergent waves of consumer technology, mobility, social media, cloud computing, and "big data" are reshaping how companies go to market, make sales, and serve customers. These technologies are also reshaping how customers interact with providers and expect to be served. Equipped with information and linked through social media, customers continue to gain power and learn how to exercise it.

More than ever before, marketing, sales and service processes are two-way streets. Customers decide when to listen, and they demand to be heard. They also want to control the timing and process of consumption, so companies must be able to meet customer demand as soon as it materializes via whatever channel the customer has chosen. That means being ready at all times – and creates the opportunity to engage customers continuously, not just episodically. To play by the new rules of the technology-powered marketplace, marketing, sales and service processes – and the information and systems behind them – are converging. Not just because they overlap so much, but because the customer *experiences* them as parts of the same interaction.

How to adapt? Through seven tangible transitions that we explore in this Stryve Perspective.

You'll see that we discuss the transitions mainly in terms of consumer businesses because we all have experience as individual consumers and so the transitions are easily grasped. However, each transition includes discussion of implications for business-to-business enterprises.

The same transitions are under way in B2B companies, but they play out differently depending upon customer population and channel complexity. Some of the transitions are far more important in B2B because the revenue-per-customer stakes can be so high. We've also found that most B2B companies benefit from recognizing that they are, in fact, B2B2C companies. If they pay too much attention to their immediate customers, they miss opportunities to work together with those customers to engage and deepen relationships with end consumers. By adopting both B2B and B2C perspectives, they enhance the entire value chain.

We welcome the chance to discuss with you the implications and applications of these seven transitions in your organization and marketplace.

FROM	TO
Object	Person
Brand	Reputation
Service	Experience
Campaigns	Conversations
Channels	Self-Service
Segments	Communities
Programmed	Empowered

1. From Object to Person

> ***"The purpose of business is to create and keep a customer."***
>
> ***"The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself."***
>
> ***– Peter Drucker***

As Peter Drucker articulated, customer centricity is the central element of business success. Since virtually every business leader espouses this truth, it must be great to be a customer! In fact, surprisingly few companies really behave in a thoroughly customer-centric way. And, as we all know and are reminded daily, being a customer can be very frustrating. According to a recent American Customer Satisfaction Index (ACSI) commentary, customer satisfaction "continues on the path it has been on for quite some time now: in the aggregate, it is going nowhere."

Some organizations engage with customers in ways that not only build connection, but also fuel innovation and economic success. Most do not. The difference starts with how business leaders and people throughout their organizations think about, talk about, and relate to their customers.

Dictionary.com's basic definition of "customer" is "A person who purchases goods or services from another, buyer, patron." The foundation of the definition is "person." A customer is a person or, in the case of business-to-business, often a group of people. Companies sustain success with customers by engaging with them as people. This seems like it should be natural. However, even casual conversation with many business leaders reveals that their organizations look at customers not as people, but as objects.

Dictionary.com defines "objectify" as "To present or regard as an object, make objective, externalize." Too many companies objectify their customers – intentionally or unintentionally treating them as a means to an end, without any deep, visceral understanding of their lives, feelings, priorities or preferences. Ironically, misguided or incomplete efforts to "understand" customers can have the opposite effect. Customers are reduced to numbers, assigned to segments, and tacitly assumed to be manipulable.

When companies objectify their customers, they behave in distinct ways. At best, they react to rather than anticipate customer needs. At worst, they are self-serving and manipulative. It's easy to tell when customers are objectified. Those in leadership positions spend little time with customers and are uncurious about their experience. The company measures customer satisfaction at the predictable touch points but is clueless about the customer's overall experience. "Insights" about customers tend to be surface-level descriptions.

Conversations about customers tend to be abstract and distanced rather than concrete and personal. People on the front line follow procedures but are often only "pretending to care."

The opposite of objectifying customers is personifying them – viewing and treating them as multi-dimensional human beings even when we don't know them well. In order to drive customer centricity and reap the benefits of real loyalty and customer-focused innovation, organizations need to adopt a discipline for personifying customers. There are structured ways to embed *empathy* in the core processes of customer engagement. Empathy means identifying with or vicariously experiencing the situations, feelings, thoughts, or attitudes of another. These are the core processes of customer centricity:

- **Empathic Discovery.** Most of what companies know about their customers tends to be descriptive and not deep: their names, where they live, what they've purchased, how long they've been a customer, and so on. Customers may be segmented by common or key characteristics, but in most cases, there is no rigorous framework for personifying customers in a way that builds empathic understanding. However, there are structured ways to study customers and answer deeper questions: Who are these people? What are their situations? What's important to them? What are they trying to accomplish? How do they evaluate alternatives and make choices? What do they do outside of the limited set of contacts with our business? What emotional states influence their behavior?

- **Empathic Design.** We then need to leverage empathic discovery to create products and services that enable customers to more easily accomplish the goals that are important to them. This often includes designing products, services, or modes of interaction that customers don't even know they desire, or solutions beyond what customers assume possible. Increasingly, customers may participate in the design and "co-create" their products, services, and experiences. Empathic design results in offerings that customers love because they're meaningful, relevant, and even viewed as personal.

- **Empathic Delivery.** Customer service is usually a monologue: the company decides what to do and how to do it. Well-designed and executed customer service can cover the basics but can't surprise and engage the individual customer. Empathic delivery is a dialogue with the customer, a dialogue based on constant attention to what the customer is experiencing. Service is then a thoughtful and appropriate response that demonstrates connection with and care for the customer. The company can surround products and services with genuine personal touch.

Viewing and treating the customer as person, not object, is the first of our transitions and foundation for the others.

Implications for B2B

When interactions between companies are automated, it's easy to forget the faces behind the procedures at either end. There may be real opportunity to distinguish your organization as easy to work with by taking a look behind the scenes of how customer staff work with you. The processes of empathic discovery, design and delivery can be easier to execute in B2B markets if you know customer organizations well, can look deeper into their value chains and what they're really trying to accomplish, and can make it easier for them to consume your products and services.

2. From Brand to Reputation

What is a brand? It is more like a feeling than a thing. The most valuable brands in the world – Apple, Coca-Cola, McDonald's, Toyota – evoke a visceral response from their target customers. You know if you're a Mac or a PC, and you're probably quite pleased with that identity. And if you stop by your local McDonald's, everybody seems to be "Lovin' It." Even if you truly have the best product or service in the world, if people stop "lovin' it" for any reason, you're in trouble. Just ask the CEO of Toyota what it was like for their respected brand to go through an embarrassing recall.

External perception defines a brand. And today external perception can change at the speed of social media, as news and opinions are shared in an instant. Every brand is in constant peril, both from bad news and from rumor and misinformation.

Which raises interesting questions: How do you manage a brand when the primary variable of success is no longer in the company's control? How do you create brand leadership in a world where information flows fast and the customer has unprecedented power? The short answer is, you can't if you're using traditional brand management techniques. You've got to reframe the way you think about brands.

A brand is a container for the promises and benefits that your company makes and delivers to your customers. So branding is really about managing your company's reputation. If you make a promise, you better deliver on it. Break a promise and your reputation will suffer. Just like a personal reputation, a brand reputation is formed by behaviors and actions and how they are perceived in the marketplace. Since people understand what a personal reputation is, it's easier to understand what "branding" is all about.

Traditional brand management tries to shape perception. Brand reputation management tries to demonstrate *authenticity*. No matter what capabilities you'd like to be known for, your reputation hinges on how genuinely you connect with others, how authentically you behave. For a company, authenticity is not a destination or an end-state – it is a discipline that must be practiced day to day. To gauge and instill the discipline of authenticity, examine your company's actions and behaviors through these six filters:

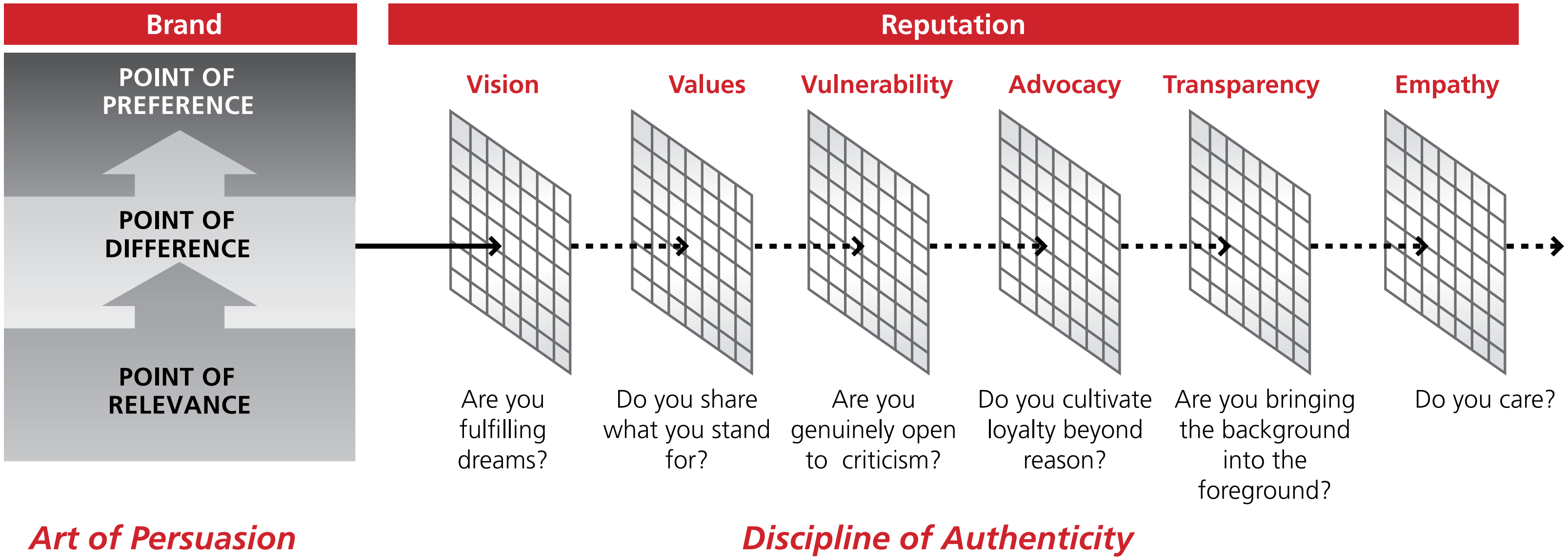
- **Vision.** Great brands start with a great dream to make the world a better place, and to help consumers live their dreams. Great brands look to the horizon – built to last, not to flip.
- **Values.** A brand needs a reason for being: What can your employees and customers believe in? Brand leaders generate financial success as a by-product of doing the right thing. Stand for something.

Toyota: Social Media and Brand Reputation

Toyota faced a nightmare situation for any brand, but particularly one that staked its reputation on safety and quality: the company had to recall 2.3 million vehicles because of faulty accelerator pedals. Suddenly, Toyota brand mentions were trending at the top of Facebook and Twitter on a daily basis, but for all the wrong reasons. Toyota's social media team, which was only a few months old at the time, decided to address the situation head on.

Toyota "served up" their President of North American sales operations to the masses in the form of an ongoing Digg Dialogg. The executive appeared via a dedicated video site where he came across as open, vulnerable, and genuine in his desire to address the public's questions about Toyota's problems. The audience shaped the discussion by voting on which questions to pose. Within a week, the Dialogg had received 1.2 million views and over 3,000 questions – a response level usually reserved for celebrities. Toyota was able to reach a large audience with their message, improve sentiment towards their brand, and protect their reputation through their authentic response.

Brand owners today must actively monitor social media for discussion of the brand. Track content, note sources (as best you can), gauge sentiment, and protect and enhance your brand reputation.



- **Vulnerability.** The company needs to be open to criticism and fast to act when that criticism is warranted. There's nothing wrong with a little self-deprecating humor or acknowledging a chink in the armor now and then. False bravado and forced excuses are always detected.
- **Advocacy.** Do you cultivate loyalty from your customers beyond what others think is necessary? Acknowledge, support, and reward your evangelists, your raving fans, the advocates who increase your loyal following.
- **Transparency.** Brand leaders have to be highly transparent in their communications and operations. In the 24-by-7 world of social media, it's tough to keep bad news under wraps – you might as well be the one to come out with it and proactively manage your reputation through open dialogue.
- **Empathy.** Do you care about the impact you have on your customers, employees, suppliers, community, and the environment? Do your actions and behaviors embody that caring?

The most valuable brands with the best reputations practice the discipline of authenticity. Their character forms their reputations – and their winning positions in the marketplace.

Implications for **B2B**

Many B2B enterprises already understand the power of reputation because traditional brand management isn't practiced in their industries. In markets driven by the persuasiveness of a face-to-face sales force and the savvy of a procurement department, rather than direct consumer actions, the importance of personal and corporate reputation is old hat. That said, B2B companies are also vulnerable to consumer-instigated reputation damage through social media channels, so they must monitor and manage their online presence. Businesses can also work together on reputation-building community initiatives and in promoting and protecting each other's reputations.

3. From Service to Experience

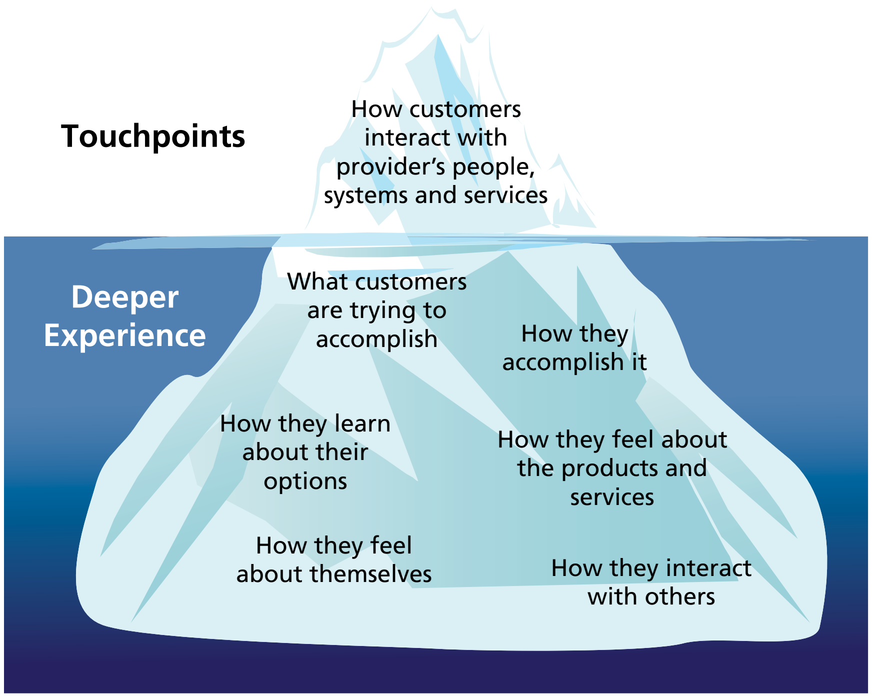
Every viable company must provide acceptable levels of service in order to retain customers, avoid the cost of repeated service interactions, and avoid the lost revenue associated with negative word of mouth. While providing the finest levels of service may be a virtuous objective, we've found that it's extraordinarily easy to make ineffective and uneconomic service investments. In situation after situation, we've seen companies simultaneously under-deliver on service elements that are important to customers and over-deliver on service elements customers care little about or may not even notice. For example, many companies' call centers attempt to optimize speed to answer or satisfaction with service rep interactions rather than dealing effectively with issue avoidance or minimizing overall customer effort. Yours is the rare organization if you're not currently making uneconomic investments in both service delivery and service improvement.

Several factors contribute to the problem:

- ***Service is an inherently introverted activity.*** Service is something a company provides, and companies try to manage the cost to serve carefully. However, in most cases, the real economic value of service is generated in customer behavior. Does the service you provide actually influence customers in a way that builds and sustains profitable revenue streams?
- ***Service often reflects fragmentation.*** Providing service is assigned to specific front-line functions, including field representatives and call centers. In many cases, these front-line people are stuck with the difficult job of compensating for behind-the-scenes fragmentation of business processes and information. The front line can be caught between a broken system and a frustrated customer, with little ability to address the difficult issues on either side.
- ***Service quality is usually a poor differentiator.*** Service quality is open to differences in degree – everyone provides service but some do it better than others. The fact is that people on the receiving end often have a hard time perceiving small differences in degree. Incremental improvements can be very expensive to attain and amount to investments in better sameness.

So, what's the alternative? A fundamental shift in focus from delivering service to finding ways to improve customer experience. What do we mean by *experience*?

- ***Experiences are something that people have.*** A company may influence that experience but, in the end, the experience only resides with the person. And the experience varies with the individual's context of needs and preferences. The only way to understand the experience is to observe and interact with people as they are considering, buying, and consuming products and services.
- ***Experiences do not happen only at sales and service touchpoints.*** The customer's experience may start with first introduction to a brand or interaction with a company web site – well before the point of sale. The greatest opportunities to create differentiated experiences often come from understanding what



happens at the non-touchpoints when customers are considering or consuming. How can you minimize the effort (and sometimes frustration) associated with the end-to-end process of what customers are really trying to accomplish?

- ***Experiences influence how people feel about themselves.*** Companies naturally try to understand how customers feel about their products and services. However, experiences have just as much to do with how people feel about themselves. Does the experience of interacting with the company and its wares make people feel smart, powerful, understood, cared for, in control? Or does the experience leave them feeling stupid, confused, marginalized, manipulated or frustrated?

- ***Experiences are social.*** Many experiences involve things that people do together or use as a form of social expression, and the most powerful experiences change the ways people relate to each other. For example, leading grocery retailer HEB focuses on the family experience of mealtime and how to make it more pleasant and convenient. What relationships are most important to your customers, and can you create experiences that improve them?

- ***Experiences create distinctions that influence behavior.*** Experiences are reflected in what people remember, the stories they tell, the conclusions they draw, the decisions and resolutions they make, and the meaning they derive from their activities. The most influential customer experiences incorporate a series of high-contrast "signature elements" that catch people by surprise and represent a difference in kind.

A company can't let its basic service levels lag noticeably. But it can raise the return on its customer engagement and service improvement dollars by focusing genuinely on customer experience, not just on the process of service delivery. It's easier to achieve differences in kind through experience than service, and people easily recognize differences in kind – and interpret them as differences in commitment.

Well-known companies that have differentiated themselves based on service – Amazon, Zappos, Container Store, Starbucks, Chick-fil-A, Zipcar – do so with a relatively small number of differences in kind. For example, the Starbucks experience represents a comfortable, inviting, predictable and highly social "third place" to go, beyond home and office. The experience design incorporates a set of signature elements including the products (unique drinks and serving sizes), baristas and ordering interactions, store design and ambiance, and commitment relevant causes. Starbucks succeeds every time the experience helps customers feel good about themselves, because they also feel good about the company and its services.

Implications for **B2B**

Designing and managing the customer experience can be more complex in B2B than B2C because most business relationships involve a network of personal relationships. These connections – marketing to planning, sales to procurement, service to production – are often supported by separate and not entirely coordinated information systems. The key to improving the experience of a B2B customer may be to show "one face." Improve cross-functional coordination on the supplier side in order to enable better cross-functional coordination on the customer side. For major customers, differentiate through customization, not only of products and services, but also of the consumption experience.

4. From Campaigns to Conversations

The multitude of channels and technologies for communicating with the marketplace is revolutionizing the work of marketing. The effectiveness of conventional *campaigns* is limited. To build brands and drive revenue, marketers today must also participate in and facilitate continuous and meaningful *conversations* with customers.

Traditional marketing campaigns are sponsored by the brand owner and demarcated by periodic sales seasons, budget cycles, product launches, or responses to competitor moves or other market forces. A campaign may last a day or a month, but if we're thinking about it as a one-shot effort at broadcasting promotional content, we may miss the bigger opportunity to connect with customers. In contrast, conversations are continuous, adaptive, and ad hoc. They take advantage of the immediacy and reach of social media technology to communicate with an audience repeatedly and meaningfully, targeting messages by media type and inviting the recipients not just to listen, but to respond.

For example, IKEA, the Scandinavian furniture retailer, created a dynamic and profitable conversation. The company leveraged Facebook's photo-tagging feature on the personal profile of its Malmö store manager. The manager's album contained photos of the showroom, with this proviso: the first Facebook user to tag his or her name on a pictured piece of furniture received it for free. Enthusiastic customers jumped into the conversation and begged for more pictures so that they could tag themselves to a new sofa, a new bed, or a new vase. Before long, thousands of Swedes were spreading pictures of IKEA showrooms all around their Facebook profile pages, newsfeeds and links. Taking advantage of a basic Facebook function, IKEA devised a clever brand promotion and store traffic driver that cost very little – and initiated an ongoing conversation with their loyal customers.

The challenge with conversations, of course, is that they're often initiated in the marketplace, not by the brand, and a company can't possibly control all of them. So new ground rules are in order:

- Monitor the conversations that you don't initiate, identify which represent the greatest opportunity or risk to your brand, and target responses accordingly.
- When entering an existing conversation, you must be transparent with regard to your affiliation with the brand and authentic in your tone and content.
- Make what you say meaningful. Here's the acid test: anything you tweet, email, or blog should be of interest and value to people even if they never buy from you.

Campaigns		Conversations
Periodic and time-boxed	→	Continuous and real-time
Fixed and standalone	→	Adaptive and integrated
Brand-controlled	→	Audience-controlled
One-to-many	→	Peer-to-peer
Planned and promotional	→	Ad hoc and authentic
Marketing as broadcaster	→	Marketing as facilitator

- If the conversation generates a sale or other action, track and recognize that customer. Don't start the same conversation repeatedly. People find that annoying in their commercial as well as personal lives.

The goals of conversation are not just to promote the brand, but to engage the customer. What the company says in the conversation should stand out and make sense. But just as important is how well the company listens and makes sense of what the market is saying.

We've stressed the contrast between campaigns and conversations to call attention to the challenges and opportunities associated with the latter. As a practical matter, the two should go hand in hand. Any marketing campaign today should incorporate and encourage ongoing conversation with customers. And analysis of conversations in the marketplace should reveal opportunities for innovative campaigns.

Implications for **B2B**

In a B2B that counts its customers in the tens of thousands, marketing campaigns may be akin to their consumer counterparts. With relatively few customers, a company's campaigns can be very targeted. In either case, however, the key to success is often how the conversation with the customer transitions from marketing to sales and back again. The players on the customer side may transition as well; the challenge is to make things go seamlessly all around. The most riveting conversations concern mutual performance and gain sharing. Also note that some industries engage in broad conversations about research, methods, and inter-company coordination. What individuals and organizations influence thinking and action in your industry, and how does your business engage and converse with them?

5. From Channels to Self-Service

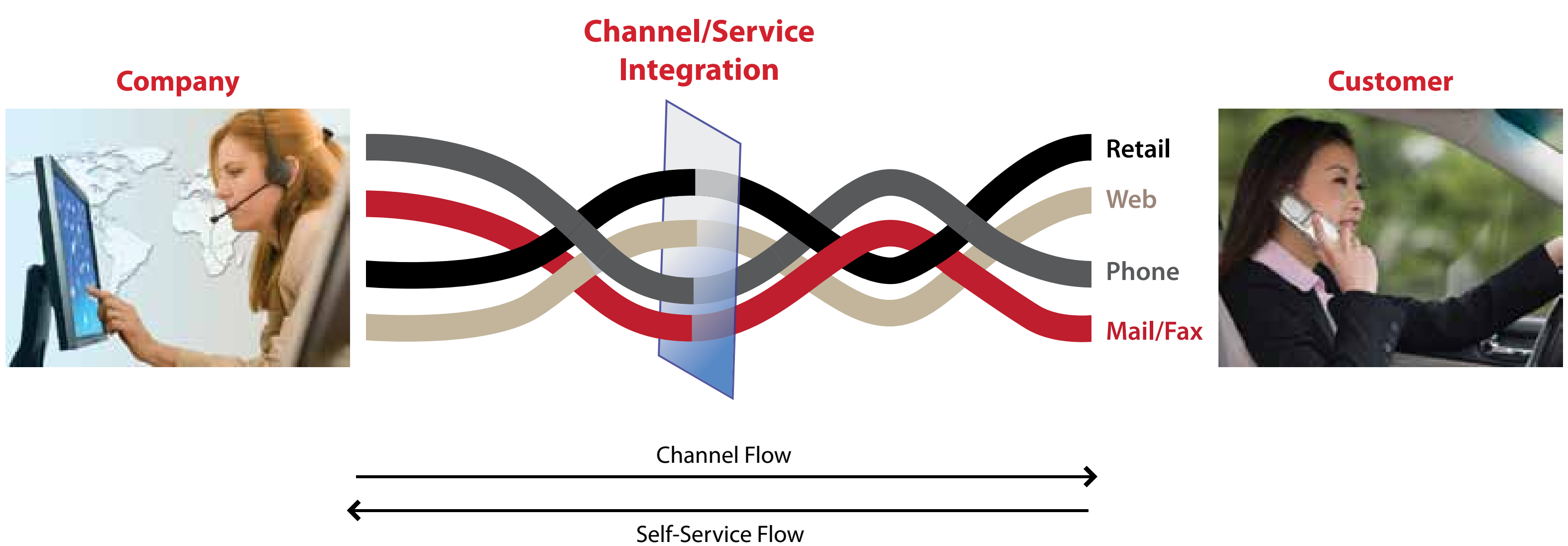
Has channel management ever been so challenging? Technologies, starting with the Internet and mobile devices, have multiplied the ways to reach customers – your web site, retail aggregator sites like Amazon, industry aggregators like energy exchanges, social media like Facebook and Twitter, interactive television. The complexity multiplies when you consider that this proliferation is also affecting your channel partners. And multiplies again if globalization of your business means that its channels must be operating 24/7.

The biggest change, however, is not in the number of channels and touchpoints but in their nature. As informed customers gain market power, they want to connect with providers when they want and via their channels of choice – and then switch channels whenever convenient. A retail customer may window shop online then finalize selection in person, or purchase online but pick the goods up in a store. Or participate in a group purchase with Groupon, then return as a regular customer. Or start a transaction online but then want to talk with a rep. A business customer may need to order goods or expedite service from wherever the need or problem may be. How can a company keep up with all the variations and give customers the service they expect?

Channels as traditionally defined are conduits for moving goods and services to market. But today the flow goes both ways. Channels can be as much about how customers find you as how you find them. They are for sensing as well as acting. They must function as receptors, not just transmitters. They must enable self-service.

Online services – starting with Google and Amazon – have taught us to do more on our own, and to expect to be able to serve ourselves. That's a two-edged sword:

- Providers who play their cards right gain enormous efficiencies because customers are doing part of the work. They increase customer retention by being so easy to do business with. They add a dimension to knowledge of their customers by observing behavior online and off, and by enlisting customers in loyalty programs – an exchange of customer data for preferred service. They have means for innovation, both up-to-date information and a test bed of loyal customers. Customers embrace self-service when it's convenient, value-added, or simply fun.



- Providers who play their cards wrong alienate customers and lose business. They force customers to waste time doing things they don't want to do, like navigate complex voice response systems. Or do things that shouldn't need to be done at all, like provide information that the provider already has. Providers fail to be available when the customer wants to do business: "Please call back during regular business hours." They simultaneously promote self-service and make themselves difficult to do business with. Customers reject self-service when they're forced to help themselves in ways that are inconvenient, awkward, or annoying.

Some businesses steer less profitable customers to self-service. That's tempting but can backfire. Those services must still meet reasonable standards. Otherwise, the marketplace (including potentially profitable customers) hears about it from disgruntled customers via social media.

Enabling and excelling at customer self-service requires both functionality at the touchpoints and integration behind the scenes. Companies must:

- Be available in all of the customers' preferred channels. That may mean establishing a social media presence – and making it engaging, not perfunctory.
- Recognize the customer no matter what channel is used. That requires integrated customer information.
- Design processes and interfaces for the customer. Don't just transfer internal methods to the customer.
- Go mobile if customers want to reach you that way. With the proliferation of mobile devices, that demands flexible interfaces to the web sites and applications that customers use.
- Enable fast and seamless channel switching. That requires applications interfaces and information exchange.
- Track and analyze customer behaviors and preferences. When do they prefer self-service? What profitable customers merit special or personal treatment? Which customer segments would you like to steer to which channels?

Information integration pays off. Flower and gift retailer 1-800-Flowers.com has an integrated customer data warehouse for its dozen brands across all channels (the company even has a multi-channel name). Different channels are viewed primarily as vehicles for marketing (e.g., television ads) or order-taking (e.g., faxes and call centers), and the customer "path to purchase" is coded for all interactions. The company can predict the preferred channel for each type of interaction with each customer, as well as understand the flow across channels, for example, how often print ads drive traffic to the web site.

Implications for **B2B**

Businesses that regularly work together define their channels, interface their systems, and exchange information continuously. Companies share schedules, customers initiate orders, and many actions are automated – no permission needed. But with more activity automated, it's more important to design processes and interfaces with and for the customer, as well as to monitor the flow, stay up to the minute on customer interactions, and manage mutual performance. And if channels to the end customer are complex – for example, involving agents, distributors, or retailers – there may be opportunities to equip channel partners with self-service applications, tools, and information.

6. From Segments to Communities

Self-service facilitates the "pull" side of customer interactions. Segmentation facilitates the "push" – understand and group customers by their common characteristics and needs, then adjust offerings and interactions by segment. The two work hand in hand – more self-service capabilities may be offered to segments that want control and are able to exercise it. For example, financial services firms offer premium online services to active and valuable customers who want self-service. Meantime, the firm can study this valued segment through the online interactions.

Segmentation is a more valuable technique than ever. Companies have more data, from web activity and loyalty programs as well as transaction history, for understanding and segmenting customers. And advanced analytics enable more sophisticated segmentation based more on demonstrated needs and preferences and less on simple demographics and purchasing history. Companies can develop more precise sub-segments and use "recommendation engines" to customize interactions and cross-sell with "next best offers." Some are approaching real personalization, the elusive "segment of one." U.K. retailer Tesco has 13 million loyalty card holders and can generate almost that many individual combinations of coupons and offers, with an extraordinary response rate of up to 25%.

Companies are learning more about and getting closer to customers, and customer expectations regarding personalized service are increasing. As a result, companies must be more attentive and authentic in when and how they "push" their offerings. Customers generally expect to be personally recognized by companies they do business with – but not always. They may object to unprompted offers or be annoyed by amateurish recommendations. They don't want to be subjected to too many "push" communications, no matter how customized. And they definitely expect companies to respect their privacy and be judicious in their use of information about customers. In a genuinely collaborative relationship, customer self-service extends to include what the customer wants pushed and when.

There's another big change in the customer interaction landscape – the rise and popularity of online communities. These are in a sense self-selecting segments, and companies have great opportunity to cultivate and connect with them. These groups form via several channels:

- **Twitter feeds.** People who follow a company on Twitter demonstrate an ongoing interest, and they understand that Twitter is a "push" medium. The challenge is to tweet often enough to maintain presence, while making tweets useful and not annoyingly frequent. Pay attention to why customers are following. For example, they may follow an electrical utility more for storm and outage updates than for services promotions.
- **Facebook pages.** Most companies have a Facebook presence these days. Visitors have interest in the company, but they can be a pretty random assortment, and what they post may include

Intuit: Vibrant Customer Community

Intuit, provider of the popular QuickBooks software for small business, has been building its member community since 2005. Member count is reportedly over half a million. On the site the company's wide variety of customers receive and provide help not only on Intuit products, but on running their businesses. A variety of forums serve specific groups, like accountants, or processes, like banking. The site is a platform for reference materials and education, including well-attended webinars. It also hosts a directory for finding local help from accounts and other professionals, as well as a marketplace and applications store for Intuit partners.

The focus is clearly on service and mutual support, not direct sales of Intuit products. The company receives no commission on sales of partner products – but its members receive discounts. Most importantly, the community provides Intuit with a means of listening to its customers continuously, including non-stop feedback on products and their use. An inner circle of the most advanced contributors and collaborators carries an especially strong voice.

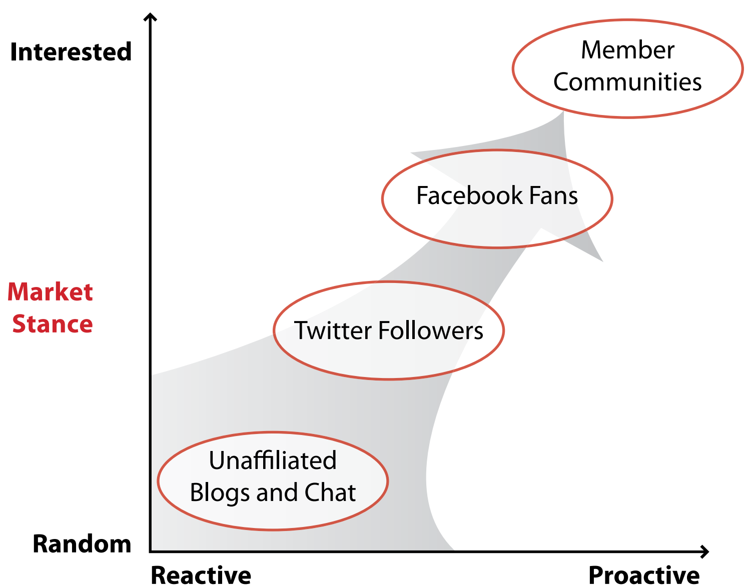
as much complaint as praise. A company must be smart about what its representatives post, especially in response to criticism, as well as about how much and how often to promote its offerings. Specialized Facebook pages engage a more confirmed audience. For example, Progressive Insurance hosts a page for motorcycle owners. A company gets credit for hosting the community and has the chance to make targeted communications and offers.

- **Members-only communities.** These are often hosted on the company's own site and offer the greatest potential for connecting with motivated segments. Nike+ brings together runners who use sensor, GPS, and smartphone technology to record their runs and connect with other runners. USAA has "hubs" for military veterans, military spouses, and customers interested in financial advice. A major hospitality company has an inner circle of its loyalty card holders for purposes of connecting and conversing with its best customers.

The more specialized the community, the greater the opportunity to deepen relationships with it. Members don't expect individualized treatment (and they may even object to being singled out from the community), but they do expect the company to interact in the community's interests and style. Customers help build a true community focused on their interests, and they are quick to recognize and reject a fake one that is blatantly self-serving.

As companies identify customer segments they want to cultivate, the question should be: Can we encourage the segment to become a community – to connect with one another and in the process connect more closely with us?

Connecting Through Communities



Implications for B2B

B2B customers likely have a lot in common and would benefit from forming a community. Or have too much in common and avoid participation because they're direct competitors. The question for a B2B enterprise is whether it can deepen customer relationships by connecting customers with each other, typically starting by hosting a customer forum as one of the services on the company web site. Then again, some of your customers may have banded together already, or your industry may have online communities that encompass both suppliers and customers. In those cases, your company faces the same challenges as B2C companies in terms of authentic presence and participation in the communities.

7. From Programmed to Empowered

Your front-line employees embody your brand. The people who interact with your customers – on the phone, in the store, in the field, or online – influence sales volume, customer satisfaction and loyalty, and whether customers recommend you to others or vent about the miserable experience they've had. So why are front-line staff so often treated as the very bottom of the pyramid? Many companies overinvest in front-line procedures and underinvest in front-line people. That's a losing formula for connecting with today's customers.

Several years ago a home equipment manufacturer was revamping its call center operations and customer support system. Because the new system was making so much more information instantly available, management thought it could script interactions with customers more completely, lower the skill and experience levels required of customer representatives, and significantly reduce staffing and training expense. The attempt backfired. The company didn't account for the full variety of calls and couldn't script the complex ones, for example, from independent service technicians. And it failed to anticipate that when customers get more information, they ask more follow-up questions, thus lengthening and complicating calls. The first new group of less experienced reps was overwhelmed and needed extra training.

The company quickly regrouped, experimented, and reimplemented. It could, indeed, provide better service with fewer call center staff – but only by hiring *more* capable people and giving them *more* freedom in interacting with customers. The most efficient, effective, and economical approach was to combine strong systems with strong people, to use systems not to control staff but to bring out the best in them. The company enlisted the highest performing reps in revamping the system interface and unlocking the process flow. In the end, the reps were both well scripted and empowered with unprecedented authority to address customer inquiries and issues. The whole service process was smartened up, not dummied down.

That's a cautionary tale for call centers today. Too many reps have their hands – and brains – tied by rigid procedures, scripts, and information systems. Performance measures focused more on operational efficiency (e.g., calls per hour) than outcomes (e.g., customer satisfaction, call-back rate) add to the rigidity. No matter how friendly the conversation, reps are unable to provide an engaging customer experience because they can't work on the customer's terms. And it only gets worse as more informed customers grow more demanding.

The problem is by no means limited to call centers. Front-line service employees of all kinds tend to be among the least trusted and most controlled. But how can they serve customers without the leeway to use their experience and common sense, without some authority to do the right thing? When the employee has to "run and check" with a supervisor over the simplest of matters, both employee and customer

Balance at the Front Line

Programmed		Empowered
Script to follow	***Foundation***	Authority to act
Workflow	***Information Systems Focus***	Search and analyze
Completion rate/Speed	***Performance Metrics***	Customer satisfaction/Call-back rate

are undervalued, and both productivity and revenue are undermined. In contrast, the employee who can serve the customer immediately and personally can be both helper and hero.

Employee experience generates customer experience. In most sales and service situations, it's people and their attitudes that make a difference. Notable companies – Trader Joe's, Starbucks, Zappos – have learned that fulfilled and empowered employees pass along their positive experience to customers. The ultimate objective is not just crisp service, and not just meeting customers' baseline needs and expectations, but rather to create an emotional connection with customers. That requires empathy on the front line. The best customer-facing staff aren't necessarily the most outgoing; rather, they are the most attentive, the most able to sense things from the customer's perspective.

We're not saying throw away the scripts (though some like American Express have). In many call centers, high performers like the structure and routine of the script, but they also know when to vary it. You need empowered employees using robust information systems, connecting with customers empathetically, and generating engaging customer experiences. Your organization can't make the other transitions we've discussed without an empowered front line. If you want to treat the customer as a person, you need to bring out the best in the persons who are your employees.

American Express: Empowered Front Line

In a recent interview with *Fortune*, Jim Bush, EVP of World Service, discussed the transformation of call-center customer service at American Express. He broke from conventional wisdom and common practice by treating call centers less as a cost of doing business and more as an investment in building relationships, and by turning customer interactions from "robotic" scripted encounters to engaging conversations.

"Customer Care Professionals" in the call centers have rich information at their fingertips, but no scripts. They are trained not just in technology and transactions, but in how to connect with customers as individuals. They are measured (with incentives) not just on conventional productivity indicators, but also net promoter scores – would the customer recommend the company to a friend?

Bush summarizes the approach: "Giving our people freedom, boundary, and purpose, combined with holding them accountable, drives economic value." Customers who are positive promoters spend more with American Express and are much more likely to be retained.

Source: *Fortune*, April 30, 2012

Implications for **B2B**

Given the higher stakes in B2B relationships, it's even more essential to have capable and empowered people on the front lines of marketing, sales and service. Empowered not just to do things that satisfy the customer, but to work with the customer to improve mutual processes and performance. The largest B2B relationships have dedicated teams – people from both organizations who know and respect one another as individuals, walk in the other side's shoes, and use data and analytics to optimize combined performance. Few relationships may merit that full treatment, but it's worth asking how you can enable and encourage that kind of attitude and commitment in your B2B front line.

ABOUT THE AUTHORS

Jim Champy | Vice Chairman | Stryve

Jim Champy is a leading authority on the management issues surrounding business reengineering, organizational change, and corporate renewal. He is the former Chairman of Consulting for Perot Systems and was a founder of Index Systems. Jim consults extensively with senior-level executives of multinational companies seeking to improve business performance. He is co-author of *Reengineering the Corporation*, which was on the *New York Times* best-seller list for more than a year, was translated into 17 languages, and sold more than two million copies. His other books include *Reengineering Management*, *Reengineering Health Care*, and the recent series *Outsmart!*, *Inspire!* and *Deliver!*

Frank Capek | Customer Innovations

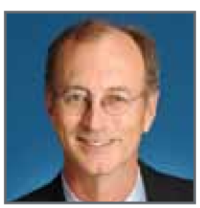
Frank Capek has spent more than 25 years helping leading organizations design products, services, and experiences that positively and profitably influence people. He is an expert on the integration of design and behavior, and he has pioneered many of the most effective tools for profiling and influencing how people perceive, interpret, and act on their experiences. Frank founded Customer Innovations in 1998. He's also held strategy and design practice management roles with CSC Index, eLoyalty and The Concours Group.

Dave Sutton | TopRight Partners

Dave Sutton is a leading authority on how to plug 21st-century strategic marketing techniques and enabling technology into businesses to drive performance. By putting ROI at the center of everything Marketing does, he enables companies to create sustained, profitable, organic growth. He blends the art of a marketer with the science of an engineer and the business acumen of a former public company CEO. Dave co-authored *Enterprise Marketing Management: The New Science of Marketing*.

Colby Thames | Managing Partner | Stryve

Colby Thames has delivered insight, research, and technology solutions to Fortune 500 enterprises since 1990. As a founder of Stryve, he is responsible for its overall strategy and corporate operations, and he provides executive guidance on critical issues to many of Stryve's clients. His research work centers on corporate challenges at the intersection of information technology, process, and human capital. Recent research has explored social business process reengineering, next generation shared services, and corporate collaboration.



Robert Morison | Research Director | Stryve

Bob Morison is a business researcher, writer, discussion leader and management consultant. He has been leading breakthrough research for more than 20 years, and has developed management guides on topics ranging from workforce management and business innovation to business process reengineering, collaborative business models and business analytics. He is co-author of *Analytics At Work: Smarter Decisions, Better Results; Workforce Crisis: How to Beat the Coming Shortage of Skills And Talent*; and three *Harvard Business Review* articles, one of which received a McKinsey Award.

From conception to execution of technology-enabled business change, Stryve provides a full range of adaptable services, collaborates with clients on program and project management, and drives both high ambition and superior results.

For further information, please contact
Ron Christman, Managing Partner at 281-536-6490.

10333 Richmond Avenue, Suite 402 • Houston, TX 77042 • Toll-free: (866) 454-3106 • membership@istryve.com