

Introducing the Customer Experience Operating Model

An McorpCX Thought-Leadership Webinar:
Activating a Customer-First, Digitally Enabled Business

June 19, 2019

mcorpCX



Your Hosts:



Michael Hinshaw
Founder & President
McorpCX

- CX industry pioneer and thought leader, on multiple “Global CX Thought Leaders to Watch” lists
- Best-selling author: *Smart Customers, Stupid Companies: Why Only Intelligent Companies Will Thrive, and How To Be One of Them*
- Mentor and Richard H. Holton Teaching Fellow at U.C. Berkeley’s Haas Business School



Graham Clark
Director,
Digital Experience
McorpCX

- Former global head of Digital, Digital Experience and Multichannel CX at Isobar, NIIT & Mphasis
- Creator of Digital Customer Company and Digital E3 (Emotional/Empathetic/Experiences) frameworks for Digital Operating Models
- Fortune 50 leadership to startup entrepreneur, founding 5 digital companies



Stephen Shay
Vice President
McorpCX

- Senior technology and Customer Experience strategist
- Former Microsoft General Manager responsible for building internal Customer Experience practice
- Sales, Operations, and IT background responsible for leading cross-company, transformational initiatives

For over 17 years, McorpCX has helped leading brands plan for, design, and deliver better customer experiences



Delivering measurable value and ROI: One example...

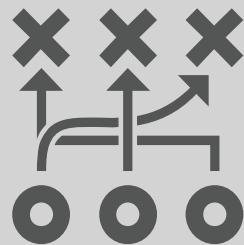
Greater top-line revenue

~\$25.8 million/
10% annually



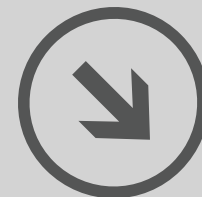
Faster time to market

From 90 days
to under 7



Decreased operating costs

Saving millions of
dollars annually



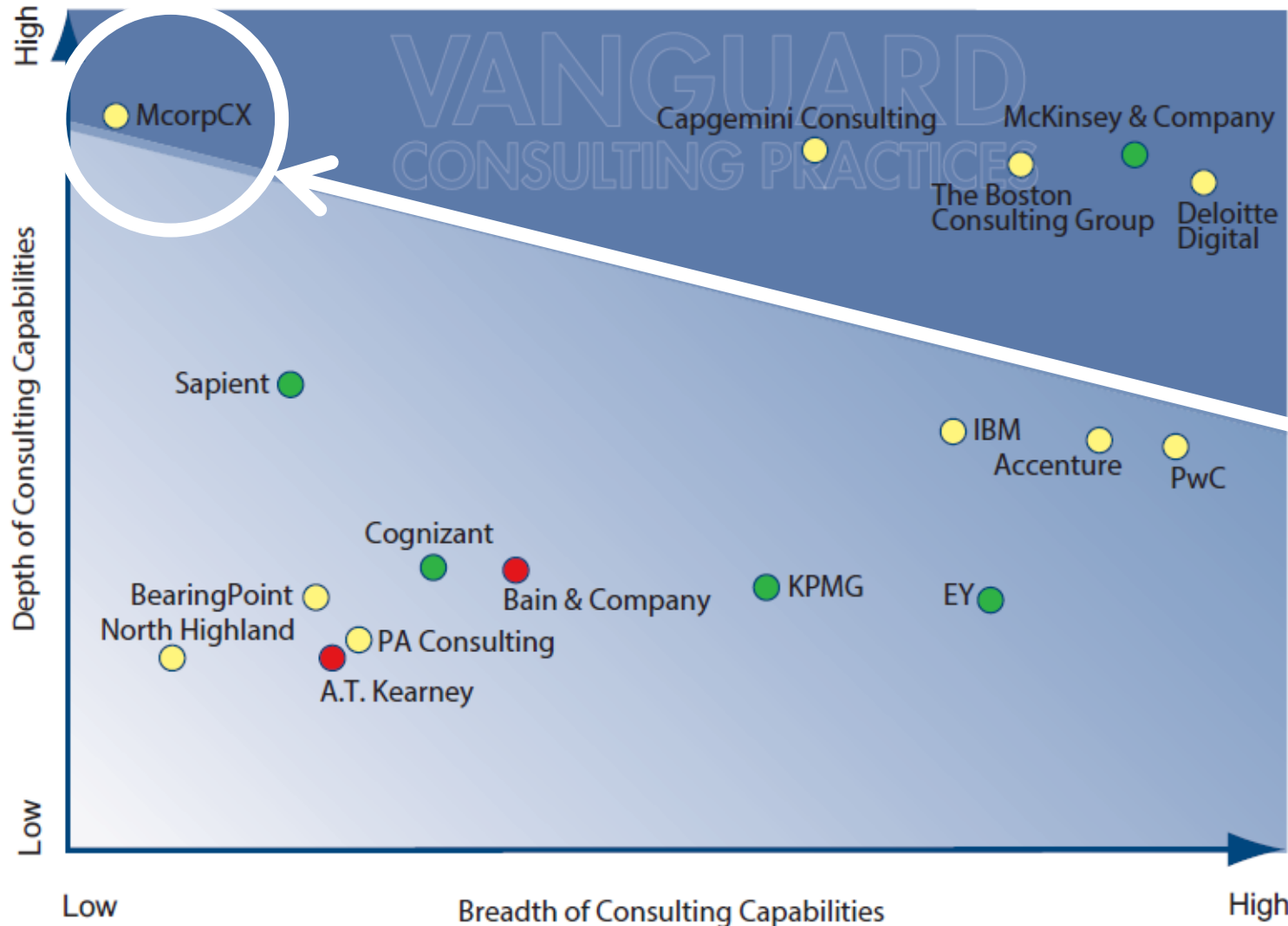
Greater customer satisfaction

200%+



Proven across multiple markets and industry verticals

Independently ranked Top-20 digital CX & strategy leader



“[Their] narrow but deep market position enables McorpCX to effectively serve both the SME market and the largest global corporations”¹

-- ALM Intelligence:
The Kennedy Vanguard

Today we're going to: Discuss why to transform your business model; Introduce the CXOM; See how to use it; Learn how to design your CXOM; Share key questions to ask, and pitfalls to avoid.

What is a “business operating model” and how does that help an organization to improve performance?

A Model

Which is a dynamic view of how an organization delivers value to its customers, and how it runs itself.

To better Understand

How we're going to achieve our goals

+

By better organizing and managing resources and capabilities

+

Helping align strategic thinking across the organization

+

So we can more effectively operate our business...

Q: When should an organization consider changes to its business operating model? A: When business changes

“Business modeling is the managerial equivalent of the scientific method—you start with a hypothesis, which you then test in action and revise when necessary.”

*- Harvard Business Review,
Why Business Models Matter*



Consider Re-Assessing Your Business Model When Your:

- Customers Change
- Markets Change
- Value Propositions Change
- Go-to-Market or Other Strategies Change
- Cost Structures Change (Or They Need To)
- Management Changes
- Revenue or Margins Change

Six key trends with massive business model impacts

1.

Changing
Customer
Expectations

2.

The Need For
Digital
Transformation

3.

Changing Value
Drivers of Customer
Experience

4.

Commoditization
Across Industries

5.

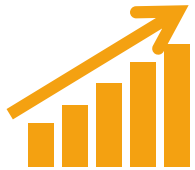
Swiftly Evolving
Technology
Landscape

6.

The Overall Pace
of Innovation and
Disruption

To start: The value of customer experience is now clear

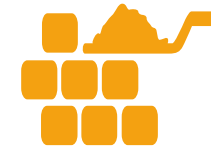
Greater bottom-line revenue growth^{1,2}



Customers 4.5x more willing to pay premium³



Top-line revenue up to 5.1x greater than laggards³



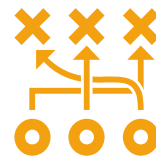
Up to 2x greater customer and employee loyalty¹



Lower churn and increased retention^{1, 2}



Typical growth double that of competitors²



Significantly reducing cost to serve customers¹



Up to 2.4 times per-customer revenue increase¹



Digital continues to accelerate across industries, while customer expectations of experience continue to evolve



As the discipline of CX (and customer expectations) evolves, so must your model for delivering value....

CX Techniques (2000 on...)

**More Tactical,
Issue-Driven**

Tools like Journey Mapping and Persona;
Metrics like CSAT, CES and NPS

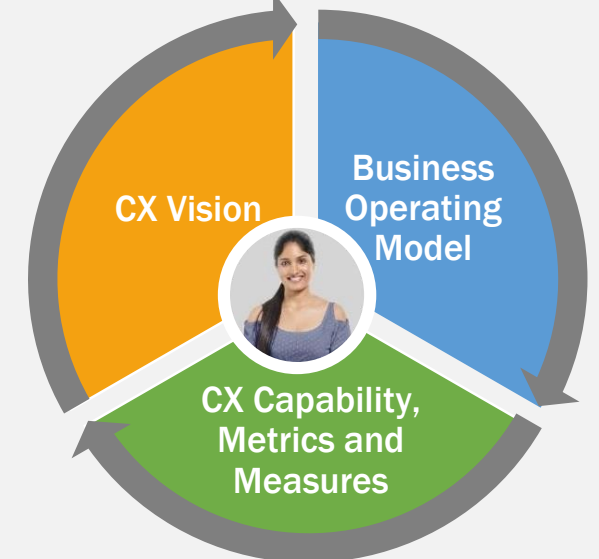
CX Improvement (2010 on...)

**More Holistic,
Capability-Driven:**

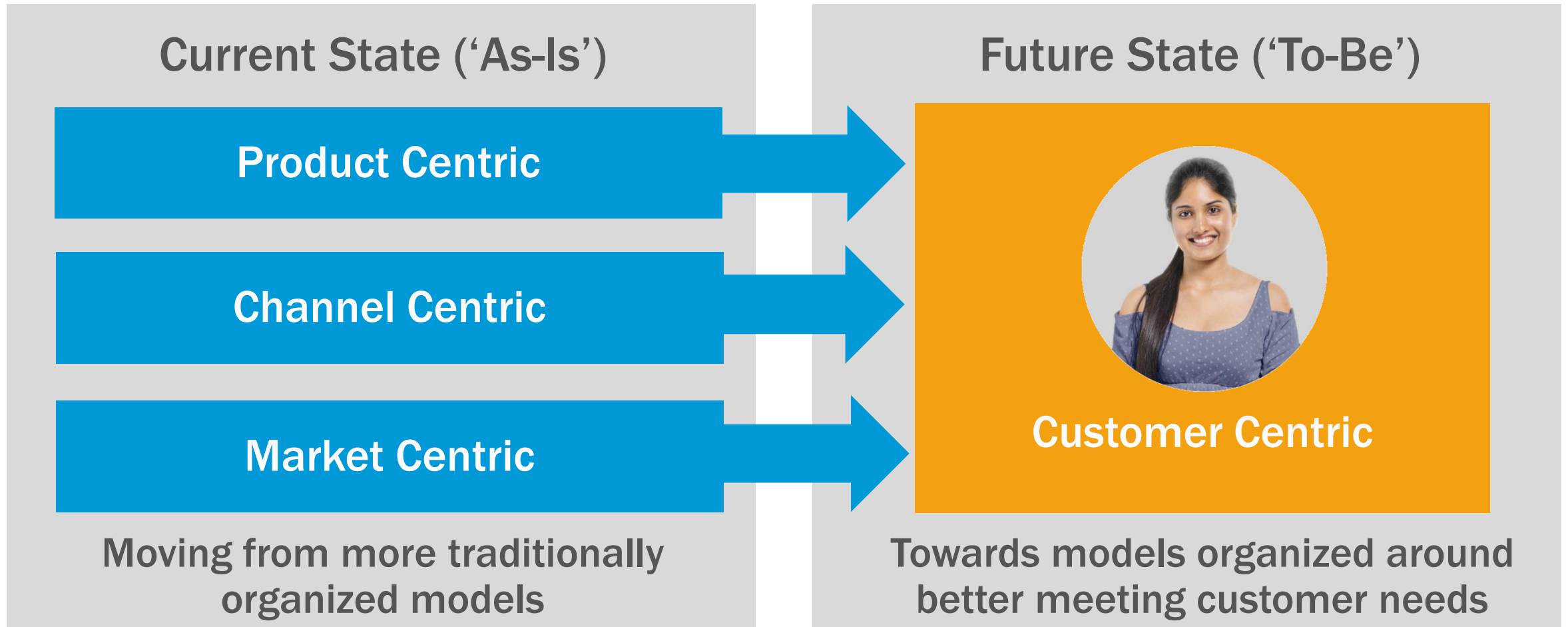
CX Strategy and Management Capabilities;
Customer Understanding, CX Design Capabilities

CX Transformation (2017 to ?)

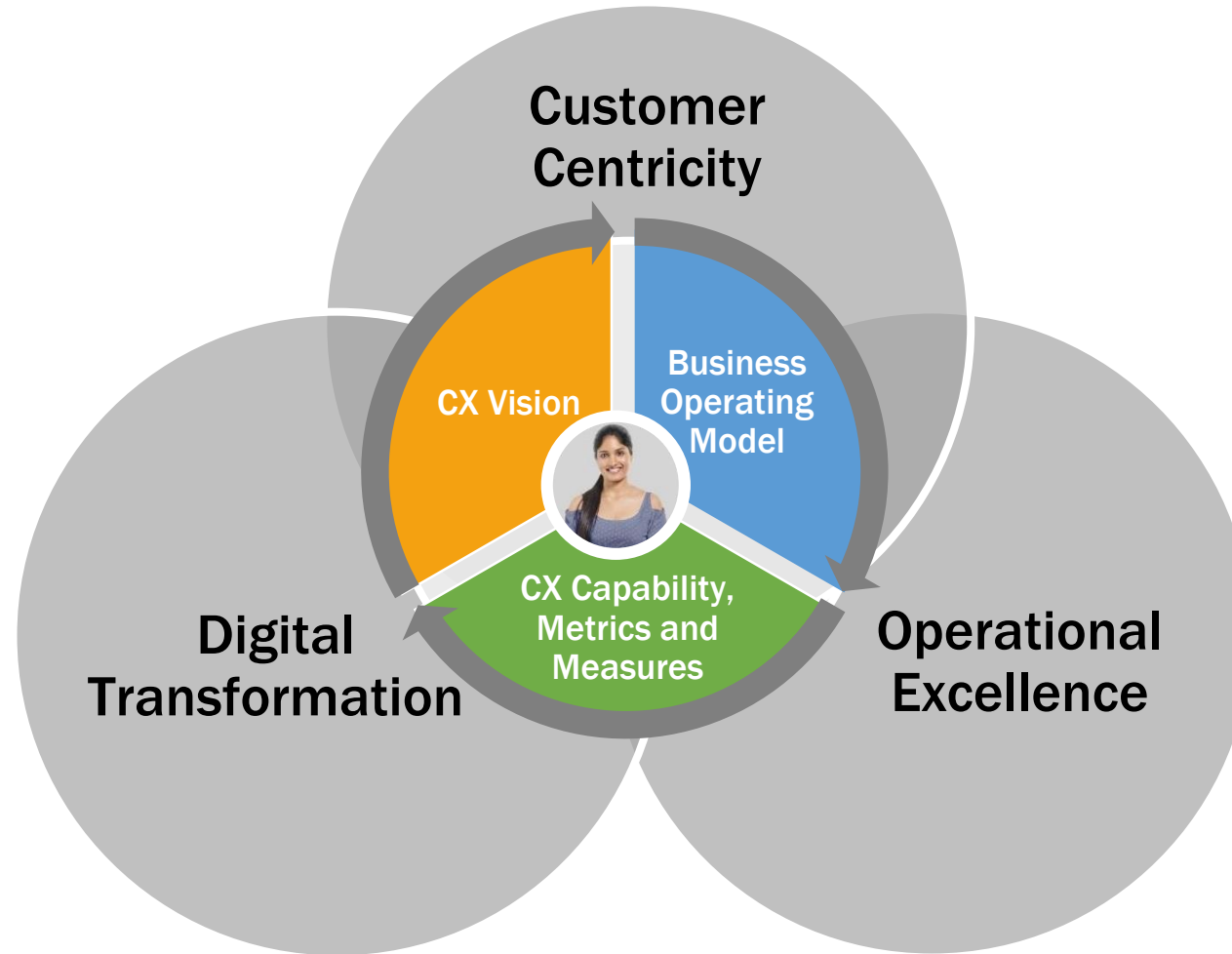
**Integrated, Operating
Model-Driven:**



Yet many business operating models are misaligned with the implications of these trends, and underperform

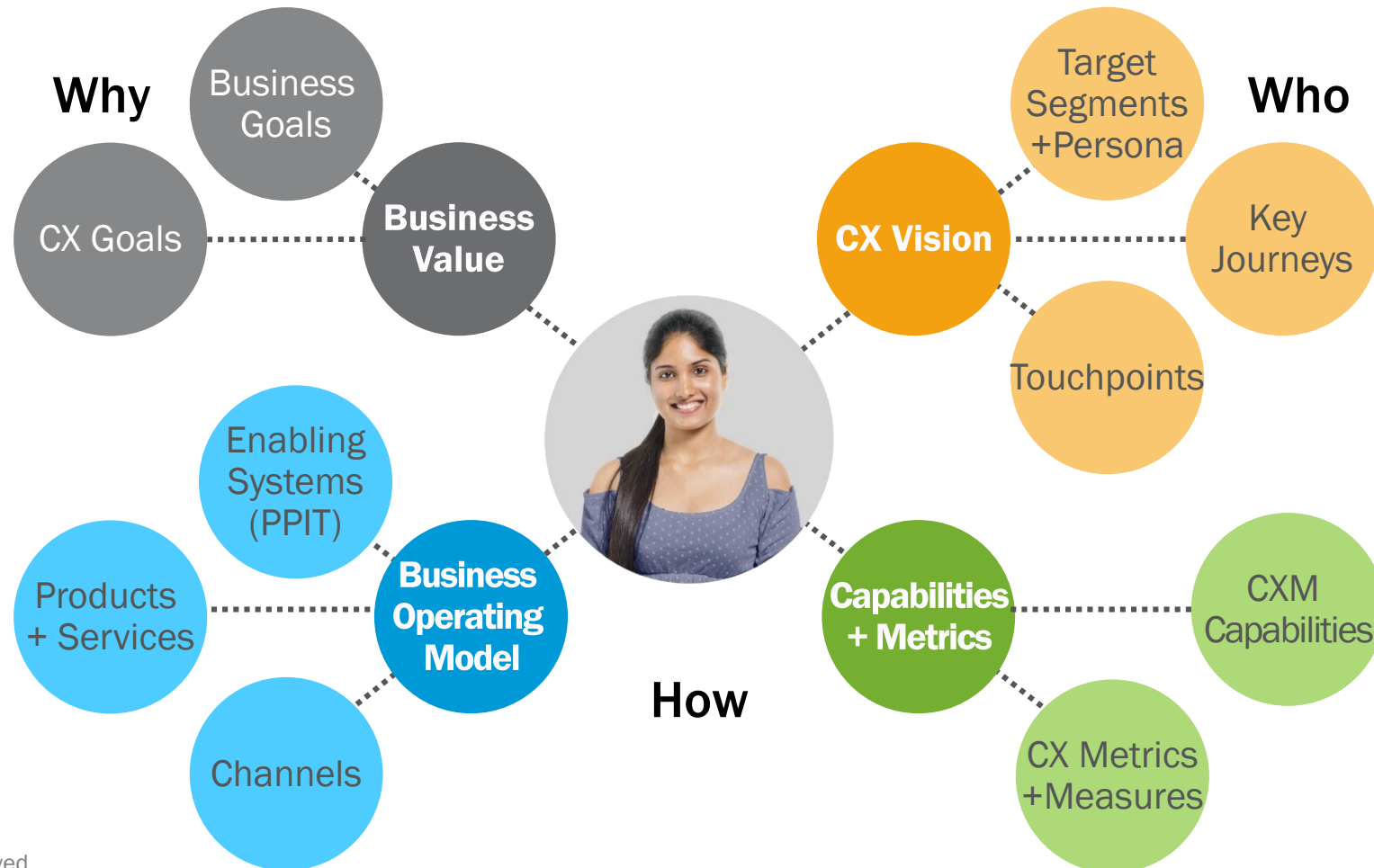


Which is why today's leaders focus on operating model design at the intersection of these three disciplines

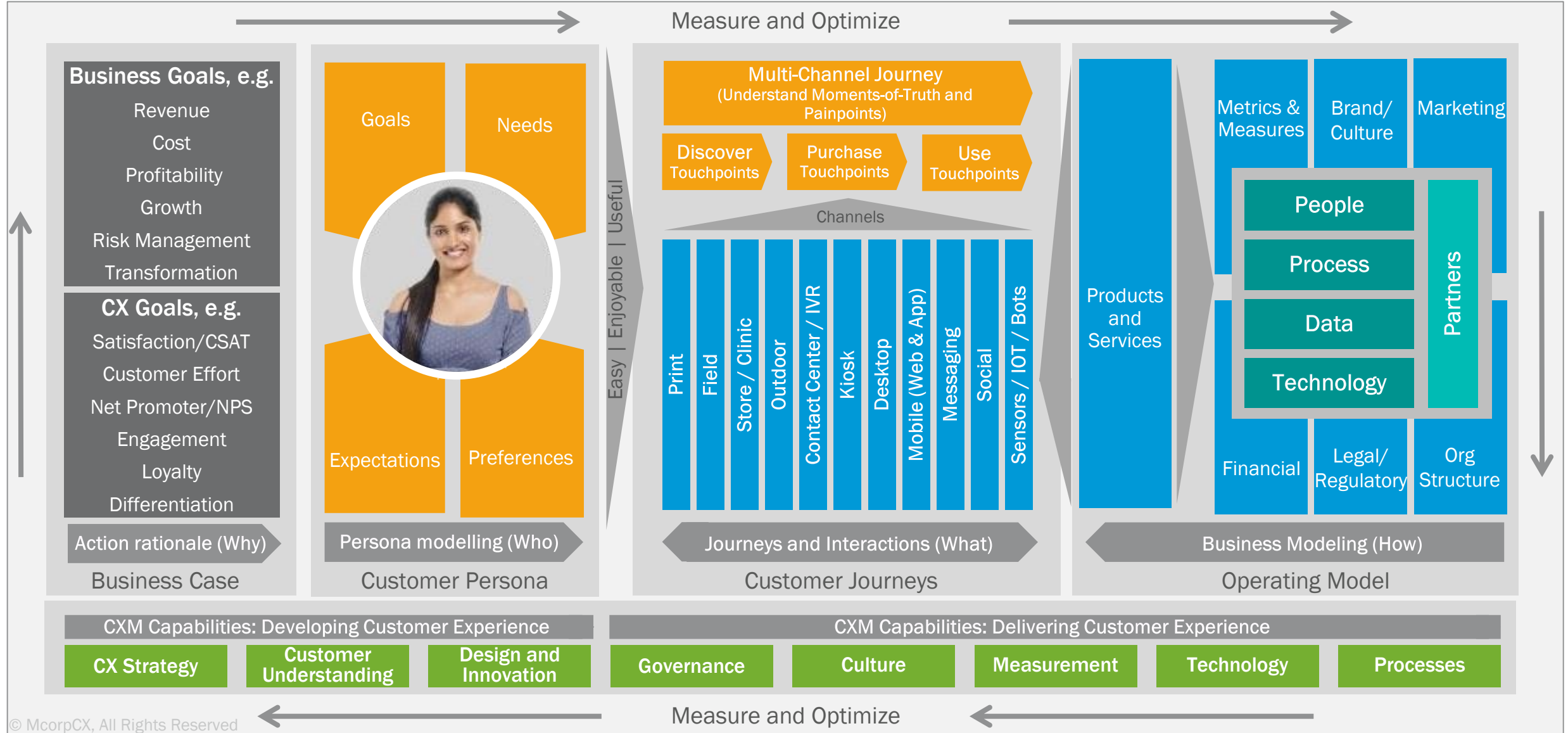


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Putting customers' experience at the core of your business: The Customer Experience Operating Model



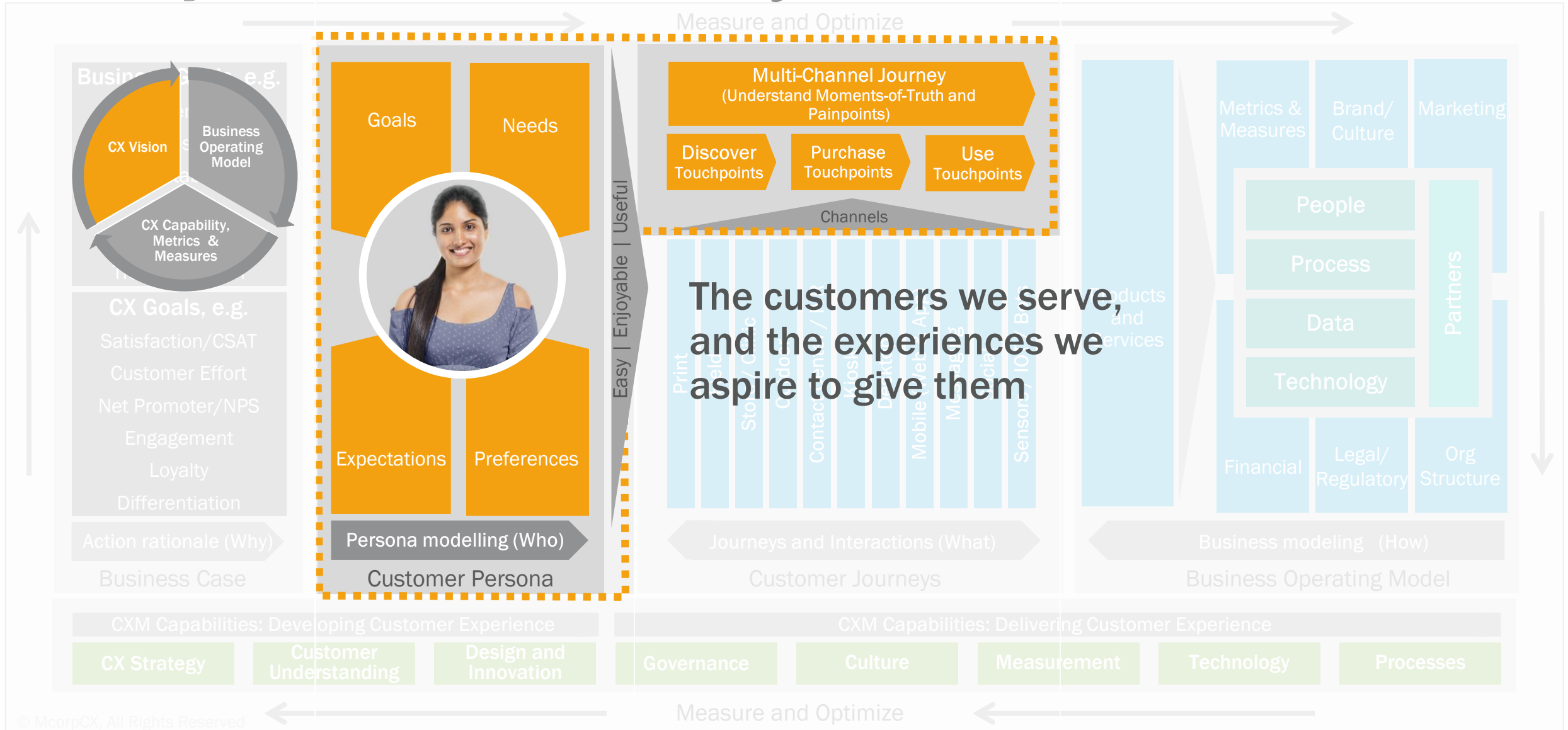
The 'building blocks' of the CXOM are deeply interrelated



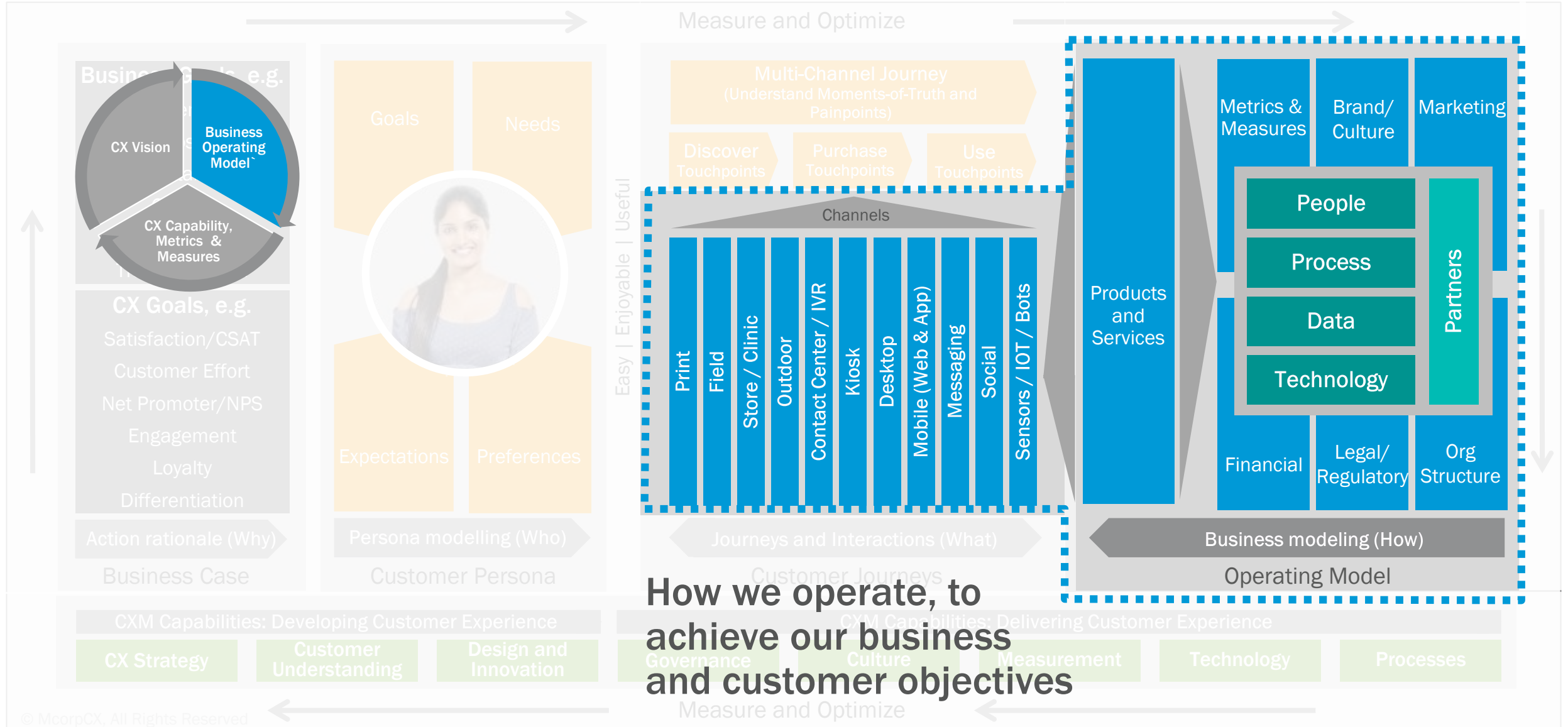
Starting with 'Why': What business value do we create?



'Who' you serve and the CX you deliver: Your CX Vision

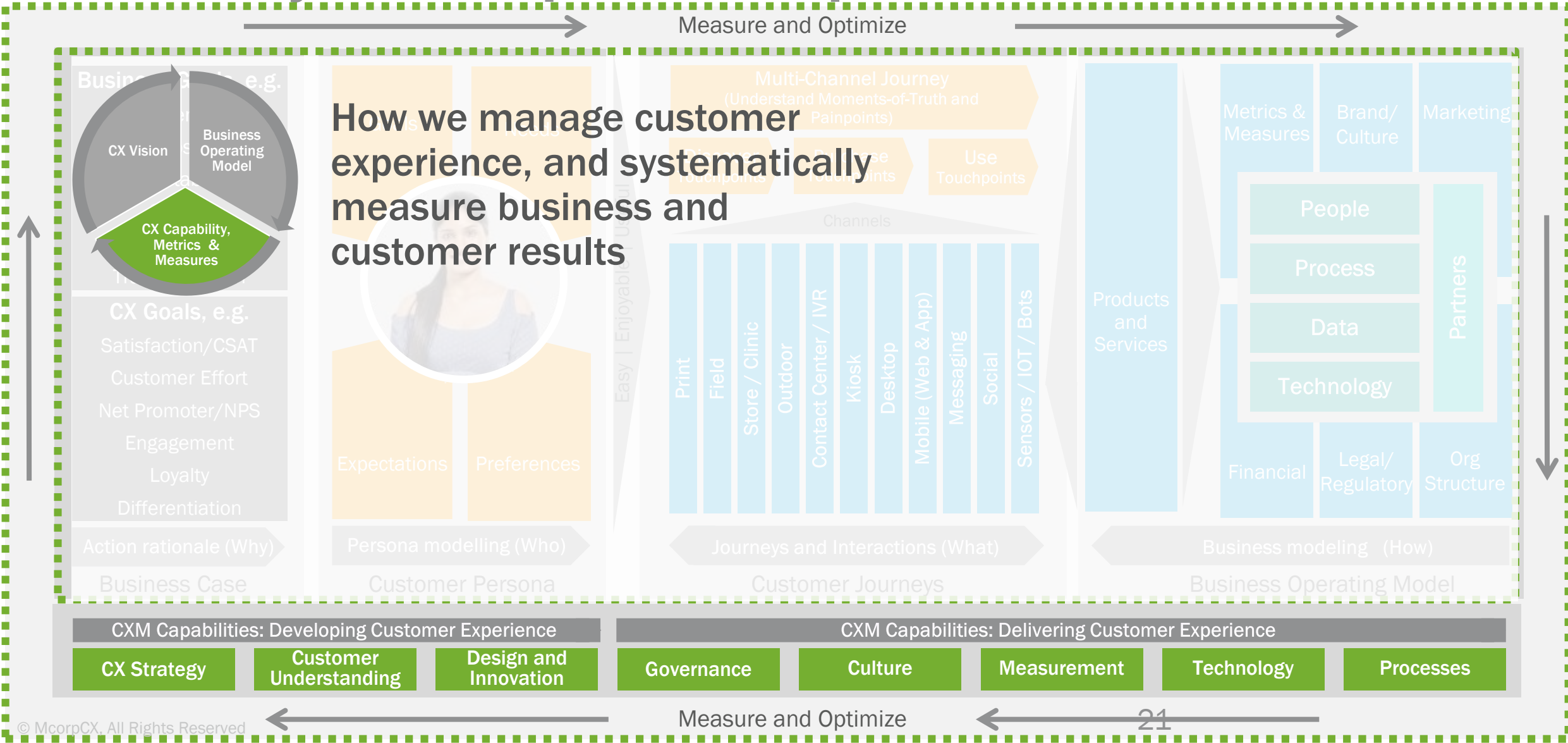


'How' you deliver your CX Vision: Your operating model

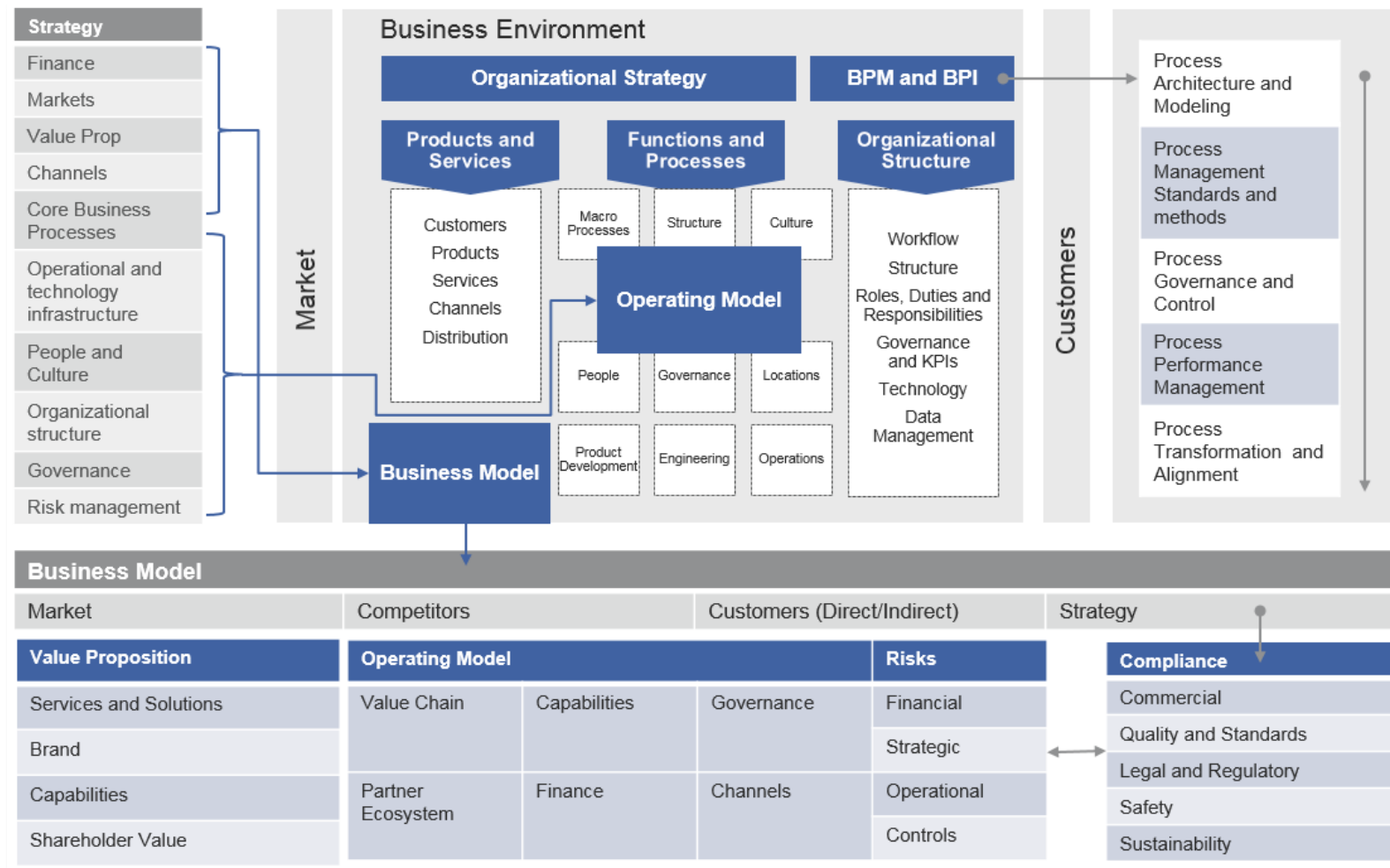


Enabled by CXM capabilities, plus metrics and measures

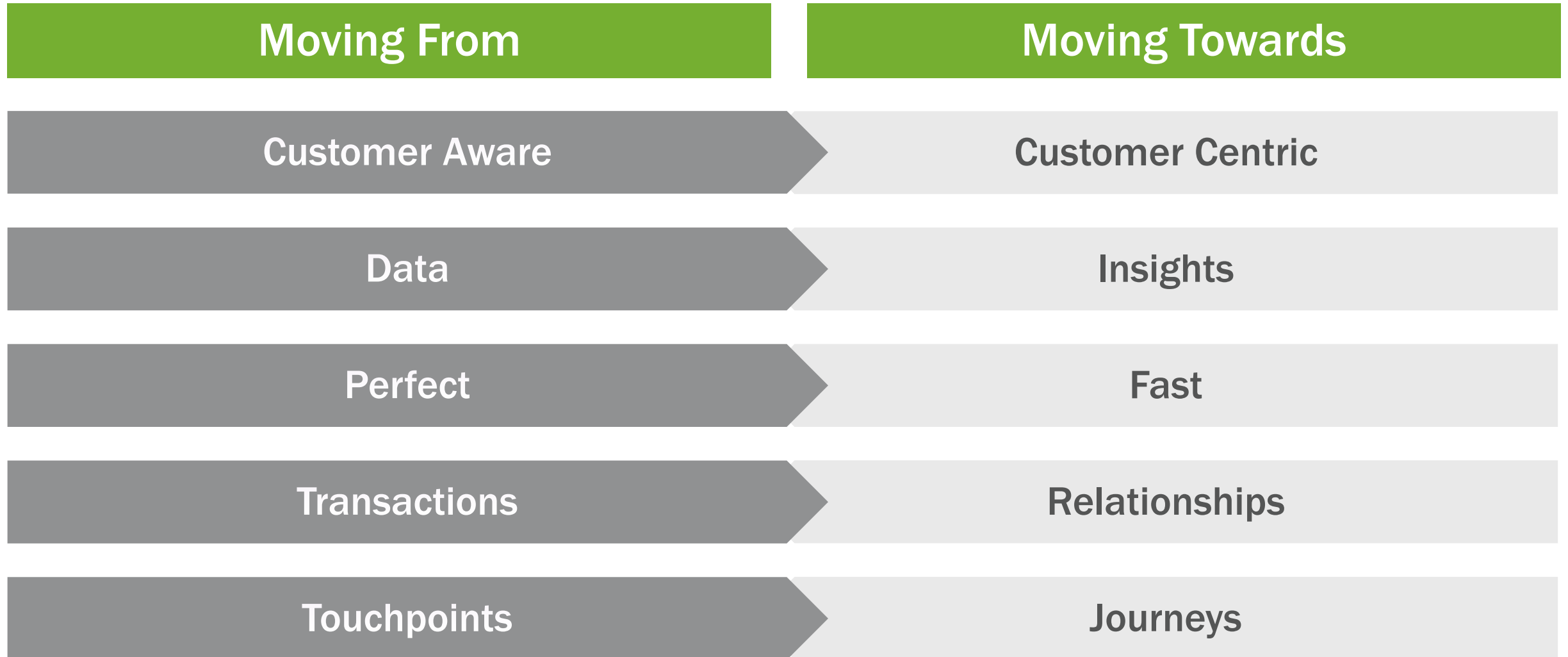
How we manage customer experience, and systematically measure business and customer results



This can feel complex. Because in real life, it often is...



And implications embedded across your business



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With different roles leveraging the CXOM in different ways

The Customer Experience Operating Model has utility across the business.

That said, these roles most commonly leverage it...



Business Executives and Leadership



Operations
Finance, Product, Retail Ops



CX Practitioners
Strategists, Designers, VoC/EFM



Technology + Data Pros
IT, BPM, Data, Architects

How Business Executives use the CXOM...

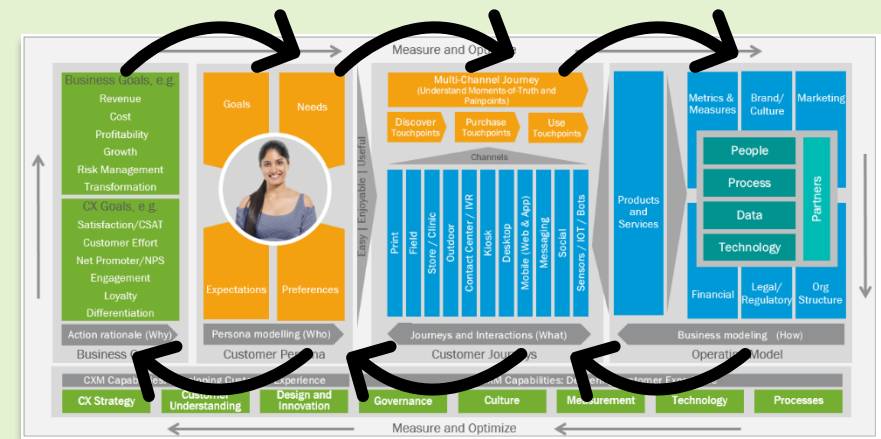


Business Executives and Leadership Team Members

Business Executives leverage the CXOM to:

- Enable cross organizational alignment (eliminate silos)
- Support organizational and operational design and optimization
- Define and communicate how the company works to deliver on goals through customer experiences

Start with the 'why' while focused on the entire CXOM



How Operations team members use the CXOM...

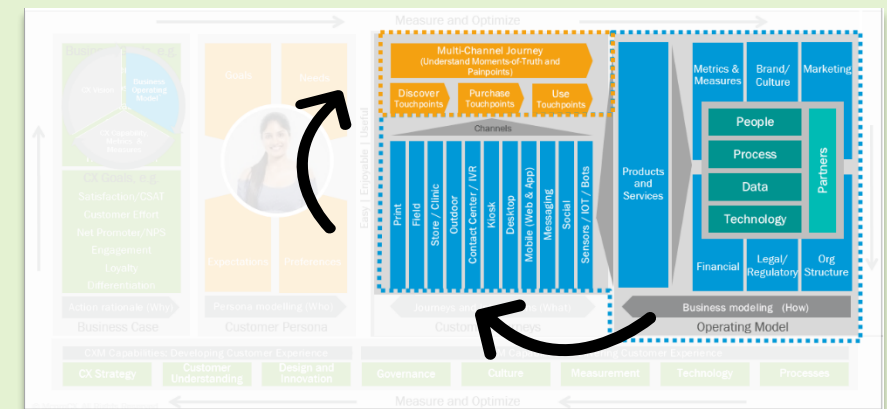


Operations
Including
Finance, Retail
Ops, BPM and
Others

Operations team members leverage the CXOM to:

- Understand and communicate how each business function contributes to customer experience and business goals
- Represent how the organization actually works to achieve customer centric goals
- Support operating effectiveness design and process improvement

Start with the
Operating Model,
and how Customer
Journeys are Impacted



How Customer Experience Practitioners use the CXOM...



CX Practitioners
Strategists,
Designers and
VoC/EFM Pros

Customer Experience Practitioners leverage the CXOM to:

- Understand and communicate how the company executes customer experiences
- Support design of metrics and measurement systems
- Landing' experience designs and supporting experience change management
- Support understanding of the CX tech stack

Start with CX Vision, Understanding, and Measurement



How Technology and Data Pros use the CXOM...

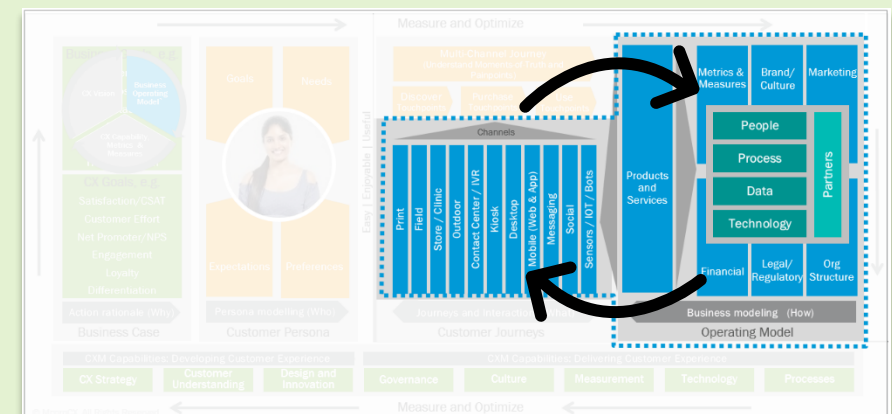


Technology and Data Pros
IT, Data, Architects

Technology and Data Pros leverage the CXOM to:

- Support design and use of systems, data architectures and technology capabilities to deliver customer experiences
- Support evaluation of and application of new technologies to impact customer experiences
- Support CX technology stack, architecture and design

Start with the Operating Model, Products, and Channels



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A defined approach to designing your CXOM...

Enabling a Customer Experience Operating Model leveraging current capabilities, that will allow you to 'test in action and revise when necessary' to better deliver on your customer-centric aspirations and objectives.

1

Current Operating Model

Catalog and assess current assets, management and operating capabilities

2

Target Operating Model

Define strategic priorities, priority journeys to target, and how the system will work

3

Design Blueprint to Close Gaps

Build a detailed architecture to link current and enable future state components

4

Prioritize Initiatives and Activate

Activate in an agile 'test, learn, iterate' manner. (Remember: It's a hypothesis)

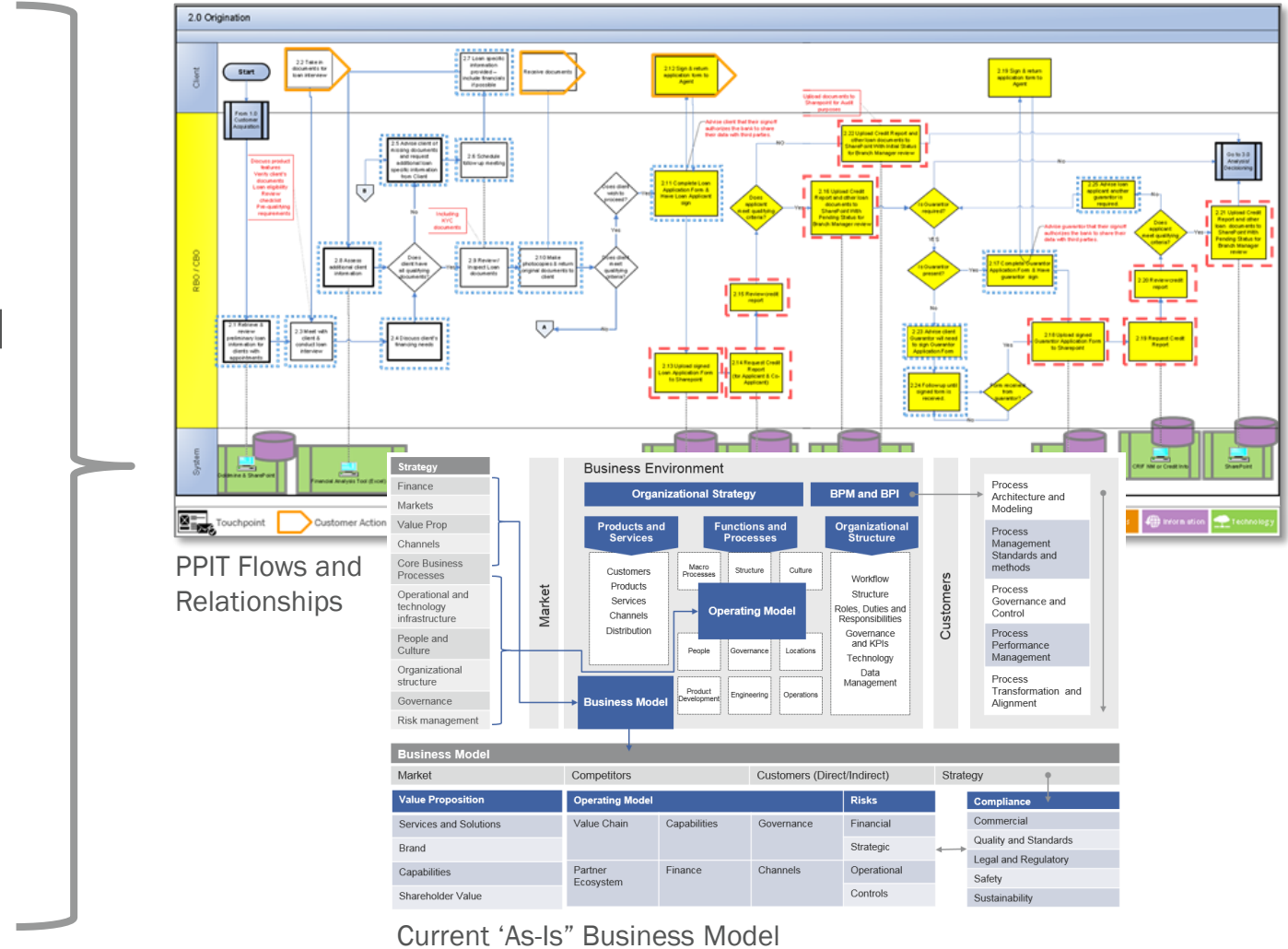
1. Codify your current Business Operating Model

Outcomes

- Deep understanding of 'as is' Business Operating Model
- Assessment of capabilities, roles and functions, technology, data, and business processes

Deliverables

- Visual depictions of current model (different levels of fidelity possible)
- Understanding of current strengths, and weaknesses
- Value proposition articulated



Current 'As-Is' Business Model

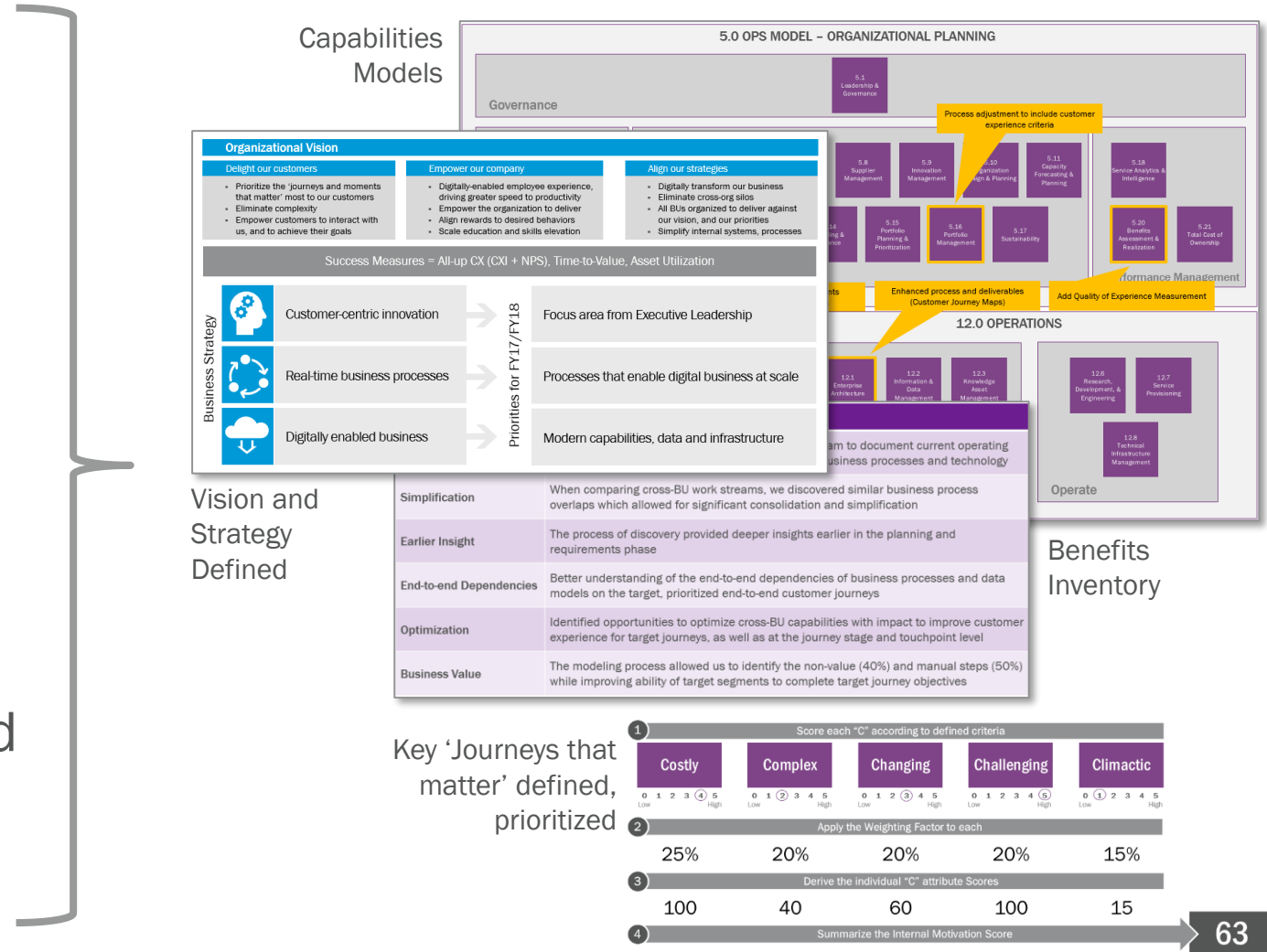
2. Define your 'Target Operating Model' (CXOM)

Outcomes

- Clear definition of 'to be' operating model and anticipated benefits
- Vision and rationale (business + financial) for change
- Top customer journeys prioritized

Deliverables

- Top-down view of Target Model, and bottom-up organizational insights
- Opportunities defined and prioritized
- Visual depictions of Target Model
- Key gaps identified and prioritized



4. Prioritize initiatives, and activate your CXOM

Outcomes

- Executive and leadership buy-in
- Organizational alignment
- Clear plan of action including 'test and learn' strategy and milestones

Deliverables

- Initiatives and programs identified, defined and prioritized
- Staged action plan and implementation roadmap
- Detailed execution plan

The collage displays four key deliverables:

- High-level Implementation Programs & Projects:** A table listing changes to existing processes such as 'Commitment Letter Elimination' and 'Branch Manager Role Dissociation'.
- Programs Summary:** A table summarizing various implementation programs and their impacts.
- High-level Implementation Roadmap:** A Gantt chart showing the implementation sequence for various programs over time, with milestones like 'Beta 1' and 'Beta 2'.
- Detail Action Plan and Roadmap:** A detailed Gantt chart showing the execution plan for individual tasks, including dependencies and completion dates.

Designed with a core team of CX, IT and BA experts



Leveraging collaborative,
cross-functional, cross-
organizational perspectives



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Some questions to ask, as you consider CXOM design

Complexity

How does our current model force complexity on our customers?

Disruption

How are 'industry disruptor' business models different than ours?

Need for Change

Is the perceived need for change significant and urgent?

Customer Loyalty

What makes customers disloyal or dissatisfied with our offerings?

Customer-Centric

Are we ready to adopt a customer-centric strategy?

Value Proposition

Is our value prop compelling, in our current competitive environment?

Required Inputs

What information do we need to plan for and adopt a CXOM?

Readiness

What do we need to change in our organization to implement?

Common pitfalls to avoid and potential consequences

Common Pitfalls

Potential Consequences

Lots of planning, little doing

Inability to implement at scale

Not making decisions based on facts, data

Harder to implement, tradeoffs unclear

Lack of cross-functional input and buy-in

Lack of credibility and support for change

Reverting to an inside-out approach

Inability to meet changing customer needs

'Falling in love' with proposed solutions

Loss of focus on problems we *must* solve

Remaining enamored with the past

Miss disruptive opportunities for the future

Any questions? Time for a brief fireside chat...



