ORGANIZATION'S READINESS TO DELIVER ON CUSTOMER EXPERIENCE

MCH CONSULTANCY & VLERICK BUSINESS SCHOOL

2014

PROF. DR. BERT PAESBRUGGHE

BJÖRN BIERHAALDER

PROF. DR. DEVA RANGARAJAN

RICHARD CRAMER

INTRODUCTION

We believe that the future of service organizations will be more customer-centric. Most service providers have the ambition to become truly customer-centric, but day-to-day reality shows that fulfilling this ambition may not be a straightforward as expected. We notice a gap between ambition and current reality.

Customer-centricity starts with truly understanding what your customers really want. This implies for us, too. Vlerick Business School and MCH Consultancy have co-created research to understand the perceptions of decision-makers and senior managers about the current state of customer-centricity among service providers in the Netherlands.

During May and June 2014 we have conducted an online survey among 150 respondents in the Netherlands. The results of this survey give valuable insights into the changes required towards customer-centricity. This quantitative research is the first step on our journey to understand what it takes to become a truly customer-centric service provider.

Authors:

Prof. Dr. Bert Paesbrugghe

Björn Bierhaalder

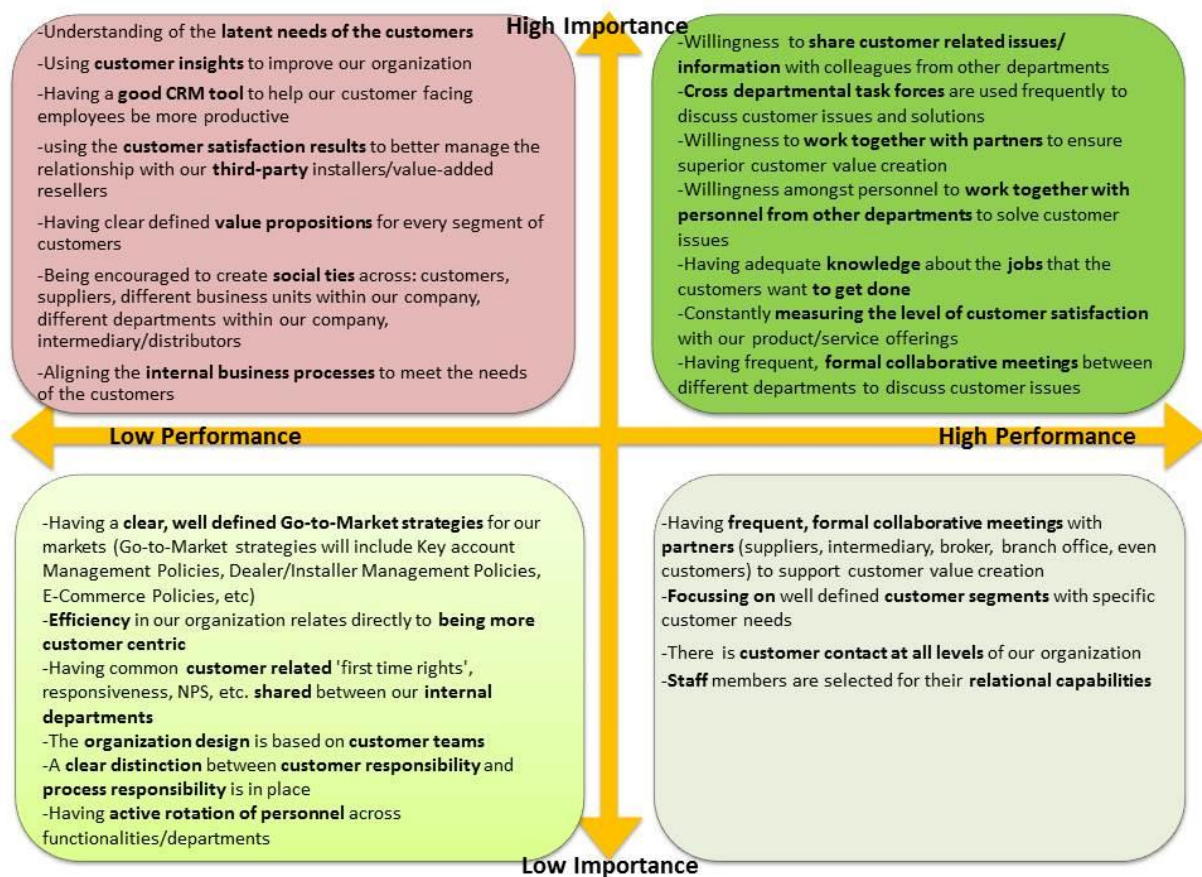Prof. Dr. Deva Rangarajan

Richard Cramer

General model

Based on the matrix in the figure below, it is clear to see what the points of attention should be for sales managers.

The low performance – high importance quadrant (upper left): these items have to be improved ASAP.

The low performance – low importance' quadrant (bottom left): these improvements of these items can be procrastinated.

The low importance – high-performance quadrant (bottom right) should be not be underestimated: Maybe money is being spent wrong?

The high importance – high-performance quadrant (upper right) means that these items are doing excellent and are important.

High Importance

-Understanding of the **latent needs of the customers**

-Using **customer insights** to improve our organization

-Having a **good CRM tool** to help our customer facing employees be more productive

-using the **customer satisfaction results** to better manage the relationship with our **third-party** installers/value-added resellers

-Having clear defined **value propositions** for every segment of customers

-Being encouraged to create **social ties** across: customers, suppliers, different business units within our company, different departments within our company, intermediary/distributors

-Aligning the **internal business processes** to meet the needs of the customers

-Willingness to **share customer related issues/ information** with colleagues from other departments
-**Cross departmental task forces** are used frequently to discuss customer issues and solutions
-Willingness to **work together with partners** to ensure superior customer value creation
-Willingness amongst personnel to **work together with personnel from other departments** to solve customer issues
-Having adequate **knowledge** about the **jobs** that the customers want **to get done**
-Constantly **measuring the level of customer satisfaction** with our product/service offerings
-Having frequent, **formal collaborative meetings** between different departments to discuss customer issues

Low Performance   **High Performance**

-Having a **clear, well defined Go-to-Market strategies** for our markets (Go-to-Market strategies will include Key account Management Policies, Dealer/Installer Management Policies, E-Commerce Policies, etc)
-**Efficiency** in our organization relates directly to **being more customer centric**
-Having common **customer related** 'first time rights', responsiveness, NPS, etc. **shared** between our **internal departments**
-The **organization design** is based on **customer teams**
-A **clear distinction** between **customer responsibility** and **process responsibility** is in place
-Having **active rotation of personnel** across functionalities/departments

-Having **frequent, formal collaborative meetings** with **partners** (suppliers, intermediary, broker, branch office, even customers) to support customer value creation
-**Focussing on** well defined **customer segments** with specific customer needs

-There is **customer contact at all levels** of our organization
-**Staff** members are selected for their **relational capabilities**

Low Importance

Ranking based on Importance

The table below shows the ranking of all measured sales force effectiveness statements starting with the statement with the highest average score for importance on 5.

4,37   There is a willingness amongst the personnel to share customer related issues/ information with their colleagues from other departments/business units

4,35   Cross-departmental task forces are used frequently to discuss customer issues and solutions

4,25   There is a willingness to work together with partners (suppliers, intermediary, broker, branch office, even customers) to ensure superior customer value creation

4,21   There is a willingness amongst personnel to work together with personnel from other departments/business units to solve customer issues

4,18   We have adequate knowledge about the jobs our customers want to get done

4,17   We have a clear view of how we segment our markets and the specific needs of these segments

4,15   We constantly measure the level of customer satisfaction with our product/service offerings

4,09   We have a clear understanding of the latent needs of our customers

4,07   There is a frequent dialogue with customers and non-customers

4,07   We use customer insights to improve our organization

4,04   We have a good CRM tool to help our customer-facing employees be more productive

4,03   We have frequent, formal collaborative meetings between different departments/business units to discuss customer issues

4,01   We use the findings of the customer satisfaction results to better manage the relationship with our third-party installers/value-added resellers

4   We have clearly defined value propositions specified for every segment of our customers

4   Whenever possible, we are frequently encouraged to create social ties across: a) customers, b) suppliers, c) different Business units within our company, d) different departments within our company, e) intermediary/distributors

4   We work on aligning our internal business processes to meet the needs of the customers

3,98   We have frequent, formal collaborative meetings with our partners (suppliers, intermediary, broker, branch office, even customers) to support customer value creation

3,96   We focus on well-defined customer segments with specific customer needs

3,91   We have clear, well defined Go-to-Market strategies for our markets (Go-to-Market strategies will include Key Account Management Policies, Dealer/Installer Management Policies, E-Commerce Policies, etc)

3,87   There is customer contact at all levels of our organization

3,86   Efficiency in our organization relates directly to being more customer-centric

3,82   We have common customer related 'first-time rights', responsiveness, NPS, etc shared between our internal departments

3,79   Staff members are selected for their relational capabilities

3,59   Our organization design is based on customer teams

3,53   A clear distinction between customer responsibility and process responsibility is in place

2,9   We have an active rotation of personnel across functionalities/departments

Ranking based on Performance

The table below shows the ranking of all measured sales force effectiveness statements starting with the statement with the highest average score for performance on 5.

3,7	There is a willingness to work together with partners (suppliers, intermediary, broker, branch office, even customers) to ensure superior customer value creation
3,58	There is a willingness amongst personnel to work together with personnel from other departments/business units to solve customer issues
3,56	There is a willingness amongst the personnel to share customer related issues/ information with their colleagues from other departments/business units
3,5	There is customer contact at all levels of our organization
3,48	There is a frequent dialogue with customers and non-customers
3,44	Cross-departmental task forces are used frequently to discuss customer issues and solutions
3,44	We have a clear view of how we segment our markets and the specific needs of these segments
3,44	We have frequent, formal collaborative meetings with our partners (suppliers, intermediary, broker, branch office, even customers) to support customer value creation
3,42	We constantly measure the level of customer satisfaction with our product/service offerings
3,38	We have adequate knowledge about the jobs our customers want to get done
3,37	We focus on well-defined customer segments with specific customer needs
3,23	We have frequent, formal collaborative meetings between different departments/business units to discuss customer issues
3,23	Staff members are selected for their relational capabilities
3,22	We have clearly defined value propositions specified for every segment of our customers
3,18	We use customer insights to improve our organization
3,18	Whenever possible, we are frequently encouraged to create social ties across: a) customers, b) suppliers, c) different Business units within our company, d) different departments within our company, e) intermediary/distributors
3,11	We work on aligning our internal business processes to meet the needs of the customers
3,07	We use the findings of the customer satisfaction results to better manage the relationship with our third-party installers/value-added resellers
3	We have clear, well defined Go-to-Market strategies for our markets (Go-to-Market strategies will include Key Account Management Policies, Dealer/Installer Management Policies, E-Commerce Policies, etc.)
3	Efficiency in our organization relates directly to being more customer-centric
2,99	We have a clear understanding of the latent needs of our customers
2,98	Our organization design is based on customer teams
2,98	A clear distinction between customer responsibility and process responsibility is in place
2,97	We have common customer related 'first-time rights', responsiveness, NPS, etc. shared between our internal departments
2,77	We have a good CRM tool to help our customer-facing employees be more productive
2,15	We have an active rotation of personnel across functionalities/departments

Ranking based on Difference

The table below shows the ranking of all measured sales force effectiveness statements starting with the statement with the highest average score for difference on 5. The difference is the calculation of the average scores per statement concerning importance minus the average scores of performance.

1,27   We have a good CRM tool to help our customer-facing employees be more productive

1,1   We have a clear understanding of the latent needs of our customers

0,94   We use the findings of the customer satisfaction results to better manage the relationship with our third-party installers/value-added resellers

0,91   We have clear, well defined Go-to-Market strategies for our markets (Go-to-Market strategies will include Key Account Management Policies, Dealer/Installer Management Policies, E-Commerce Policies, etc.)

0,91   Cross-departmental task forces are used frequently to discuss customer issues and solutions

0,89   We use customer insights to improve our organization

0,89   We work on aligning our internal business processes to meet the needs of the customers

0,86   Efficiency in our organization relates directly to being more customer-centric

0,85   We have common customer related 'first-time rights', responsiveness, NPS, etc. shared between our internal departments

0,82   Whenever possible, we are frequently encouraged to create social ties across: a) customers, b) suppliers, c) different Business units within our company, d) different departments within our company, e) intermediary/distributors

0,81   There is a willingness amongst the personnel to share customer related issues/ information with their colleagues from other departments/business units

0,8   We have frequent, formal collaborative meetings between different departments/business units to discuss customer issues

0,8   We have adequate knowledge about the jobs our customers want to get done

0,78   We have clearly defined value propositions specified for every segment of our customers

0,75   We have an active rotation of personnel across functionalities/departments

0,73   We constantly measure the level of customer satisfaction with our product/service offerings

0,73   We have a clear view of how we segment our markets and the specific needs of these segments

0,63   There is a willingness amongst personnel to work together with personnel from other departments/business units to solve customer issues

0,61   Our organization design is based on customer teams

0,59   There is a frequent dialogue with customers and non-customers

0,59   We focus on well-defined customer segments with specific customer needs

0,56   Staff members are selected for their relational capabilities

0,55   There is a willingness to work together with partners (suppliers, intermediary, broker, branch office, even customers) to ensure superior customer value creation

0,55   A clear distinction between customer responsibility and process responsibility is in place

0,54   We have frequent, formal collaborative meetings with our partners (suppliers, intermediary, broker, branch office, even customers) to support customer value creation

0,37   There is customer contact at all levels of our organization

CEO versus Business Unit Manager (BUM)

There is a clear difference between the average scores between CEOs and BUMs. The higher difference in importance could be explained by the more subjective character of it, while performance is possibly more noticeable in the organization. The results are mirroring the general overview where it is stated that performance always gets a lower average rating than importance. The drop in the perceptive rating between importance and performance is greater for BUMs.

	CEO	BUM	*Difference*
Importance	3.68	4.06	*-0.38*
Performance	3.06	3.34	*-0.28*
Difference	*0.62*	*0.72*	

Importance

CEO's give a lower average score on all statements of importance than Business Unit Managers do, except for:

- We have adequate knowledge about the **jobs our customers want to get done**

- We have **common customer related** 'first-time rights', responsiveness, NPS, etc **shared** between our internal departments

- **Efficiency** in our organization relates directly to being more **customer-centric**

The highest differences between average scores of CEO's and BUM's are measured at:

1. We have a good **CRM** tool to help our customer-facing employees be more productive

2. There is a willingness amongst the personnel to **share customer related issues**/ information with their colleagues from other departments/business units

3. There is **customer contact at all levels** of our organization

4. **Cross-departmental task forces** are used frequently to discuss customer issues and solutions

5. There is a **willingness to work together with partners** (suppliers, intermediary, broker, branch office, even customers) to ensure superior customer **value creation**

Performance

CEO's have a lower perception of the performance on all presented statements, except for:

- We have frequent, formal collaborative **meetings between different departments/business units** to discuss customer issues

- We have an active **rotation of personnel** across functionalities/departments

- Whenever possible, we are frequently encouraged **to create social ties** across: a) customers, b) suppliers, c) different Business units within our company, d) different departments within our company, e) intermediary/distributors

- There is a frequent **dialogue** with **customers** and non-customers

- **Efficiency** in our organization relates directly to being more **customer-centric**

It is noteworthy that the statement about customer centricity is seen again in the higher perception of performances by CEO's. The ranking of the biggest differences between CEO's and BUM's is:

1. We constantly measure **the level of customer satisfaction** with our product/service **offerings**

2. We have a good **CRM** tool to help our customer-facing employees be more productive

3. We **use** the **findings** of the customer **satisfaction results** to better manage the relationship with our **third-party** installers/value-added resellers

4. There is **customer contact at all levels** of our organization

5. Our **organization design** is based on customer teams

6. There is a willingness to **work together with partners** (suppliers, intermediary, broker, branch office, even customers) to ensure superior customer value creation

B2B versus B2B+B2C companies

The table below summarizes the size of the differences between importance and performance. The drop in scores from importance to performance is higher for B2B+B2C companies.

	B2B	B2B+B2C	*Difference*
Importance	3.77	4.13	*-0.36*
Performance	3.19	3.29	*-0.1*
Difference	*0.58*	*0.84*	

Importance

Differences between respondents from B2B and mixed B2B+B2C companies were examined as well. Respondents working in B2B companies gave a lower score on all statements related to importance except for "A clear distinction between customer responsibility and process responsibility is in place" with an average difference of 0.02/5.

The differences between B2B and mixed B2B+B2C companies are remarkably bigger at importance level, particularly for:

1. **Efficiency** in our organization relates directly to being more **customer-centric**

2. We have a good **CRM** tool to help our customer-facing employees be more productive

3. **Cross-departmental task forces** are used frequently to discuss customer issues and solutions

4. We constantly **measure** the level of **customer satisfaction** with our product/service **offerings**

5. We have clear, **well-defined Go-to-Market strategies** for our markets (Go-to-Market strategies will include Key Account Management Policies, Dealer/Installer Management Policies, E-Commerce Policies, etc.)

6. We focus on well-defined customer **segments** with specific customer needs

Performance

The average scores are different for performance. Five statements gained a higher score by respondents from B2B companies, namely:

- We have an **active rotation of personnel** across functionalities/departments

- There is a willingness amongst the personnel to **share customer related issues**/ information with their colleagues from other departments/business units

- We have a clear view of how we **segment** our markets and the specific needs of these segments

- We have a clear **understanding** of the **latent needs** of our customers

- A clear **distinction** between **customer responsibility** and **process responsibility** is in place

The biggest difference in the perception of performance between the two types of companies is measured at "We constantly measure the level of customer satisfaction with our product/service offerings".

SME vs. Larger Privately Owned Companies

The table below shows significant alteration between perceived importance and performance, especially for larger privately-owned companies. The perceived opinions on the different statements are relatively small for statements on performance, only 0.06.

	SME	LPOC	*Difference*
Importance	3.87	4.16	*-0.29*
Performance	3.14	3.2	*-0.06*
Difference	*0.73*	*0.96*	

Importance

Respondents from Larger Privately Owned Companies (LPOC) perceive all statements as more important than employees from Small or Medium-sized Enterprises (SME) except for "We work on aligning our internal business processes to meet the needs of the customers" with a small difference of 0.05 on average.

The biggest differences in importance are noticed in the following statements:

1. **Staff** members are selected for their relational capabilities

2. We have a good **CRM** tool to help our customer-facing employees be more productive

3. There is **customer contact** at all levels of our organization

4. We have frequent, formal collaborative **meetings between different departments**/business units to discuss customer issues

5. Whenever possible, we are frequently encouraged to **create social ties** across: a) customers, b) suppliers, c) different Business units within our company, d) different departments within our company, e) intermediary/distributors

6. Our **organization design** is based on **customer teams**

Performance

On average, the perception of performance regarding the different statements from respondents working in SMEs is lower than from respondents working in a larger privately owned company. The exceptions where the perception from respondents working in SME's is higher about the statements are:

- **Efficiency** in our organization relates directly to being more **customer-centric**

- There is a frequent **dialogue with customers and non-customers**

- There is **customer contact** at all levels of our organization

- There is a willingness amongst the personnel to **share customer related issues**/ information **with their colleagues** from other departments/business units

The biggest difference in performance is seen in the statement "We constantly measure the level of customer satisfaction with our product/service offerings".

Companies with 101 to 500 employees versus >1000 employees

When we compare the total average differences between importance and performance, there is no difference notable.

	101-500	>1000	Difference
Importance	3.99	4.08	-0.09
Performance	3.25	3.34	-0.09
Difference	0.74	0.74	

Importance

On the level of importance, the biggest difference in perception is measured at the statement "We constantly measure the level of customer satisfaction with our product/service offerings". There are only six statements that are being rated higher in importance by employees working at companies with 101-500 employees:

- A clear **distinction** between **customer responsibility and process responsibility** is in place

- We have a clear view of how we **segment** our markets and the specific **needs** of these segments

- We have frequent, formal **collaborative meetings with our partners** (suppliers, intermediary, broker, branch office, even customers) to support customer **value creation**

- We work on aligning our **internal business processes** to meet the **needs** of the customers

- We have **adequate knowledge** about the jobs our customers want to get done

Performance

Examination indicated that the differences in perceived performance by the employees working in a company with more than 1000 employees is higher than the perceived performance of the employees working at a company with 101 to 500 employees. The exceptions are:

- We have clear, well defined **Go-to-Market strategies** for our markets (Go-to-Market strategies will include Key Account Management Policies, Dealer/Installer Management Policies, E-Commerce Policies, etc)

- We constantly **measure** the **level of customer satisfaction** with our product/service offerings

- We use the findings of the **customer satisfaction results** to better manage the relationship with our third-party installers/value-added resellers

- We have **clearly defined value propositions** specified for every segment of our customers

- We have a good **CRM** tool to help our customer-facing employees be more productive

The biggest differences in performance are perceived at:

1. **Efficiency** in our organization relates directly to being more **customer-centric**

2. We have clear, well-defined **Go-to-Market strategies** for our markets (Go-to-Market strategies will include Key Account Management Policies, Dealer/Installer Management Policies, E-Commerce Policies, etc.)

3. There is **customer contact** at all levels of our organization