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Interview with

Christian Terwiesch and Nicolaj Siggelkow

Getting the Connection
The Future of Business Is Where the Customer Is

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Getting the Connection

AMA sat down with Christian Terwiesch and Nicolaj Siggelkow of Wharton School's Mack Institute to talk about how the future of business will lie in connected strategy.

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FEATURES

DEPARTMENTS

Customer Experience Starts with the Employee

One of the most bandied-about terms in business these days is CX, or customer experience. The quickie Wikipedia definition of CX is "the product of an interaction between an organization and a customer over the duration of their relationship." The three parts of CX are the customer journey, the brand touchpoints the customer interacts with, and the environments the customer experiences (including the digital environment).

So what does this have to do with leadership or management training? Leaders who know how to inspire their employees, who can get the best out of them, wind up with employees who are eager to make every customer's experience a positive one. Their employees become proactive, rather than reactive, and look for solutions to customers' problems.

In this issue, *MCE Quarterly* sat down with Wharton School professors Nicolaj Siggelkow and Christian Terwiesch to talk about their new book, which looks at connected strategy, the future of business. They talked about the reasons all business leaders, even those in a B2B setting, must consider a connected strategy to produce and sustain a superior customer experience.

Lior Arussy, CEO of Strativity and a frequent subject matter expert for AMA, talks about how the customer is not always right, and the reasons why the "wrong customers"—those who take advantage of the system—should not be courted by your company.

Christina Zurek of ITA Group writes about how engaged employees help create happy customers. According to her, customers who are more satisfied with an organization's products are less expensive to serve, use the product more, and are more profitable.

And Antonia Hock writes about the Ritz-Carlton's efforts to develop a culture-first approach to creating the best customer experiences. Motivated employees who feel enabled to take action will go beyond their duties to meet guests' needs.

AMA has courses that can teach any manager how to make their company one that provides a superior customer experience. When it comes to CX, it starts at the top.

Christiane Truelove
Guest Editor, *MCE Quarterly*

Service Excellence Is Taught Through Training and Culture

It is often the case that there's one thing that influences customer decision making more than anything else: the customer experience.

Not only do buyers find a positive experience more influential than any other factor, but they are willing to pay more for a more personalized, better experience. Customer-focused organizations enjoy higher satisfaction rates and higher customer retention rates and are able to cross-sell and upsell to existing customers more effectively. Organizations in tune with their customers are often more innovative, meeting customer needs as they evolve. Even better, their higher retention rates directly correlate with higher ROI.

It's no wonder, then, that organizations are hyperfocused on the customer. Being able to view your business and all of its pieces from a customer's perspective is a sustainable competitive advantage. Getting there, though, is often a challenge. Current and potential customers are constantly assessing your services on numerous ratings sites and in real time, sometimes even while they are completing an interaction. Social media, ratings sites, and technology have made it exceptionally easy for a customer to evaluate not only your offer but whether you're likely to stand behind your products and services to provide the kind of experience they expect.

Superior customer service in today's fully transparent, hyperconnected world requires full alignment across an organization. One interaction, or even a bad review from another customer, can be the deciding factor as to whether to use your services or go straight to your competitor.

Service excellence is learned and can best be maintained in a customer-centric culture.

Memorable service not only aligns with an organization's strategy, it personifies its values. It's taught through training and culture passed on from top management down the lines. Employees are savvy to discrepancies between stated values and the real corporate culture.

Best-in-class organizations know this and take a customer-centric approach that includes providing leaders with effective training. Because if leaders are not modeling the right behaviors and are not motivating the staff to do the same, service will fall flat or just plain fall apart.

Employees must have the training and resources necessary to serve the customers to the best of their abilities. Frontline managers, and really any employee who deals with customers, need strong conflict management and communication and excellent service skills, and they need the leadership skills to inspire that in their teams.

Many organizations will train their customer-facing employees in basic customer service and satisfaction strategies. The top organizations AMA works with, however, go a step beyond. They echo that training throughout the organization to make sure product development has its finger on the pulse of shifting demand, that the entire supply chain keeps customer desires in mind when making decisions, and so on. Becoming customer-focused is an enterprise-wide endeavor.

Because customers have choices. And they know it.

Manny Avramidis
President and CEO
American Management Association International

The RIGHT Customer Is Always Right

BY LIOR ARUSSY

There is nothing more wrong than claiming that the customer is always right. It is simply not true.

The right customer is right, and many customers are taking advantage in ways that are very much not right. Running a business with such over-sweeping statements is not only unhealthy and unprofitable, it creates significant pressure on employees who are forced to chase such generalized clichés that are disconnected from their reality. As such, they find themselves doing things that they know are wrong for the company and often are in conflict with their own values.

Several years ago, Southwest Airlines employees charged an obese passenger for two seats. An employee applied common-sense judgment and realized that the customer most likely would need to sit on two seats. This meant that if the other seat was sold to another passenger, then that passenger would be treated unfairly. The passenger who was charged for two seats sued the company. Southwest defended its employee's position in court. Ultimately the judge rejected the suit because the plaintiff had not responded to Southwest's request that the case be tossed. However, the judge did note in the dismissal that the airline's request "appears to have merit." I believe this was a simple case of a customer who was wrong. The airline has a responsibility to all passengers, including the one slated to sit next to the overweight passenger.

WRONG CUSTOMERS VS. RIGHT CUSTOMERS

Let's examine several examples of customers who were not right:

CASE 1: During a recent analysis done by my company, Strativity, at a global hospitality provider, our consultant overheard a group of 17 happy diners say to one another at the end of the meal: "Let's go to guest services and complain. They will waive the dinner fee for us." There was absolutely no basis for the complaint other than taking advantage of the generosity of the hospitality vendor and the diners' keen knowledge that the vendor was sensitive to customer satisfaction surveys and results and would do anything to avoid negative feedback and comments.

CASE 2: A recent recruiting experience taught me a personal lesson. Being concerned with finding the right person who would fit the culture of my company, I asked the recruiter for a temp-to-hire arrangement. He was completely willing to comply with my request. The candidate provided was not a good fit and we had to let him go. During a discussion with another recruiter, I was told that the temp-to-hire arrangement does not appeal to top candidates and that I might want to reconsider my request. Instead of telling me what I wanted to hear, the second recruiter taught me something new and expanded my knowledge. He stood to lose my attention and business by refuting my request but preferred to tell me what is right—rather than treat me like I was always right.

CASE 3: Several years ago, I was working with a client who continued to supply its wares to customers who did not pay their bills for more than 365 days. When I questioned why they do this, I was told that they must be customer centric and not argue with customers. I'm sorry, but nonpaying customers are not customers. They are merely vultures living on the profit margins provided by the good-paying customers. Such vultures belong anywhere else but on your customer list. (May I suggest your competitors'?)

What defines a "right" customer vs. a "wrong" customer? There are four dimensions that can be used to assess customer quality:

- **Fair or premium price.** Did the customer pay a fair price and potentially a premium price, or was he focused on obtaining the deepest discount possible? Did he ignore your quality and treat your product/service as a commodity?

- **Knowledgeable.** Customers who are knowledgeable are more likely to appreciate your value and what it takes to create it. In addition, they may require less education and therefore fewer resources from you to service them.

- **Collaborative.** Customers who are willing to do their share, such as use self-service, are in the "right customer" category. Such customers understand that it takes two to succeed. As a result, they allow you to make a fair profit.

- **Win-win attitude.** You can see it in their approach. The right customer respects your brand and value. The wrong customer assumes it is a win-lose situation, and they drive the hardest bargain possible with the assumption that any profit you make is a loss for them. They fail to see the value you provide in return.

These four dimensions define the right customer. The right customers do not enjoy value they didn't pay for. They pay their fair share and do their part to ensure the success of the relationship. When you view your customers through this four-dimensional prism, you will be able to identify the right customers very quickly and distinguish them from the wrong customers.

Knowing that the customer is not always right, what do you do? Here are several principles to help you address the right and wrong customers:

Reset the customer relationship. We need to drop old clichés like "the customer is always right" or "the customer is king." The customer is often wrong and might be unrealistic, sometimes abusive, and (if tempted) can take advantage of us. Customers are not above reason and should not be treated as if they cannot be reasoned with. They must do their share and be willing to pay for the value they receive. If this is not the case, they should not be customers.

The right customer is right. The rest are not. The profitable customer is king. The rest are begging for value they did not pay for. Let's get a reality check here and make sure we select customers carefully. In this economy, you cannot afford to do business with the wrong customers. Overgeneralized clichés should be replaced with carefully crafted corporate strategies.

Set clear expectations. Customers should know what is expected of them as part of a relationship. They need to know what you promise to them and what they are expected to do in return for receiving the promised value. Often expectations

remain vague and unclear. A "reasonable response time" may mean 30 minutes to the customer and 48 hours to the provider. Be clear and do not leave anything open to interpretation.

It is imperative from the outset that customers have a clear understanding of what is possible in terms of price, timing, quality, and level of service. Hiding the inconvenient truth from customers will only aggravate them later on and result in either significant service resources being required to respond to unhappy customers or some form of compensation to them.

Align around the customer context. When presented with an unrealistic request, try to understand the context. Ask the customer: "Why do you think you deserve this? "What is the source of this request?" "What are the benchmarks you are using to make this request?" Try to establish a logical platform you and the customer share to resolve the request. Keep on probing. It may take five "whys" until you get to the heart of the matter.

By asking "why" five times, we are able to ascertain a new dimension of the customer's request—the emotions that drive the "what?" or "when?" or other information the customer is seeking. As a product or service provider, we often fail to understand the emotional issue associated with a customer's request. When we get to the customer's heart, we will be able to craft a solution that is truly suitable. When buying a nail, the customer does not really just need a nail. What the customer may really be looking for is the ability to place a picture of his late, dear father on the wall. Understand that, and we will be on our way to creating the right solution.

Don't argue with the customer; charge for it. There is a simple litmus test for how serious the customer is: Is he or she willing to pay for a special request? If the answer is "no," we have a problem. The customer is, in a sense, asking you to bear the cost of the special request.

Try to find out why customers think they deserve a freebie. Try to establish a mutual financial platform where you can jointly examine why they think they've earned the free service they're asking for. If the answer does not satisfy you or does not make financial sense, then you need to determine if you can find a justification to fulfill a customer's request without getting paid for it. If he or she is willing to pay, find a way to make it happen while keeping it profitable for you. It may be profitable as part of the overall customer relationship but not in this specific interaction—but overall, it must be profitable.

Charging is a great way to test the customer's real intentions and needs. If there are no financial consequences, customers will ask for anything imaginable. They will act like spoiled kids who know no end to their desires because they did not have to work for the money to pay for the items they crave. When you create consequences and financial discipline, they will quickly rethink their requests and many of them will evaporate. Additionally, it will provide you with a mechanism to evaluate the request and follow a logical path to approve some requests, even if the customer is not willing to pay or is asking for a waiver. This might be a long-term customer who is asking for a one-time special accommodation or a collaborative customer who is assisting in reducing your costs.

It is imperative that as you work with customers, you never feel like you must win or retain them. The moment you assume the mindset that you must win or retain a customer, your approach and demeanor will change, and you will start making compromises you'll eventually regret. If it does not make financial sense, then walk away and focus on the right customers. Bringing the wrong customers into your organization will only cost you more in the long run.

Identify the abusers. Some customers are abusing your organization. Several years ago, a U.S. cellular operator "fired" a group of customers. The act drew a great deal of popular attention, which caused the company to halt the practice. A closer look at the details disclosed a telling story. The fired customers were high-maintenance customers who called the cellular operator about 40,000 times a month in total and demanded additional discounts on their bills. They were abusing the system. No customer needs to call a vendor

"It is imperative from the outset that customers have a clear understanding of what is possible in terms of price, timing, quality, and level of service."

that many times a month. If they do, there is something fundamentally wrong with the relationship, and one side has a totally different expectation than the other side. The cellular provider had no other choice than to let them go. Firing this type of customer frees up resources, which can be dedicated to address the needs of the right customers.

Every company that operates with clichés such as "the customer is always right" has created abusers—customers who do not know where or when to stop. Customers who think that there is an open, free buffet will have no shame about lying to get a free meal. Abusers should not be tolerated, and the practice must be stopped. If it does not, you run the risk of spreading it to other customers and compromising your business model.

Focus resources on the profitable customers. Desperate for sales, you have run various special promotions and discounted your products in the process. As such, your customer pool includes those with different levels of profitability. Some customers paid full price and expect a luxury experience in exchange for the generous margins they provided you. Others paid rock-bottom prices and are enjoying an experience they did not fully pay for. The latter customers are free riders at the profitable customers' expense. Align your resources with the right customers, as we defined them earlier through the four-dimensional prism. A one-size-fits-all experience fits no one.

Those right customers should be the first priority for all of your resources and value. Customers who purchased from you when the price was significantly reduced should be treated accordingly. They should be provided with a reduced experience. A reduced experience does not mean a bad experience—it means a less privileged experience.

Let's look at an example: When purchasing a restricted-fare airline ticket, you will not be eligible for upgrades to business class. (Some European airlines have taken this further and will not award any mileage points to the traveler's frequent flier account for these lowest fares.) Why? The fee is too low. Does it mean that your economy seat experience will be worse? No. It simply means that you do not deserve certain privileges. When paying for a single room at the Four Seasons hotel, you will receive a great experience. But the guest who paid for a club-level room will enjoy an upgraded experience. He paid more and the hotel enjoyed better profit margins, which it can apply to delight this customer more.

There is nothing right about treating customers with different levels of profitability the same way. In fact, it is flat-out wrong. There should be a different level of "right" for different levels of profit. By not teaching your customers that there are sacrifices that need to be made for lower prices, you are spoiling them and creating unrealistic expectations.

The reason you are limited in your ability to delight and wow your right customers is that your resources, both human and financial, are tied up with low-profitability customers who are expecting high-profitability experiences. Break this vicious cycle, and you will have all the resources you need to treat the right customer the right way.

Delight the right customers. Now that you know who your right customers are and have measured their collaboration, it's reward time. You need to send a clear signal to all your customers: The right customer is right. Rewarding the right customers in a public way resets the expectations of all customers. They all now know what is important to you and what type of relationships will receive the highest level of attention. You set the stage for customers to select if they wish to be your right customers or not. Treat the right customers as kings and make all the wrong customers envy the royal treatment received by the right customers. This is the best way to have the wrong customers join the ranks of the right customers and make them more profitable.

> "The right customers do not enjoy value they didn't pay for. They pay their fair share and do their part to ensure the success of the relationship."

When working with a business-to-business client, I pointed out that the company was providing its customers with rich and generous free training as well as software to run their businesses, yet many of these customers elected to give a lion's share of their business to the competition.

When my client notified the abusers that their free training and software would be terminated at the end of the quarter due to lack of performance, the overwhelming response was "you got me" or "what will it take to keep it going?" The customers simply took advantage of the free training and software because no one called them on it. They stopped when they lost the privilege. Soon after, the client's top customers were flown to the Las Vegas Four Seasons Hotel for an all-expense-paid vacation.

By combining a carrot and a stick method, my client improved profitability by 30% in less than a quarter. How? The volume of collaboration increased dramatically and impacted profitability in a significant way. The abusive customers were let go, which reduced losses and resources allocated to them. The combination of increasing collaborators, aka the right customers, and removing the abusers, aka the wrong customers, impacted the bottom

line. Not only was this move profitable for my client, it was favorably recognized by its customers, who selected my client as the No. 1 provider in its industry for five years in a row.

Customer strategies should not be left to oversimplified clichés and fairy tales. The customer is not always right. Some customers are not kings. A customer who is not paying for the value he or she consumed should not be a raving fan. (Do you really want a customer who takes advantage of your company raving about it to everyone and bringing more customers like him?)

With today's analytics tools, we can easily develop a clear mapping of the right customers and service them with great delight. It is time to stop the desperation of "the customer is always right" and start the pride in serving the right customers in the most awesome, right way that will make others want to be your customers in the right and profitable way. AQ

Lior Arussy is the CEO of Strativity, a global customer transformation firm, and the author of eight books, including Next Is Now: 5 Steps for Embracing Change—Building a Business That Thrives into the Future *(Simon & Schuster, 2018).*

How Engaged Employees
IMPROVE CUSTOMER EXPERIENCE

BY CHRISTINA ZUREK

AWARENESS > **CONSIDERATION** > **PURCHASE** > **RETENTION** > **ADVOCACY**

Research has shown that positive employee experiences lead to better customer experiences *and* a positively affected bottom line.

Creating this exceptional employee experience is increasingly challenging due to its breadth, though it encompasses all the ways (big and small) that an organization supports and interacts with its employees from the day they are recruited until the day they leave the company.

When organizations invest more heavily in the employee experience, the improved performance is notable, according to expert Jacob Morgan, who interviewed 150 psychologists, economists, and business leaders around the world and detailed his findings in a March 10, 2017 article in the *Harvard Business Review*. According to Morgan, those who do invest have appeared:

• 11.5 times more often in Glassdoor's Best Places to Work

• 4.4 times more often in LinkedIn's list of North America's Most In-Demand Employers

• 28 times more often among *Fast Company*'s Most Innovative Companies

• 2.1 times more often on the *Forbes* list of the World's Most Innovative Companies

• 2 times more frequently in the American Customer Satisfaction Index

In addition, they have produced more than twice the average profit and more than twice the average revenue. Morgan further elaborates on these findings in his book *The Employee Experience Advantage* (Wiley, 2017). This data gives organizations the opportunity to reflect and look inward in their quest to improve their outward customer experiences.

HAPPY EMPLOYEES PROMOTE HAPPY CUSTOMERS

To gauge the temperature of your current employee experience, simply pose this open-ended question: "What is it like to work here?" Asking everyone in your organization that query will likely result in nearly as many different answers as there are employees.

Their answers will help you see both the good—and not so good—through their eyes and experiences. Using those insights, consider next how you would want that question to be answered moving forward. This answer will allow you to shape the kind of employee experience that leads everyone in the company, no matter their role or tenure, to feel engaged, connected, and supported. By providing employees with the opportunities, tools, and programs to

> "When employees are happy and motivated in their careers, it makes what they say about the company they work for that much more appealing to both potential new talent and customers."

help them excel in and enjoy their working lives, employee experience initiatives can help organizations in a number of areas by attracting talent, embracing a strong company culture, improving engagement, recognizing achievement, boosting productivity, fueling advocacy, and retaining top performers.

What's more, the organizations with engaged employees gain satisfied customers who use their products more. The reason is simple: An organization's employees influence the behavior and attitudes of customers, and customers drive an organization's profitability through the purchase and use of its products.

In the end, customers who are more satisfied with an organization's products are less expensive to serve, use the product more, and are more profitable. In fact, companies with highly engaged workforces are 21% more profitable than those with poor engagement, according to Gallup's most recent engagement meta-analysis report.

CONSIDER THE DATA ON THE CURRENT STATE OF EMPLOYEE ENGAGEMENT

Despite the known successes of having an engaged workforce, well-regarded sources such as Gallup's "State of the Global Workplace" report find that a dismal 15% of adult employees worldwide currently feel engaged in their jobs. To better understand the nuances of employee engagement, market research and strategy firm Chadwick Martin Bailey (CMB) conducted a landmark research study that offers new insight into the psychology of engagement in the workplace.

CMB's research discovered that there are five types of psychological benefits that drive employee satisfaction and advocacy:

• Personal identity benefits

• Social identity benefits

• Cultural identity benefits

• Functional benefits

• Emotional benefits

The first three types of identity benefits (personal, social, and cultural) are particularly important and should be incorporated directly into companies' strategic use of engagement initiatives and resources. This means that companies should not rely on the fourth—basic, functional benefits such as compensation packages—to truly inspire and engage their workforce. The importance of identity benefits should serve as validation to all of us that our focus in recent years on inclusion and creating deeper emotional connections with employees is right on target—but there is still much work to be done. It is especially important for companies to instill the fifth kind of psychological benefit, emotional benefits, by continually fostering their workers' sense of pride, self-esteem, and belonging to create true, sustainable engagement.

CMB's research revealed that employees who are high on each psychological benefit are typically three times more likely to be satisfied and advocates for their organization than if they are low on these psychological benefits.

HOW FOCUSING ON EMPLOYEE EXPERIENCE CAN MAKE A DIFFERENCE

At its simplest, employee experience is all about how your employees interact with, feel about, and respond to all the people, places, and things in your organization. It goes beyond isolated programs with a narrow focus on things like service award recognition or physical fitness challenges. When fully realized, employee experience encompasses an integrated approach to building an engaged, enjoyable, and productive work environment. Just as successful customer experience initiatives focus on making people feel good about a brand and what it

"An organization's employees influence the behavior and attitudes of customers, and customers drive an organization's profitability through the purchase and use of its products."

represents, a successful employee experience initiative should demonstrate and reinforce things that make people feel good about working for their company.

A positive employee experience will help enable your company to:

- Recruit top talent—especially in times of low unemployment when brand reputation matters most
- Retain existing top talent—because keeping them engaged makes it less likely they'll move on
- Improve customer experiences—since happier, more engaged employees provide better customer service
- Better assist all employees—by looking after the well-being of your talent throughout the employee lifecycle

WHERE TO START: AIM FOR CONSISTENCY, UNDERSTAND EMPLOYEE DIFFERENCES

We are now in the age of knowledge work, where no one wants to be viewed as just another part of the machinery. What's more, we need to remember that when they leave their desks, our employees are also customers. And, for the most part, they're being treated quite well by companies that want to engage them in long-term relationships.

If they buy a new car, for example, they automatically become part of the manufacturer's (and dealer's) inner circle. They continue to get personalized email, phone calls, and special offers—all in the hope of developing a relationship that will turn them into brand advocates and repeat customers. Employees are eager to feel this same sense of connection to their employers as well.

Once you take the time to understand what your employees want and need, you need to take action to create and sustain an engaging employee experience.

Here are four components that are key to implementing a successful employee experience initiative.

Employer branding: Tell a consistent story

- Identify your employer brand by developing a common theme that can be woven throughout your employee experience initiatives.
- Evaluate the ways in which the initiatives you're considering mesh with the theme you want to project about your organization's internal brand.
- Develop a communications strategy that reinforces your employer brand both internally and externally.

Research and analytics: Do your homework and focus your plans for the future

- Get executive buy-in and support for your plans.
- Identify your current levels of engagement. Consider asking employees how they personally, socially, and culturally identify with your company to better understand underlying emotions that exist.
- Gather qualitative feedback from employees through interviews or focus groups to gain deeper insight into your quantitative findings about where you're already succeeding and where there's room for improvement. Use this feedback to further develop your own employee personas, so that you can evaluate your initiatives through the perspective of each of those typical employee types.
- Map out your organization's employee experience by imagining yourself in your employees' shoes, through the lens of each persona. Identify the impactful high points and the low points that exist.
- Create your future plan by collaborating with organizational leaders to redefine the employee experience you want and developing a roadmap to get there.

Employee engagement and recognition: Make your offerings inclusive

- Consider the relevance of your proposed initiatives for each of the different types of workers you employ—including full-time, part-time, contingent and contract workers, and so forth—and their diverse interests.

- Don't expect employees to have awareness of everything you offer; seek out ways to break away from email communications to help make a more memorable statement.

- Offer a variety of reward options to ensure maximum motivational appeal among all employees, including social recognition, monetary recognition, and unique experiences.

- Use analytics to monitor the popularity of each initiative among your employees and be ready to consider alternate options if something doesn't seem to catch on.

Employee events: Say it with feeling

- Find opportunities to bring people together, in small and large settings, to help increase feelings of connectedness, inclusivity, and shared identity.

- Create unique programs with a specific purpose to increase relevancy, including kick-off events that are company-wide or for select teams; conferences to create alignment among employees or between employees, partners, and customers; incentive travel to recognize significant employee accomplishments; and recurring events to celebrate day-to-day wins and ongoing team member recognition.

EMPLOYEE BRAND ADVOCATES A LARGELY UNTAPPED TOOL

Employees who feel engaged and empowered are inclined to share positive feelings about their company everywhere they go: at barbecues with friends, at the grocery store, on social media, on vacations, and more. This is a direct link not only to potential employees but to customers as well.

Recent data has shown that 47% of people see employees as extremely or very credible sources of information about a company, yet fewer than 50% of employees actually believe in their company's brand idea. Furthermore, even fewer employees are equipped by their employers to deliver on their brand's ideas.

Employee brand advocates are:

- Authentic

- Empowered

- Informed of the brand's goals and identity

- Community builders

- Socially engaged

- A marketing channel

Simple ways that you can encourage positive brand advocacy within your organization include:

- Allowing employees access to social media at work (socially encouraging employers are 24% more likely to boost sales than employers who aren't socially encouraging)

- Providing the right tools, talking points, and so on to encourage brand advocacy

When employees are happy and motivated in their careers, it makes what they say about the company they work for that much more appealing to both potential new talent and customers. Plus, research has shown that 84% of people trust recommendations from people they know, yet only 15% trust recommendations from the brands themselves.

According to change management leader Prosci, any message related to organizational change—big or small—needs to be repeated an average of five to seven times before it's understood, accepted, or remembered. So it's just as important to provide employees with the right tools and talking points to encourage brand advocacy as it is to give them the freedom at work to utilize their most-used channels, like social media accounts, to spread the word.

SATISFIED, ENGAGED EMPLOYEES KEY TO COMPANY-WIDE SUCCESS

To optimize employee engagement, leverage strategies that fuel employee self-esteem by instilling purpose, while also working to enhance a sense of belonging to a company and culture that make them feel proud. These efforts drive positive emotional experiences and, ultimately, employee engagement, retention, and advocacy.

Employees are a critical source of customer experience and often have ideas for improving your products/processes, and they can serve as the most effective ambassadors for your company. By leveraging the right tools and by offering employees autonomous authority in the workplace, you will succeed in inspiring engagement (rather than mandating it) that positively affects the bottom line.

Remember, it's OK if you can't do it all at once—it should be an iterative process.

Top-performing organizations have proven—and are increasingly vocal about reminding everyone—that employees are the most important part of their businesses. And when their employees are happy, satisfied customers follow. Creating an employee experience that allows team members to thrive, both personally and professionally, will always result in a positive impact on your customers' experiences. AQ

Christina Zurek is Insights and Strategy leader at ITA Group, where she directs the vision, position, and evolution of the employee experience solution portfolio. She has more than 10 years of consultative solution visioning and development experience to craft compelling strategies for clients in all industry verticals.

Christian Terwiesch (left) and Nicolaj Siggelkow, Wharton School professors and co-directors of the Mack Institute for Innovation Management

Christian Terwiesch and Nicolaj Siggelkow

Getting the Connection

The Future of Business Is Where the Customer Is

BY CHRISTIANE TRUELOVE

MCE Quarterly sat down with Nicolaj Siggelkow and Christian Terwiesch, the authors of *Connected Strategy: Building Continuous Customer Relationships for Competitive Advantage* (Harvard Business Review Press, 2019). Siggelkow and Terwiesch, Wharton School professors and co-directors of the Mack Institute for Innovation Management, talked about the reasons all business leaders, even those in a B2B setting, must consider a connected strategy to produce and sustain a superior customer experience. Siggelkow is a professor of management at Wharton and a fellow of the Strategic Management Society. He developed the online course "Business Strategy from Wharton: Competitive Advantage" and co-hosts the SiriusXM radio show *Mastering Innovation*. Terwiesch is a professor of operations and information management at Wharton. He has authored several books and published in many leading academic journals. He hosts the SiriusXM radio show *Work of Tomorrow*.

Why did you write the book?

Nicolaj Siggelkow: Both Chris and I are co-directors here of the Mack Institute, and both from the members and the participants in executive education programs that we are running, [it's] sort of clear that a number of firms are really restructuring the ways they are interacting with their customers. [They're changing] from having a few episodic interactions with customers, where you sort of wait for the customer to come to you—the best example is the medical field, where you interact with it only if something bad happens to you, when you see a doctor or go to a hospital— to a much more continuous relationship with customers having many more smaller interactions, where we can really get that information about customer needs almost in a continuous way. Now this starts allowing us to partially anticipate the needs of customers and understand their deeper needs.

To us, the interesting thing was that we're seeing this in almost any industry. Medical, retail, entertainment, financial services, transportation, you name it. The nice thing about being at this [Mack] institute, we had the insight into these various industries. And there seems to be something general going on that inspired us to think about this topic of connected strategies. Both of us are involved in executive education. We wanted to make it [the book] as applicable as possible. So this book has become one with workshop chapters in it. We have worksheets that people can fill out, and it will give them some sort of tools that they can use to create those connected strategies for their own organizations.

So it was a research interest and a teaching interest, how to help firms deal with those kinds of issues.

Christian Terwiesch: Speaking of teaching, one industry that we have both done a fair bit of work in is education. If you think about education, it used to be intense service episodes. You would come to Wharton, and for two years you would be in the middle of the Wharton School, and all the action and everything would be around you. And then you graduate and then maybe you'd be contacted for fundraising, but you're gone. But the name of the game in all of the top business schools at the moment is lifelong learning. We want you to think about your relationship with Wharton not as a transactional one where you come in, you graduate, you take a degree, you get out of the door, but through your life and your career, your needs are changing. And we want to be there in learning, at your desk, in your boardroom, as you make that exciting career. That requires a kind of business model that is not thinking of an intense service end result, followed by nothing, but a continuous relationship over time.

We believe that allows us to do a better job of serving you. But in many settings, including Wharton, quite frankly, there is also a monetary piece to that. If we can keep that relationship alive, there is value that is created and there is no reason we couldn't be sharing some of that value.

What have been the challenges you've seen with executives who are trying to take the lead and set up these new systems? Are they struggling with technology?

NS: The intriguing thing is, and we do have a selective sample—most of the people we have talked to see [connected business strategies] happening and feel like they have to do something, because they look at Amazon and they look at other firms—it's not so much a question of trying to convince them that they have to do something, but the challenges are in how to implement these systems.

Connected strategies are most fundamentally changing the business model. It's not technology. Technology is an enabler, but quite often all of these technologies [needed] are already out there. It's more about "How can I piece them together?"— not "I have to develop a new technology!"—to create these new strategies. But they need to think about how to change their business model. In our case, at Wharton, it's not thinking about the customer for two years or four years, but over a lifetime. Also, how do I restructure my business model or revenue model from having just one operation? How do I keep track of you?

And that brings me to the second part, the whole data/ privacy/trust part. That's a huge element. How do we manage that? There is the operational data security piece, but also, do we use your data in a responsible way that you as a customer really see the benefit of, after you have sent me all this data.

I think we're at the first wave of these [connected business] strategies. At first, businesses were like, "Oh cool, I can get all of this data!" And now they're sitting on all of this data and have no idea what to do with it. So they resell it, and customers now get contacted by all these weird advertisements.

So there's the challenge. It's not just about data privacy and security, it's about how do I use this data in a way that provides not only value for me but for the customer.

CT: And among larger corporations, there's a sort of battle about who within the company owns the customer. There's an online channel and a brick-and-mortar retail channel. If the customer goes online and does a lot of homework, and then buys in the store, the customer ends up being a "lost" customer to the online channel, and that creates all sorts of perverse incentives.

We highlight Disney as a company that has done this really well. We have interviewed former Disney executives. If you think about Disney, your interaction, your family's interaction—you have the theme parks, the movies, the video games, the retail stores—you're a very different customer in one branch than in another. But Disney has had to think about these channels so they're not competing against each other for a share of wallet. For example, if you're playing

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a Disney video game, if you're struggling on level 13 in the Pirates of the Caribbean game, and you go into the theme park, wouldn't it be so awesome if whatever challenge you have on level 13 of the Pirates of the Caribbean game, the answer is just showing up on the screen of your phone as you're standing on line at the theme park? Technologically it's not that hard, and with the MagicBand, Disney has developed technology that makes it possible. The challenge is really organizational: How do you share your contacts? How do you reorganize the company so that all product lines are serving the same goal, that is, creating a unified customer experience?

NS: One line that we heard that I think resonates very well with a lot of managers is, "We force our customers to work through our own organizational chart." For example, with Disney, you have to deal with the theme park operation, and then the food operation, and then the hotel organization, and you as the customer have to work through the organizational chart.

CT: I think Disney has done this well, but other companies who have grown more through mergers and acquisitions, it's different organizational units, it's different management cultures, it's different information systems. All of these things don't like each other, and there's this jungle of the org chart, and it becomes a difficult maneuver to get through it.

NS: This links back to the issue of how companies say "We want to be more customer-centric." How do they treat this customer as this one customer, but this may require these companies to restructure their organization. It's not a technological fix. Yes, technology plays a role, in gathering information, but there are lots of other things that need to be done, like changing incentive structures, reporting requirements, and data-sharing agreements inside the organization to make it actually work.

You mention Disney as one company that has done particularly well in getting customers to touch all parts of the organization, not just theme parks. Who else stands out in your mind?

NS: I think in general, we're at the very beginning of this whole connected strategy thing, but I think Amazon would come to mind as a company that has become better and better at understanding more and more about a particular customer. As a result, they've been able to curate the offering for that customer—"Yes, there are 5 million products you can buy from us, but here are actually the three that you would like." There's a deeper understanding of the customer, and then converting that insight to a particular action that actually creates value for the customer. Amazon is on that path. And they're slowly becoming broader and broader in the offerings that they're giving you. They started out with books, then it was books and videos and entertainment. Now they're starting with food [with Amazon Pantry], and they're sort of growing that space in which they can use their insights to provide value to the customer.

CT: One other company that we feature in the book and that we've done some work with is McGraw-Hill. In the old days, you'd think of McGraw-Hill as a company that sells you or your children a book. The interaction is very transactional; McGraw-Hill has no information about who you are, and they don't even see the sales because those happen in a retail outlet or on Amazon. And their vision now is to sell digital learning experiences. They want you to enroll in a course that sits on McGraw-Hill's platform. And every time you open up the digital book, a link to McGraw-Hill is created. They can track your reading, and through embedded questions, they can track your understanding and they can funnel that data back to the professor teaching that course and tell the professor, "Currently in the Tuesday afternoon class you teach, you didn't explain the concept well. Lots of students

are struggling on test questions." They feed that back to the professor, and hopefully he'll start doing a better job in the classroom. They can even feed this back to the office for the course or the textbook and say, "Look, here's something to be improved."

So that gets to a fundamental practice of our idea of connected strategy—that it's not just making it better for the customer, but there is also an efficiency gain that you create. Ultimately, you learn more about customers and you're in a better position to meet supply with demand. You are actually able to bring down fulfillment costs.

This goes against a lot of what we used to teach in marketing strategy and economics, in that there are these cost-to-quality tradeoffs...if it's better for the customer, it's worse for the company. The pitch here is that this increased connectivity allows us to break the tradeoff. And by connecting with you, we are learning more about you and more about the entire market, and we can do a better job at both making customers happy and increasing our profit margins.

Pharma is another example. It has a similar flavor to the book retailer. Pharma doesn't touch the customer. One of the examples we talk about in the book is a schizophrenia drug, Abilify, which is the first drug approved by the FDA with an ingestible sensor you swallow as a pill. That does two things: It's good for the patient, and the family, and the caregivers, because we can keep you medication-adherent, but as the receiver of all of this data, we start to see how patients behave. We have a direct link from the app to the patient. That's overcoming a burden that kept many of the pharma companies at arm's length from patients. Now we get patient data every day.

We talked about the industries and companies doing connected strategies better in this first wave. Which industries or companies are still struggling to get a strategy together, and finding themselves having to work a little bit harder than others?

NS: The intriguing thing is that everyone is thinking about it [connected strategy]. Usually it's people who are in fairly commoditized businesses. They're saying, "Well, you know, we're selling this commodity product, there is a market price here. How can I differentiate my offering?" This is usually more in a B2B context than in a B2C context. And our pushback on this is, "Well, this is exactly why you should be thinking about this, because you cannot think about differentiating on the products. So what else can you do?"

The way that it's described in the book is, you want to think about the whole customer interaction as a journey that the customer has with you. Too often, we ask companies, "What are the value drivers for your customer?" And they're thinking about how good is the product or the service that they're selling. But that's really just part of the customer journey. The customer journey really starts with the customer having some latent need. Sometimes I use the examples of Netflix and Amazon Prime video. Imagine these companies have exactly the same videos. Which one would I prefer? If I go to Netflix and say I'm in the mood for a comedy, Netflix says, "That's great! We have 10,000 of them!" That's not helpful. But if it can tell me, "These are the three you might like," it's not just about how great is their product offering, it's helping me in the longer journey.

Pushing this a little into the future, it could be, "Your Fitbit tells me you're depressed. How about a comedy tonight?" Or going even a little further, "You haven't been out in a little while. I've booked a concert for you." This is the automatic execution pathway, and again, not everything will go down this path.

But coming back to your question of who is struggling with this, it's people who tend to think very narrowly. "I'm in the business of selling you widgets. I'm in the business of selling you cement. I'm in the business of selling you steel. How the heck can I have this connected strategy?" Well, if you could know the production schedule of the customer, or even insights into the new products that they're thinking about—"In your R&D, you're thinking about this project, and it requires you to have this alloy, and we are currently developing it"—all of a sudden, this is a very different relationship that you're building up, rather than just waiting for the RFP to come

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in. If you're waiting until then, you are in a transactional relationship, and the only thing you can compete on is price.

CT: It's always very hard to forecast any kind of technologic future, but we are very confident that the future's going to be smarter and more connected. But if you think about any of the industries we've talked about, including healthcare, it is 0.01% of the market. The world is so far behind. Talk about cars—everyone is talking about connected cars and self-driving cars and all of this good stuff. The reality is, walk into any dealership, it's a very old business model. It's a product-focused business. They make money by selling cars, by selling services, by selling mobility solutions. They sell cars, there's inventory and there's production. It's a very old-fashioned business.

Healthcare and education are no different. We have Wharton lifelong learning, but at the end of the day, we're here to sell you an MBA program, to sell you executive education. So I think while we're very confident about the direction, I find it in my day-to-day life frustrating to see how far we are behind in many industries. No matter if you're talking about healthcare, education, cars, financial services, everything that we use on a daily basis, it's just remarkable how much it can be improved with a little more connected technology.

Connectivity, AI, and sensors—those three things will make a huge difference. Again, we know the future is going to be smarter, it's going to be more connected. And now it's up to us as executives to envision a business model, a way of doing business, a way of selling not only products but solutions, a way of monetizing these solutions. It's up to us to envision how this is going to play out. The excuse that it's technologically not feasible—I think it's probably already no longer true, but certainly in 5 or 10 years from now, that answer will not be a good excuse anymore.

For leaders, what is the advice you give for them to institute these changes? How should they go about setting up strategies?

CT: One thing in our book is that we have workshops, worksheets. You fill out the elements that constitute a connected strategy, and we walk you through that process of starting initially with the customer, understanding that customer journey. We talk about four steps: recognizing the need, turning the recognition of a need for a request for a product or a service, then there is the response, and you want to repeat that to stay in business with each other. We call these the four Rs—recognize, request, respond, repeat.

You start with that. You have to think, where are the pain points, and where can we generate more value along this journey?

Once you are there, you have to think about not only what you are going to provide to the customer, but the cost. You have to think about how to make that possible in the fulfillment, in the operations end of the business, without having the costs go through the roof. And it's not only the connection you have outbound to your customers. It's the connection you have back up into the chain with your suppliers. We have different business models of how firms are interacting with their suppliers. And by designing those fulfillment systems, you're going to create the connected strategy piece that actually makes a connected customer relationship possible in the first place.

One of those [supply models] is connected producers, and Disney is one of them, where basically you have vertical control, where you basically do everything yourself. It might be cultural, it might be IP reasons. At the other extreme, we have companies—we call them "cloud orchestrators," like Uber and Airbnb—where you do very little short of basically organizing the market for these services. At the very extreme, you have peer-to-peer networks, where you have people helping each other without there being a clear demarcation line between who is the customer and who is the supplier.

NS: On the practical side, in terms of implementation, the important thing is to start with a concrete project. I think this is where we see people getting overwhelmed, thinking that they have to rewrite and restructure their entire organization. In practical terms, once you've gone through all the steps—you understand customer needs, you understand information flows—you start generating some ideas. Then you take a concrete idea and use it as a test case to implement, rather than trying to restructure your entire organization. Start out with a well-defined initiative.

In the book, we make the point that it is unlikely that you'll jump from transactions to trusted advisor in one step. This is a process, where you try and convince your customer to give you some data, and you can show them how you'll make their life better. And once you've convinced them that you've made their life better, they can give you some more data. You're slowly building up that relationship and that trust. Eventually you can become their trusted advisor for entertainment or whatever that is. But trying to jump there is probably unfeasible. AQ

Training Programmes Calendar
June - December 2019

TIME MANAGEMENT	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Time Management	2		24-25 (FRA)				11-12 (AMS)	

COMMUNICATION SKILLS	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Communicating Up, Down and Across the Organization	2	24-25 (FRA)		08-09 (BCN)		14-15 (BRU)		02-03 (FRA)
Communicating to Your Senior Management & Key Stakeholders	4		22-25 (LON)				18-21 (MUC)	
How to Communicate with Diplomacy, Tact and Credibility	2	03-04 (AMS)			23-24 (FRA)		25-26 (FRA)	
Managing Conflict	2		17-18 (BCN)		23-24 (FRA)		04-05 (AMS)	
Effective Presentation Skills	3		15-16 (BCN)		23-25 (BRU)			02-04 (FRA)
Effective Executive Speaking	3			08-10 (BCN)		21-23 (FRA)		
Communication ascendante, descendante et transversale dans l'organisation	2		17-18 (NTE)		19-20 (TLS)	14-15 (LIL, SXB, LYS)	04-05 (NTE)	

ANALYTICAL & THINKING SKILLS	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Developing Your Analytical Skills	2		23-25 (LON)		23-24 (FRA)			09-10 (BRU)
Creative Thinking in Business	2			08-09 (BCN)			18-19 (BRU)	
Critical Thinking	2			19-20 (LON)			18-19 (MUC)	
Strategic Thinking	2				23-24 (BRU)		25-26 (FRA)	
Design Thinking	2					07-08 (BRU)		

INFLUENCING AND NEGOTIATION SKILLS	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Developing Personal Influence and Impact	4	23-25 (PAR)	22-25 (GVA)	19-22 (BCN)	23-26 (AMS)	21-24 (FRA)	18-21 (BRU)	09-12 (LON)
Getting Results Without Authority	3			05-07 (BCN)			04-06 (AMS)	
Negotiating to Win	3			12-14 (LON)			04-06 (FRA)	

EXECUTIVE ASSISTANTS & ADMIN PROFESSIONALS	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
The Professional Executive Assistant	4		22-25 (BCN)					02-05 (PAR)
Communication and Influence for Executive Assistants	3		17-19 (BCN)					11-13 (PAR)
Management Skills for Administrative Professionals	3						20-22 (PAR)	
Partnering with Your Boss: Strategic Skills for Administrative Professionals	2			08-09 (BCN)				

WOMEN IN BUSINESS	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Women's Leadership Certificate Programme	2	27-28 (BRU)	25-26 (LON)		30-01 (FRA)		11-12 (BCN)	09-10 (DEC)
Assertiveness Training for Women in Business	3	03-05 (BRU)					20-22 (VIE)	
Executive Presence for Women	2			05-06 (PAR)		14-15 (BRU)		
Leadership Development for Women	2		22-23 (LON)					02-03 (FRA)
The Voice of Leadership for Women	3						18-20 (BRU)	

PEOPLE MANAGEMENT SKILLS	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Successfully Managing People	3	24-26 (COP)	15-17 (BCN)	12-14 (LON)	23-25 (BRU)	14-16 (MXP)	13-15 (FRA)	02-04 (AMS)
							18-20 (LON)	
Gérer les personnes avec succès	3	17-19 (SXB)			16-18 (LYS)	14-16 (LIL)	04-06 (SXB)	09-11 (TLS)
							18-20 (NTE)	
Managing People in an International Environment	4		22-25 (BCN)	19-22 (LON)	23-26 (BRU)		18-21 (FRA)	09-12 (LON)
Compétences en management pour les nouveaux managers	3	17-19 (NTE,TLS)				14-16 (SXB)	04-06 (LYS)	09-11 (NTE)
							18-20 (LYS, TLS)	
Management Skills for New Managers	3	03-06 (AMS)	15-17 (LST)		16-18 (BER)	07-09 (LUX)	04-06 (IST)	02-04 (GEN)
		10-12 (MXP)	22-24 (LON)		22-24 (LON)	14-16 (AMS)	18-20 (BRU)	02-04 (LON)

LEADERSHIP SKILLS	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Preparing for Leadership	2				23-24 (FRA)			02-03 (LON)
Agile Leadership	1	7 (FRA)				18 (BRU)	15 (FRA)	
Developing Executive Leadership	3		15-17 (LON)			21-23 (FRA)		
The Voice of Leadership	3		22-24 (BCN)		16-18 (BRU)		04-06 (FRA)	09-11 (LON)
Leading with Emotional Intelligence	3	03-05 (BRU)					04-06 (FRA)	

LEADERSHIP SKILLS	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Leading Virtual Teams	2			5-6 (BCN)		14-15 (AMS)		
Advanced Leadership Programme	4		22-25 (BCN)		23-26 (BRU)		4-7 (VIE)	09-12 (LON)
Strategic Leadership for Senior Managers	4		22-25 (LON)		23-26 (PAR)			09-12 (LON)
Leading in a VUCA World	2	10-11 (FRA)			17-18 (BRU)		18-19 (AMS)	

AGILITY MANAGEMENT	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Managing Chaos	2	03-04 (FRA)			23-24 (COP)			02-03 (PAR)
Strategic Agility and Resilience: Winning Strategies for Leaders	2				23-24 (FRA)		11-12 (AMS)	
Leading Disruptive Change and Innovation: Your Plan for Breakthrough Growth	2	03-04 (BRU)				07-08 (FRA)		

MINI MBA	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
5-Day Mini MBA	5	24-28 (PAR)	22-26 (BCN)	19-23 (LON)	23-27 (FRA)	14-18 (GVA)	18-22 (BRU)	09-13 (LON)
5-Day Mini MBA for the Chemical Industry	5			05-09 (BCN)			04-08 (BAS)	
5-Day Mini MBA for the Medical Devices Industry	5	03-07 (MUC)				07-11 (FRA)		
5-Day Mini MBA for the Mining Industry	5	03-07 (LON)			23-27 (BRU)			02-06 (LON)
5-Day Mini MBA for the Oil & Gas Industry	5	17-21 (NCE)		19-23 (BCN)		21-25 (LON)	04-08 (BRU)	
5-Day Mini MBA for the Pharma and Biotech Industry	5			19-23 (BCN)	23-27 (QLS)	14-18 (BAS)		09-13 (BRU)

BUSINESS STRATEGY	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Business Strategy & Planning for Managers	3	24-26 (MUC)		12-14 (LON)		14-16 (BCN)		02-04 (AMS)

CUSTOMER CENTRICITY	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Design Thinking: A Customer-Centric Process for Rapid Innovation	2	24-25 (AMS)				07-08 (BRU)		

PROJECT MANAGEMENT	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Essentials of Project Management for the Non-Project Manager	2	24-25 (FRA)			23-24 (AMS)			02-03 (GVA)
Principes de la gestion de projet pour les non-gestionnaires de projet	2	17-18 (SXB)			16-17 (TLS)		04-05 (LIL, SXB) 18-19 (NTE)	09-10 (LYS)
Successful Project Management	3	24-26 (AMS)		19-21 (LON)			18-20 (BRU)	
Project Management Excellence: The Complete Programme	5			05-09 (LON)			18-22 (PAR)	02-06 (LON)
Agile Project Management	2		11-12 (BCN)				14-15 (AMS)	

FINANCE	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Business Finance for Non-Financial Managers	3	03-05 (BRU)		19-21 (BCN)	23-25 (COP)	21-23 (GVA)	18-20 (FRA)	09-11 (BRU)
The Strategic Controller: Adding Value to Your Organization	3					14-16 (BRU)		
Financial Excellence: Create Value in Your Organization	3				16-18 (BRU)			

MARKETING	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
B2B Marketing Strategy	3			19-21 (LON)				02-04 (FRA)
Successful Product Management	3		22-24 (LON)		23-25 (MUC)		18-20 (BRU)	
Powerful Value Propositions in B2B Markets	2					21-22 (FRA)		

SALES	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Sales Management for the Newly Appointed Sales Manager	3	24-26 (FRA)				14-16 (AMS)		
Successful Selling Techniques for the New or Prospective Salesperson	2				23-24 (AMS)		18-19 (FRA)	
Negotiating to Win	3			12-14 (BCN)			04-06 (FRA)	

HUMAN RESOURCES	Days	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Talent Management Goes Agile	2	03-04 (FRA) 18-19 (MAD)		05-06 (BCN)		21-22 (AMS)		09-10 (BRU)
HR Boosting Engagement	2		04-05 (MAD)					

AMS Amsterdam
BAS Basel
BCN Barcelona
BER Berlin
BRU Brussels
COP Copenhagen
DXB Dubai
FRA Frankfurt
GVA Geneva
IST Istanbul
LIL Lille
LON London
LUX Luxembourg
LYS Lyon
MAD Madrid
MUC Munich
MXP Milan
NCE Nice
NTE Nantes
PAR Paris
PRG Prague
QLS Lausanne
SXB Strasbourg
TLS Toulouse
VIE Vienna
WAW Warsaw
ZRH Zurich

Creating a Culture-First Approach to
CUSTOMER EXPERIENCE

BY ANTONIA HOCK

The Ritz-Carlton approach creates engaged workers who in turn create happy customers.

Conventional approaches to building a customer-centric culture involve topics such as putting the customer first, building business units that obsess over customer needs, deploying technology platforms that appeal to every customer need, and creating programs that link customer preferences to corporate priorities.

While all of these are important initiatives, none of them will ever be sustainable without the commitment and conviction of the people who design, build, and implement the programs and serve the customer every day. Regardless of the industry or market segment, building a world-class culture based on shared values, inclusion, compassion, and lateral service must come before any customer-centric focus in order to drive real success.

Much has been written about the importance of culture in business environments, but great cultures where employees love to come to work and advocate for a brand are elusive. Building a customer-centric culture requires relentless discipline and commitment to the health of a tribe of people, and decisions must be consistently and enduringly upheld.

CUSTOMER EXPERIENCE AND THE RITZ-CARLTON

One of the most studied cultural phenomenons in the business world is The Ritz-Carlton. For more than 30 years, this company has been delivering exceptional customer experience (CX) through a culture-first approach that wins J.D. Power awards for best-in-class service and countless other top accolades.

Why is The Ritz-Carlton so successful when other organizations struggle to build—never mind sustain—an exceptional culture? After studying The Ritz-Carlton approach and implementing it for other companies, it comes down to a simple principle: The hotel chain has adopted an approach to culture creation that makes that process tangible and executable for any organization willing to implement with discipline, which can be deduced into the following core values:

Hire for culture first. Vocational skills can be taught and refined over time. Attitude, selflessness, compassion, positive outlook, work ethic, and heart for serving others are essential to creating a powerful foundation for CX, and those cannot be taught. Today, there are many tools and approaches that allow companies to adopt a model of cultural fit during the hiring process.

For companies that have a legacy workforce in place, there are many opportunities to engage existing employees in the culture refinement process to ensure co-creation and buy-in. Over time, strong cultures will self-select out employees who do not fit. When culture comes first in every aspect of the organization, a consistent brand experience is produced that makes it much easier to implement and sustain customer-facing programs.

Create emotional connections to the brand. Employees that are strongly connected to your company through a set of positive emotional experiences will express that positive experience to others. The employee experience should be treated as an emotional engaging journey that starts from

> "Attitude, selflessness, compassion, positive outlook, work ethic, and heart for serving others are essential to creating a powerful foundation for CX, and those cannot be taught."

the hiring process and continues through onboarding to anniversary celebrations, community service commitments, and recognition—every aspect of the employee's journey.

If you treat each employee program as an opportunity to create an emotional event, you will then have a workforce that is not only personally connected to the brand but also your biggest and most authentic ambassadors.

Implement the CX foundation with lateral service, empowerment, and first-party resolution. These three important principles stand out as nonnegotiable foundations that all brands should consider embracing if they want to create a meaningful and sustainable customer-centric culture.

Lateral service is the idea that any employee should be willing to step up and help another employee complete a task or a job at any time, regardless of role or level. This

means that on a hotel property, a bellman might assist a front-desk agent during a very busy time—without being asked—because he or she simply cares about taking care of the other employee and knows that this will create a better environment for all. This principle is core to CX because it enables load balancing for care of customers at critical moments that can otherwise produce failures in the system.

Lateral service also strengthens teamwork and produces an environment of gratitude and support, driving closer bonds between employees. Creating this environment has a long-term impact on lower attrition, employee satisfaction, and positive customer brand impressions—all of which impact the bottom line.

Empowerment is a core feature of creating a culture of trust and service. At The Ritz-Carlton, this operating principle means that each employee, regardless of level, is authorized and empowered to resolve, delight, or serve customers using the financial and human resources of the company without prior approval. This company-wide commitment underpins the ability of each employee to be a key architect of creating memorable experiences for guests.

Empowerment also allows employees to guard the reputation and service recovery that are hallmarks of an excellent service. This principle does something critically important to all great in-person CX: It gives employees the mandate and the confidence to act on behalf of the company.

Imagine that as a restaurant employee, you learn that a customer is planning to propose, and you are empowered to create a beautiful moment for that customer without asking

for approval. Or as a hotel employee, you discover that a guest has a sick child and send up books and chicken soup—again without red tape and approvals. These small gestures are what great CX is built on. Not only does the employee feel great about having the trust of the company to be responsible and creative, but the customer enjoys personal, thoughtful, human-to-human experiences.

Empowerment also ensures that when a problem arises, customers feel that same level of commitment, concern, and resolution from any employee they encounter. This stands in strong contrast to the common practices of "manager-only" resolution and impersonal, dispassionate, uncaring service provided by most companies. Many companies find the concept of empowerment daunting and potentially fiscally dangerous, but with the right hiring practices and cultural norms, you can prove out that this model is great not only for customers and employees but also for business.

First-party resolution focuses on ensuring that when a customer expresses a need or a concern to an employee, that employee resolves it without passing it to another person. This is directly tied to the concept of empowerment—the employee must have the power to resolve the concern and the mandate to step away, if required, from a current task to be able to activate the resolution.

Studies show that first-party resolution has a tremendous positive impact on satisfaction scores and brand loyalty. Customers do not want to be passed around to someone "authorized" to take care of their requests. This approach is disrespectful of the customer's time and creates a palpable boundary between the customer and process of resolution. Instead of a quick, positive experience that demonstrates caring and commitment, companies that "pass a customer around" drive a transactional mentality that can destroy brand connection.

Build anticipatory service. Anyone can ask, "How may I help you?" The magic of superior service, and ultimately superior CX, is being able to anticipate needs and desires. This anticipation requires a workforce that fundamentally wants to read human behavior and make calculated decisions about what that behavior might tell us about an individual.

As an example, if I see you in running shoes and workout clothes, I might want to offer you a running trail map and bottle of water. In our impersonal, transactional, robotic world, this type of behavior stands out and creates a special connection and brand memory that can't be derived any other way.

This also applies to online, digital, and app experiences. The more you can personalize and anticipate a need, or surprise and delight through those channels, the deeper the relationship you can drive. If you are investing in chatbots, go the extra step and invest in machine learning that can assist in making the bot engagement personal and relevant based on online behavior. If I have a size 8 and a size 7.5 shoe in my

> "Empowerment also ensures that when a problem arises, customers feel that same level of commitment, concern, and resolution from any employee they encounter."

cart, I might be struggling with my sizing. Anticipate that from my online behavior and suggest a solution or option for me through the bot.

Whether you are implementing a chatbot or driving an in-person connection, both channels reflect your culture and the value you place on genuine connections. This culture is clearly visible to your customers and guests, and ultimately drives a special sense of being "known" and "understood" in consumers that differentiates a brand from the competition by tapping into fundamental human psychology.

Create the psychological power of belonging to a tribe. Sociologists have studied groups, tribes, and communities for decades, and the power of human belonging cannot be understated. If you can recruit, hire, empower, and maintain an employee base driven by shared values, you will inherently have a workforce dedicated to delivering great experiences to each other and to customers.

Also, with that dedication comes the positive peer pressure and corporate norms that will become a self-reinforcing culture without heavy corporate regulation or bureaucracy.

Delivering great CX is a source of "tribal" pride and belonging, and it's why no company can afford to make a strong, positive cultural identity less than a critical priority.

Creating an exceptional culture that builds a cohesive organization may take time and a long-term commitment, but the payoff to any brand or company is felt through the customer experience. Culture can be operationalized and executed by focusing on a set of strong principles and then implementing them with consistency and conviction.

The payoff comes through brand loyalty and long-term relationships with customers, lower turnover with employees, and market differentiation in a largely transactional world. All of these translate to financial results because great culture is great business. AQ

Antonia Hock is the global head of The Ritz-Carlton Leadership Center, a consulting and advisory firm helping organizations create exceptional employee and customer experience since 1999.

How Analytics Is Elevating Human Resources Management

BY BRAD KILLINGER
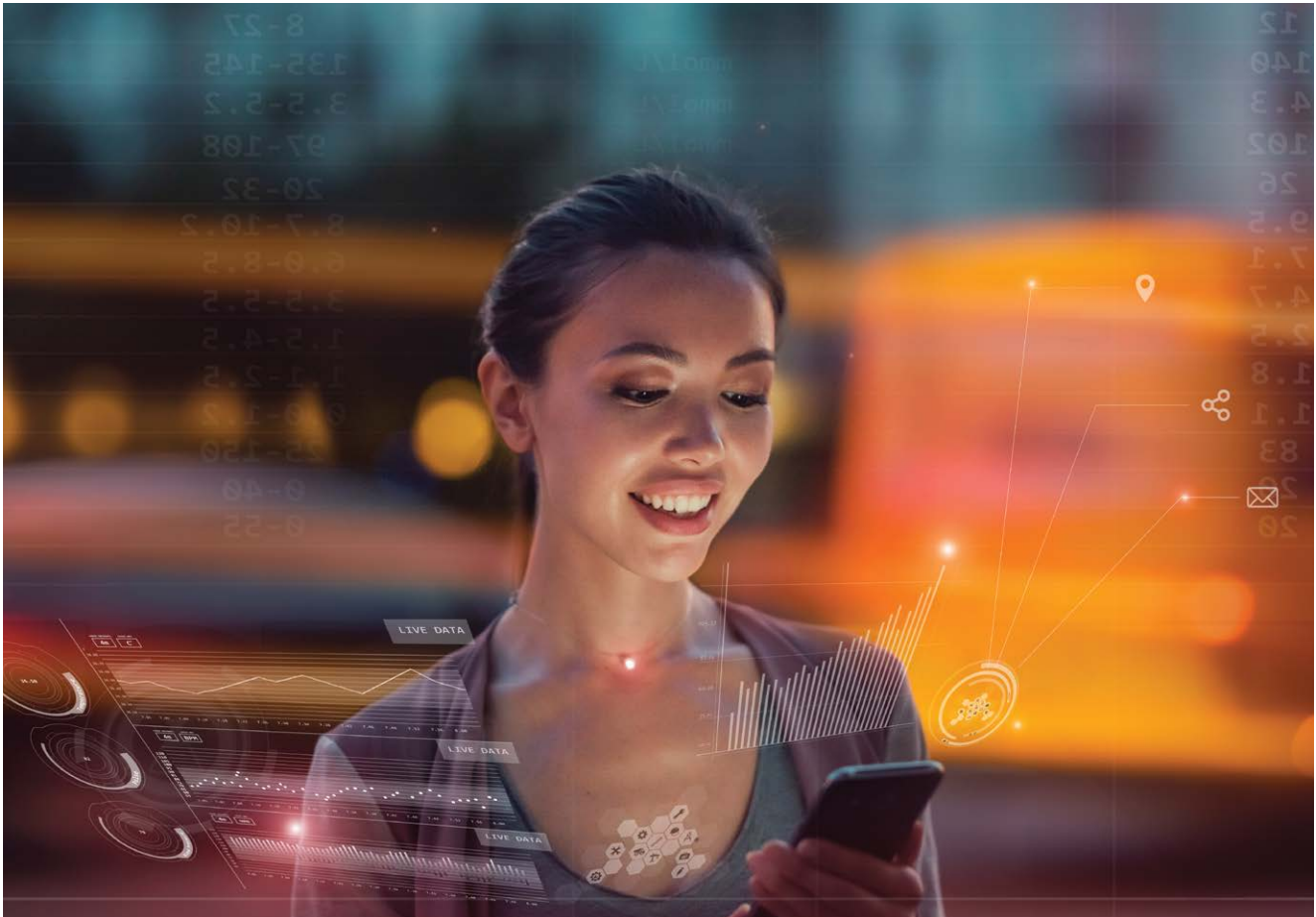
For many years now, employee engagement has been a board-level priority, but of late it's become a business imperative of the highest level. A Gartner study from December 2018—the firm's quarterly Global Talent Monitor—found that only 53% of workers worldwide plan to stay in their current jobs. Researchers attribute U.S. workers' willingness to be more proactive in their job searches to strong economic conditions and a hot job market. This scenario is causing organizations to work harder to ensure the employee experience is both fulfilling and rewarding.

Winning in the marketplace starts with winning in the workplace. That's according to a recent study from West Monroe Partners, where a majority of business professionals surveyed indicated that an empowered workforce is critical to supporting a winning customer experience. The key to an empowered workforce, say researchers, is cultivating a culture of engagement, intentionally designing employee experiences, and supplying employees with the tools needed to do their jobs.

But how do HR and business leaders move the needle in this area? Free pizza on Fridays or discounted gym memberships are not effectual. While these perks are "nice to haves," it is the actual nature of the work activity that must be improved—not the ancillary elements around it.

Organizations must "get real" about taking substantial steps toward evaluating and improving the employee

experience at work. While companies have embraced the notion of the "data-driven organization," we must move to the next echelon—the employee-driven organization. To create the employee-driven organization, companies must capture and leverage employee-driven data to see and understand the work experience from employees' perspective.

Work defies our understanding

The task of improving work starts with benchmarking work patterns today. However, most leaders don't know how certain processes take place in their organizations.

In a study conducted in 2018, industry analyst firm Levvel Research (formerly PayStream Advisors) found that 93% of accounts payable (AP) staffers surveyed found fault with their existing AP processes.

In contrast, half of all top executives with the title of CEO, owner, founder, president, or managing partner said they believed their AP current processes "work just fine," negating the need for any change. The research points to a vast gap in perceptions between C-suite executives and workers on the front lines, who are more intimately familiar with the struggles encountered in day-to-day operations.

In today's knowledge economy, where work output is no longer solely tied to machines and material, it's more difficult to qualify and quantify work.

In recent years, we've seen a growing importance of technology and tools in gauging employee engagement, including 360º performance appraisals, peer-to-peer recognition programs, and methods to understand the voice of the employee via structured and unstructured means.

Historically, information around work productivity and employee engagement has been captured via manual recording (timecards), surveys, and questionnaires. These methods lack valuable context and timeliness, leaving business leaders to guess/theorize, make assumptions, and/or rely on manual input, the accuracy of which

is dependent on employee compliance and/or the emotion quotient—that is, whether an employee is having a good or bad day and how he or she feels at that moment.

However, to build a true data-driven decision-making culture, businesses must move away from manual self-reporting to automated data capture and analysis. They must find ways of capturing data to formulate real-time and continuous insights to drive better business decision making around what is for most businesses their biggest investment—the workforce.

Analytics: deconstructing the employee experience

Analytics have been used in HR for many years for reporting on recruiting, interviewing, hiring, and exit interviews.

Today, the use of analytics is being expanded to support the business imperative of employee engagement and

employee experience to foster improved retention and development of employees and to ensure a rewarding, inspiring, and supportive work environment.

To this end, a newer type of analytics known as "people analytics" is providing the requisite insights to drive improvements in these areas. And the ability of people analytics to integrate the notion of mental and emotional well-being into performance management is helping organizations create environments where engaged and resilient teams feel empowered to thrive.

People analytics evolved from "workforce analytics," which focused on repetitive work production in business process outsourcing and call centers. Originally, its primary purpose was in measuring productivity. Today, it has been expanded to encompass a broad range of roles in the organization that focus on nonrepetitive work streams such as

> **"While companies have embraced the notion of the 'data-driven organization,' we must move to the next echelon—the employee-driven organization."**

software development, engineering, and marketing. Also, its adoption, use case, and scope have moved beyond measuring productivity to encompass other objectives, such as the foundation for process improvement, understanding work "wastage," and employee engagement trends and opportunities. As such, it's moved from an HR tool to a business transformation tool.

Advanced people analytics measures and analyzes the digital output generated by individual and work group activity. Software automates the collection of the digital signals that an employee emits when using technology and systems and combines them with analytics that equip senior executives with reporting and analysis.

People analytics seeks to understand work from the employee's perspective: What do employees have to deal with on a day-to-day basis to do their work, and do they have the right tools, the right amount of collaboration, and a conducive and supportive work environment free from distractions to do it? People analytics takes into account work patterns on a day-by-day, or even minute-by-minute, basis.

For the individual employee, people analytics can identify what takes focus away from high-priority work and practices that harm efficiency, such as multitasking and meeting overload. For managers, the data can be helpful to understand and mitigate workload issues by better allocating work and staffing.

Organizations can now uncover bottlenecks and eliminate elements of work that are painful, time-consuming,

and non-value-added, so that people can focus on what they love to do, to ensure a highly engaged workforce. And organizations can refine workflows to make teams more productive to run more lean, productive, and profitable operations. People analytics also enables organizations to compare work patterns across business units, projects, or roles to spot trends to identify best practices and issues such as poor management or training deficiencies.

With this employee data-driven approach, businesses can also take into account employee work pattern data when doing performance evaluation, leadership development, hiring and promotion, and job design, and determining compensation. This transforms HR from subjective to objective and changes the dynamic from oversight (hierarchical) to collaborative. All people policies and processes now revolve around the intersection of employees and work.

Also, as businesses move forward in recalibrating their organizations for the future of work, ushering in artificial intelligence, software robotics, machine learning, and other emerging technologies, successful transformation requires a focus on man and machine and, specifically, the space between them.

People analytics—by minding the gap at the intersection of man and machine—can be especially helpful in providing insights to catalyze workplace automation initiatives and associated workforce modernization.

Given its versatility as an enterprise multitasker, it's not surprising that in

Deloitte's 2017 Global Human Capital Trends Report, more than 70% of companies said that people analytics is a high priority in their organizations. Past performance (when understood) can be used to predict future work/talent trends so that businesses can proactively plan for what's ahead—in addition to learning from and optimizing around past performance. Since crystal balls are hard to come by in the enterprise, harnessing the predictive capabilities afforded by people analytics can give organizations the next best thing.

Who should own people analytics?

One of the greatest benefits of people analytics is that it enables both HR and functional leaders to evaluate the same data set and be in lock-step to manage and utilize human resources to their full potential. As a result, the technology is being used to support transformational use cases and progressive HR policies (such as work from home) to attract and retain top talent.

As with any initiative that involves data about people (talent), it's critical for HR to lead and own people analytics initiatives. And due to its ability to drive significant business impact, it presents a tremendous opportunity for HR leaders to take on a more comprehensive focus (and a seat on the board), given they can now offer greater value to the organization.

By supporting rich and ongoing continuous improvement from the employee data-driven workplace, people analytics is helping to guide business on the means to gain competitive advantage through strategic and holistic talent management and improved employee engagement. AQ

Brad Killinger is the CEO of Sapience Analytics, a vendor of "people analytics" solutions to help companies better organize and use employee time to be more efficient. Sapience Analytics technology is used by more than 120,000 users in over 85 enterprises across 18 countries to move the needle on employee engagement, organizational productivity, and business profitability.

The Success Factors for
CUSTOMER CENTRICITY

BY GUNTER EBERLING

Globalization does not stop at any company. Small and large companies today must compete with the best in the world and hold their own in the face of competition.

At the same time, digitalization is making companies' services more transparent and competitive than ever. Customer expectations are constantly rising—and customer satisfaction and word of mouth therefore are increasingly determining the success of a company.

Which criteria do you use to decide on a new bicycle, an artisan, or the technical solution for your website? Your decision is probably based on the features of the bike, the services offered by the artisan, or the features you need for your website. However, you are likely to find at least two, if not more, bikes, artisans, or hosting providers that have the things you are looking for in a similar price range. You'll probably use reviews on the Internet to help you make the decision and ask your network—family, friends, and colleagues—for recommendations. In the end, you'll probably follow their recommendations.

"To get into the viewpoint of customers, companies should integrate customer feedback, use the power of repetition, and be close to the customer."

From a business perspective, this means that satisfied customers are valuable customers because they buy repeatedly and recommend your business to others. Conversely, dissatisfied customers can jeopardize the success of a company. Many companies struggle to focus on the customer and to align themselves consistently with customer satisfaction. Frequent reasons for this are:

- **Conflicting goals.** Even if the customer is important, in the "hierarchy of goals," conversion and profit usually come first. Budget targets derived from profit and loss determine departmental and divisional targets.

- **Customer disconnect.** Customers appear as anonymous masses, described by key figures and statistics. Many top decision makers do not know the individual needs and real problems of the customers.

- **Lack of overall responsibility.** Large companies divide up work, creating departments specifically responsible for customer satisfaction. As a result, other departments primarily promote their own topics and do not actively strive to be more customer-oriented.

The larger a company, the more important it is to be customer-oriented in all areas and to be customer-centric in

all decisions. One department alone cannot achieve this goal. But how can this be put into practice?

MARKET ENVIRONMENT REQUIRES WILLINGNESS TO CHANGE

1&1 IONOS, where I work, has faced all the challenges described above. The company is a leading international provider of cloud infrastructure, cloud services, and web hosting with more than 8 million contracts and a product portfolio aimed at freelancers, small businesses, and consumers as well as enterprise customers with complex IT requirements. The portfolio includes domains, classic websites, and do-it-yourself solutions, from online marketing tools to full-fledged servers and IaaS solutions. But in the global, fast-paced hosting market, new, innovative players with an excellent digital customer experience are setting high standards, especially in the high-growth cloud segment. To be successful here, a company needs to validate the trust of its customers with a strong customer experience.

Internal analyses showed that 1&1 IONOS had good standings in the benchmark, but these were no longer sufficient to distinguish the company from its competition. In addition, the measurement methods provided too few starting points for concrete optimization, and the analysis cycle did not permit rapid changes.

To continue to grow successfully in the future, the company launched a comprehensive change process toward a customer-centric culture and way of working to meet the above challenges. The common goal was to increase customer satisfaction of the hosting division above the competitive benchmark.

THE INITIATIVE FOR MORE CUSTOMER SATISFACTION

With its broad product range, 1&1 IONOS serves extremely heterogeneous target groups and operates internationally in different cultures. To meet these complex requirements, executives decided upon a multistage approach, resulting in a broad portfolio of improvements that could be

implemented at the same time. The initiative for more customer satisfaction was based on four pillars:

• Customer satisfaction

• Promoting a change of perspective

• Feedback, feedback, feedback

• Personal responsibility for cross-functional teams

1&1 IONOS would refer to these four pillars to meet the challenges of customer disconnect, conflicting goals, and lack of overall responsibility.

Customer satisfaction. It is standard practice in most large companies to put customer satisfaction at the top of the brand pyramid and make it central to management guidelines and corporate strategy. This is good and sensible, but not sufficient to embed customer-centricity in the living corporate culture. Although it's often the ultimate goal, customer-centricity is often sacrificed in favor of short-term sales and cost aspects. This shakes employees' belief in the seriousness of this goal. Customer satisfaction must be defined as a clear priority, linked to comprehensible measures, with appropriate recognition of success.

The desire of 1&1 IONOS to become a customer-centric company became its top priority. The goal was to achieve a certain level of customer satisfaction, measured by the willingness of customers to recommend 1&1 IONOS to others. The incentive for the employees was a bonus share as part of the employee share program and linked exclusively to this one parameter. The result: the target set was not only achieved but also exceeded. On the way to this goal, employees implemented many small improvements in the interests of customers and the corporate divisions worked more closely together. The achievement of these

goals was acknowledged at an employee event and on the company intranet, which motivated employees and managers to further promote customer satisfaction.

Promoting a change of perspective. If the priority is clearly defined and understood, thinking from the customer's point of view must become routine. The demand on all products and processes should be to make them as simple and useful as possible for the customer. It is the task of management to define the level of requirements and to ask critical questions in order to encourage employees to do the same. For every decision, for every concept, the key question that must be answered is: What is it like from the customer's point of view? For example, 1&1 IONOS' conference rooms have reserved seats in each meeting for the "customer," serving as a constant reminder for employees to think from the customer's perspective.

To get into the viewpoint of customers, companies should integrate customer feedback, use the power of repetition, and be close to the customer.

To integrate customer feedback, start meetings with examples of a negative and a positive customer experience for a product. This illustrates the topic, and the customer is automatically "in the room." Additionally, actively involve your internal experts: A round table with customer service employees provides valuable information from a variety of real customer conversations.

Take advantage of the power of repetition by recalling general recommendations for action again and again. For example, use sentences such as "Let's think backward from the customer," "What would the customer say to this?" and "What is still missing from the customer's point of view?" These questions are memorized and, if they are convincing, are passed on.

"The demand on all products and processes should be to make them as simple and useful as possible for the customer. It is the task of management to define the level of requirements and to ask critical questions in order to encourage employees to do the same."

And finally, don't just rely on statistics and anonymous survey results for analyses and concepts—talk to real customers. This does not always require an expensive focus group. As a decision maker, simply call a few customers yourself, or encourage everyone to spend a day in customer care. Nowhere else can customer questions, wishes, and problems be better understood. This is more convincing than any theoretical lecture. Last but not least, try your products yourself and take the customer journey. Even if it sounds banal, you often gain new insights into user-friendliness and collect ideas for improvements.

Feedback, feedback, feedback. Prior to the launch of its greater customer satisfaction initiative, 1&1 IONOS conducted a quarterly survey via email, mainly focusing on the willingness of customers to recommend 1&1 IONOS, customer satisfaction, and the reasons for these ratings. Although it was possible to infer from this whether the company generally improved or deteriorated in customers' opinion, there were no concrete suggestions for improvement. In addition, the response rate was often too low to apply statistically based methods for error-cause analysis. To better understand the customer, 1&1 IONOS realized it needed to change these generic surveys into precise questions at different steps of the customer journey.

Instead of relying on a generic ratings survey, 1&1 IONOS' customer service division began to ask customers directly and more frequently about what they specifically needed. As a result, this approach generated decisive feedback, which led to direct solutions such as extended training courses or tool optimization. This approach was subsequently applied to all relevant contact points in the customer cycle. 1&1 IONOS has deliberately kept the feedback process easy. Customers receive a simple quantitative question about their willingness to recommend the company or give it a five-star rating, as well as a qualitative question about the "why." They can evaluate in detail how satisfied they are with the company, the setup of the products, or the administration front end, and give feedback on the payment process or service quality.

Thanks to an intelligent tool, employees in the respective departments have direct access to the results. The concrete feedback on individual touchpoints is supplemented by comprehensive monitoring of customer feedback on social media channels and on rating platforms, as well as by classic surveys. This results in a holistic atmospheric picture for customer satisfaction.

1&1 IONOS found that it is important to obtain dedicated feedback from customers at as many points throughout the customer journey as possible, as this is the only way to improve the customer experience in a targeted manner.

Personal responsibility for cross-functional teams.
1&1 IONOS has decentralized responsibilities and enabled employees to monitor, develop, and implement

"Call a few customers yourself, or encourage everyone to spend a day in customer care."

improvements based on customer feedback. The transparency created and the direct reference to individual contact points ensure that the company today can learn better from the feedback from customers and significantly shorten the cycle between analysis, tests, and measures. At the same time, it strengthens the personal responsibility of employees. Cross-functional teams independently develop and implement optimization measures from the feedback regarding their contact point, which is an important factor for creativity and motivation. For example, the developers of the customer front-end team have changed from pure implementers to designers by developing and implementing their own ideas for improving user-friendliness based on customer feedback. The teams can then see from subsequent evaluations whether a measure works or not.

As a result of the initiative, the department for managing central customer satisfaction has also been given other tasks. It no longer prescribes measures for individual customer touchpoints, but provides comprehensive findings, keeps an eye on objectives, and initiates projects that further advance customer orientation in the company.

For example, a new systematic feedback process ensures that the suggestions and experiences of customer service employees are heard and answered. 1&1 IONOS managers participate in measures such as Gemba walks, an essential part of the Lean management philosophy, in which decision makers go where direct customer contact takes place. At 1&1 IONOS, when managers exchange ideas with the basic staff in the call center, they gain an impression of the daily work, can better understand challenges for customers and employees, and jointly initiate changes.

Those companies that take their customers' feedback seriously, look at things from the customers' perspective, and are willing to change can adapt their products and services to the customers' needs. Those that don't will find it difficult to be successful in the market in the long term.

This is why it is essential, especially for large companies, to consistently align with customers throughout the entire customer cycle and to transfer individual feedback modules into an overall picture. Yes, that's work. And yes, it can't be done overnight—it's a marathon, not a sprint. But anyone can start training for it today. 1&1 IONOS has come a step closer to the goal. AQ

Gunter Eberling is head of customer value management at 1&1 IONOS.

Why AI Needs to Find ITS INNER 'HI'

BY PETE SENA

Let's face it: Just about every company today would say they "put customers first," yet very few companies are able to truly walk the walk.

In recent years, studies have consistently shown a wide disparity between an organization's public commitment to a customer-centric strategy and its ability to carry out that mission. In one survey cited in a May 2015 article on CMO.com, 48% of marketers said they were only moderately confident in the ability of their organizations' core touchpoints to reach and engage with the customer.

Of course, creating a true customer-centric business model—one that is fully integrated and owned across the organization—is far more difficult than it sounds. At traditional companies, a big cultural shift may be required to establish a clearer outward-looking focus on the customer. All departments, not just sales and marketing, must relentlessly pursue the goal of serving the customer's needs at every touchpoint.

Marketers are often stymied in their quest to better understand consumer behavior by a lack of time or resources, incomplete data sets, and an inability to share data and insights across entrenched silos. Yet these organizational barriers alone cannot explain why so many companies fail to meet today's ever-higher consumer expectations. Alarmingly, consumer expectations on the value of trust across categories including social media networks, technology, banking, and retail soared an average of more than 250% last year, according to the 2019 Brand Keys Customer Loyalty Engagement Index.

Clearly, something more fundamental is at work here. I believe the answer lies in an intrinsic aspect of marketing that often gets overlooked but is becoming more crucial as technology advances and data privacy, security, and transparency represent the biggest impediments to a brand's success: a missing human touch. While marketers are right to be excited about artificial intelligence, its underappreciated sibling—human intelligence (HI)—holds the key to a true customer-centric business model.

Recent studies have shed light on this problem. In a 2018 PwC survey, for example, two-thirds of consumers said they felt companies have lost touch with the human element of the customer experience, and three-quarters said they want more human interaction in the future. Marketers who ignore these flashing warning signs do so at their own peril.

EMPATHY CAN DELIVER REAL VALUE

So how can marketers begin to close this gap and reestablish more meaningful and lasting bonds with their customers? They should start by taking an immediate inventory of their *human* intelligence capabilities and galvanizing around one of the defining characteristics of human behavior: empathy.

Empathy's heightened importance in marketing is arguably a relatively new phenomenon. It is consistent with several Millennial-inspired trends, including the need for greater brand transparency and authenticity, as well as the notion

> "Technology can make marketing better, faster, and cheaper, but at the end of the day, it is the synergy between humans and machines that will have the most dramatic impact on consumer behavior."

that younger generations gravitate toward brands that reflect their own personal values. More and more, brand relationships mirror human relationships. Consumers want to be associated with brands that share the same belief systems and sense of purpose.

Empathy is not an excuse for marketers to indulge in meaningless psychobabble. Quite the contrary, it can provide the necessary fuel for a company's digital transformation. The more a company understands about its customers, the more it can automate mundane processes—thereby increasing productivity and boosting profits. Smart companies understand the value generated by a combination of human touch and automation. The customer experiences of the future will be cared for and imagined by humans but streamlined and supported by smart systems and machines.

At Digital Surgeons, we've developed the concept of C.A.R.I.N.G. as our north star for delivering empathy in the context of human intelligence. "R" in this acronym stands for "respond," which is distinct from the typical corporate "react" approach. Reacting is creating an output for the input, taking the data and information you receive at face value and incorrectly taking the next step. Responding is about knowing the human aspect of your customers: What are their values? What are their experiences like?

As with human empathy, this process requires companies to actively listen to their customers and ensure that they are heard. For marketers, that means being willing and able to change course when customer feedback takes them in an unanticipated direction. By taking time to understand the motives of the people behind the numbers, marketers will be able to interpret the data more effectively and deliver an appropriate response. This is the crux of what empathy means, or should mean, to marketers.

THE CURRENCY OF THE FUTURE: DATA + CURIOSITY

Companies cannot optimize the customer experience by prioritizing *either* artificial intelligence or human intelligence.

> "Machines can analyze and display information, but marketing depends on design-led people who can frame the information in the form of stories."

Both capabilities must be elevated inside the organization and work in concert to inform marketing strategy. But make no mistake: Data in the age of AI, connectivity, and the Internet of Things is more important than ever. A June 2018 survey by the CMO Council found that 78% of senior executives planned to implement tools enriched and driven by AI over the next 12 months. And one-third of respondents said they believe AI is the solution that will deliver the greatest impact on operations and customer engagement.

The main data challenge for today's marketers is less about the "what" of data collection and analysis than the "why"—that is, why certain data sets and metrics are being used for a specific purpose. The idea of aligning measurement ROI techniques more closely with a brand's KPIs has been widely discussed in marketing literature. What I am proposing here is something more basic, and human.

Previously, I have advocated for exploring and intersecting "Small Data" with "Big Data" as a way for marketers to understand the unarticulated needs of their customers and prospects. Marketers must get into the trenches and become better detectives to discover what's driving consumer trends and purchase behaviors.

Too often, marketers assume they know all they need to about their customers. Yet human qualities like inquisitiveness and open-mindedness are essential to peeling back the onion on consumer behavior and tapping into that gold mine of information in cyberspace known as unstructured data. Without psychology and emotional comprehension of what customers "think/feel and do," marketers are simply perpetuating the same PowerPoint persona that got retired as a viable way to build brands years ago.

At the corporate level, executives are recognizing the value of mining data from sources like online customer feedback surveys and live-chat streams as a way to operationalize the customer experience. This explains the recent rash of mergers between cloud companies and CRM providers, including Qualtrics and SAP, and Adobe and Magento. Going forward, marketers that tap into these powerful integrated platforms will be able to develop new products and messaging based on a more complete and holistic set of customer data. That is truly a win-win.

FINDING THE BEST TOOLS AND BEST PEOPLE

Understanding the why behind the data also means being able to solve for the right customer problem, regardless of the particular marketing challenge or solution. As marketers go forward in this process, it is imperative that the company's leaders be decisive in their selection and application of measurement and tracking tools. They have many options to choose from.

Competitive benchmarking, horizontal analysis, and company insights, for example, allow customer experience and design teams to quantify the many regular interactions and residual memories that influence future behavior. And if customers are lost along the way, tools like journey mapping offer a window into where along the customer experience journey the breakdown is occurring. Marketers need to know exactly where to focus their retargeting efforts—online, in-store, customer service, returns, or elsewhere in the post-purchase phase—rather than blindly attempt to recast the entire journey.

These tools, of course, are only as good as the people who use them. Machines can analyze and display information, but marketing depends on design-led people who can frame the information in the form of stories. Machines are not sentient (yet), and until they can pass the Turing test, it will be the

combination of the heart and the head that manifests into data-driven storytelling. This is the formula for how the most successful brands and businesses are driving the outcomes that matter—CLTV (customer lifetime value), reduced attrition (churn), and net promoter scores, to name a few.

Human relationships are critical both inside and outside the company, and that includes the relationship between the sales and marketing departments. The solution could be as simple as a monthly or quarterly workshop that allows both teams to better understand how important martech solutions are for achieving optimal results. Sales and marketing executives need to build trust and empathy for each other in the same way that they do with their customers.

EMOTIONAL RESPONSE: 'DESIGN' THE WAY FORWARD

What is the biggest difference between people and machines? The ability to express and process emotions, right? Well, not so fast. Researchers are predicting that AI platforms, and their corresponding neural networks, will soon be able to detect emotions as well as, if not better than, people. "Emotional inputs will create a shift from data-driven IQ-heavy interactions to deep EQ-guided experiences, giving brands the opportunity to connect to customers on a much deeper, more personal level," declared Sophie Kleber in the *Harvard Business Review* in July 2018.

In the meantime, we humans still have a few tricks up our sleeves. For example, marketers are increasingly turning to the cognitive disciplines of design thinking and behavioral economics to help explain the emotional or irrational components of consumer behavior. When deployed in the right ways, these powerful theories can give us all, one might say, a leg up on the machines.

Design thinking provides a new way of assessing corporate processes through the lens of human behavior. And since all consumer behavior is rooted in human behavior, it makes total sense for companies to hang their collective hat on this pursuit.

At Digital Surgeons, we flex our "design doing" muscles using techniques like design sprints, which encourage disparate teams to walk a mile in each other's shoes (again, fostering empathy), and interact directly with customers in the field. We have also coined the term Design Continuum to reflect the various stages of design thinking, which include a continuous feedback loop between the customer, measurement, and ROI. Constant testing and retesting of the feedback loop is where the real learnings take place as we continue to build and strengthen our clients' customer-centric models.

From evolving forms of user-generated content to bold new challenges from direct-to-consumer brands, the future of marketing lies with the customer. Technology can make marketing better, faster, and cheaper, but at the end of the day, it is the synergy between humans and machines that will have the most dramatic impact on consumer behavior. Smart AI is about elevating a company's ability to automate and improve its decision-making capabilities. The intersection of curious and smart humans with connected and smart machines leads to progress.

Put simply, can't we all just get along? AQ

Pete Sena is the CEO, chief creative officer, and founder of Digital Surgeons, an experience design company that provides services such as brand experience design, digital product innovation, and workshops and design education.

Building a Collaborative Culture

A culture that keeps learning, knowledge sharing, and communication alive is key for growth.

BY MATT BROWN

Gone are the days when companies and their employees could get by with working in silos, using information as power. We are operating in the knowledge economy. Today's successful companies arm their employees with endless learning, knowledge sharing, and two-way communication opportunities.

Without these opportunities, innovation, performance, and professional growth are stifled. But how is a culture that keeps learning, knowledge sharing, and communication alive created, especially with a remote and mobile workforce?

Lawson Products, which sells and distributes specialty products to the industrial, commercial, institutional, and government maintenance, repair, and operations market (MRO), has grown sequentially quarter over quarter over seven quarters. One of the biggest contributors to Lawson's increased daily sales figures is the performance of its sales force, which includes

approximately 1,000 representatives spread across North America.

Increasing sales rep productivity has been a key pillar of Lawson's overall growth strategy. To be successful in our industry, sales reps need to be great problem solvers, multitaskers, and strong communicators. Working for Lawson Products is more than selling products; our sales reps help improve their customers' profitability. That requires collaboration and the ability to see subtleties in complex situations.

The use of knowledge sharing

Knowledge sharing is the exchange of information or understanding between individuals and teams. Knowledge may be explicit (procedures and documents) or tacit (intuitive and experience-based). Sharing knowledge is an intentional process that bolsters individual understanding, creating or enhancing a collection of accessible knowledge for others. The concept of knowledge sharing is important because it aids individuals and organizations to be more agile and adaptable, ensuring continued growth.

Analyst estimates suggest that Fortune 500 companies lose a combined $31.5 billion per year from employees failing to share knowledge effectively. These productivity costs are often the result of employees reinventing the wheel, wasting time trying to find specific information or expertise or repeating others' mistakes.

In an effort to grow sales by developing underserved territories, Lawson has been adding sales reps every year since 2013. New sales team members are welcomed into the Lawson culture, which offers the stability of a legacy organization combined with the energy and heart of a start-up. With the support of local sales management, new sales representatives are encouraged to leverage our extensive product line and make an impact on their customers and their own success.

Technical expertise sets us apart from our competitors; sharing our technical knowledge with customers is a value-add when selling products and building customer relationships. While

> ## "To be successful in our industry, sales reps need to be great problem solvers, multitaskers, and strong communicators."

providing our distributed sales team with "just-in-time knowledge" of hundreds of thousands of products that Lawson sells is challenging, we do see sales grow as customers recognize the value we provide compared to our competitors.

The use of Microsoft Teams

Lawson has implemented Microsoft Teams, a business instant messaging software. The uptake of this group chat tool has been amazing, allowing individual sales reps to connect with their much larger Lawson network. This means that each rep potentially has the collaborative resources of hundreds of other Lawson reps, sales managers, and subject matter experts to help answer a question or solve a customer problem. A rep can ask a question to our rep community, and in short order, he or she will get an answer from someone.

Knowledge and terminology can vary greatly between experienced and newer sales reps, and especially between reps that have different industry concentrations within their territories and different product categories. And accessing information quickly is a challenge in itself. This just-in-time knowledge sharing via Microsoft Teams is extremely important.

Our sales reps believe cross-pollinating ideas between customers is a tremendous value-add that they provide to our customers even in unrelated industries. One customer might be in food and one might be in transportation. Think about how helpful it is for the rep and how valuable it is to a maintenance mechanic to have fast access to the knowledge of 1,000 reps and the best practices from multiple industries. Sales reps are alone most of the time, so this is like having 1,000 teammates with you at all times.

Fairly new to Lawson, the use of Microsoft Teams has increased collaboration, bringing together people, conversations, and content from a variety of regions and functions. The use of this group chat software is a contributing factor to recent productivity gains.

The use of classroom and online training opportunities

Sales rep learning begins during the interview process when potential reps spend a day riding with an existing rep or district sales manager to better understand the role. Once hired, sales reps benefit from a combination of traditional in-classroom and online learning as well as in-field training with their sales manager.

Starting with new hire orientation, sales reps travel to headquarters for an extensive four days of learning and networking where they hear from leadership, get a tour of the McCook Distribution Center, see demonstrations, gain hands-on product training, participate in role-play and team building, and learn about the company culture.

In addition to onboarding, mentoring, and shadowing opportunities, Lawson sales reps participate in ongoing district workshops to learn new products and sales tools. Ongoing in-field training with local district sales managers is customized to sales reps' territory and customer needs.

Lawson Central, our company intranet, is loaded with updated and relevant content enabling our distributed sales team to pull information at any time. With the majority of content maintained by trained key content owners across the business, information ranges from company news and upcoming events to employee and sales and product resources.

> "**Sharing knowledge is an intentional process that bolsters individual understanding, creating or enhancing a collection of accessible knowledge for others.**"

Regular webinars are available to our sales reps, both live and after the broadcast is over, and cover a wide range of topics, including selling skills, products, and sales promotions. Podcasts, also ideal for a dispersed sales team, are housed on our intranet.

The use of Lean Six Sigma

Providing members of the remote and mobile sales team the same opportunities that employees at headquarters or the warehouse have makes a world of difference when it comes to engagement. Since we adopted Lean Six Sigma methodology and tools to improve operational efficiency in all areas of the organization in 2013, more than 100 Lawson employees (24 sales employees) have participated in Lean Six Sigma problem-solving teams. When Lawson Products started offering Lean Six Sigma training and team participation, word spread fast. The opportunity to learn the methodology and better the company, while addressing professional development and experience essentials, creates healthy competition.

Lean Six Sigma is a key contributor to improving the customer experience, increasing revenue, and reducing costs at Lawson Products. Our sales representatives have served on Lean Six Sigma teams. One example is a Six Sigma team that set out to gain a stronger understanding of what attracts sales representatives to the industry and what they need to be successful. This Six Sigma team, consisting of a cross-functional group of employees representing human resources and field sales, reduced recruiting cycle time by 56% by improving the company's social media presence, simplifying the job application, and better defining the sales position.

The use of communication opportunities: ride alongs and town halls

Our company's senior management team members spend one day every month on the road with salespeople, calling on customers, filling bins, and experiencing life as a sales rep. This one-on-one time with sales team members allows senior management to build relationships with those employees who have the most "face-to-face" contact with customers. By observing, listening, and rolling up their sleeves together, senior management and reps can talk about what's working well and what still could be improved in sales, service, and customer outreach. The opportunity to share their expertise and perspective with senior management helps ensure that sales reps feel heard and valued. Learnings from the ride alongs are brought back and shared with the rest of leadership/management so they can make better, more informed decisions.

We continue to hold quarterly town hall meetings—in person for our corporate team and via conference call for our sales team. Because our sales force doesn't get as much face time with the corporate team, we devote at least 20 minutes of every sales town-hall conference call to live Q&A.

Named to the "50 Best Companies to Sell For" by *Selling Power*, Lawson Products earns success by empowering employees through knowledge sharing and professional growth. Key to Lawson's growth, we will continue to hire and train sales reps across North America. Equally important, we will continue to evolve our learning, knowledge sharing, and communication programs to ensure a collaborative culture, one that is always at the ready with the technical expertise that drives customer relationships. AQ

Matt Brown is senior vice president, sales, at Lawson Products.

Scaling Your Business Through
SUPERIOR CUSTOMER EXPERIENCE

BY PV KANNAN

Properly deployed, AI can boost your business.

In the mid-1990s, a transformation occurred. Prior to this transformation, the main ways that companies interacted with customers were analog: on the phone, in a retail location, or by mail. But with the advent of the web browser and consumer access to the Internet, companies began to create pages of information for customers.

This was transformative for the customer experience (CX) and benefited both companies and customers. It was furthered by the mobile web with the birth of apps, making it easier to answer specific questions such as "What's my bank balance?" or "Is my flight delayed?" Although the browser and mobile app interfaces remained fundamentally similar to the analog experience, they offered customers more convenience.

At the same time, however, companies did something that negatively impacted customer service, and that problem persists today. Many companies made their 1-800 numbers nearly impossible to find on their websites. They deliberately made this number difficult to find because paying agents to handle calls is expensive, and companies seek to avoid the additional expenses of having to maintain call centers at all costs. What these companies have tried to do instead is provide some sort of self-service filtering that prevents consumers from calling when they don't need to.

The problem is, sometimes they do need to call. With many items (such as a book), consumers never have to think about something going wrong with the product. Chances are that the book will arrive on time, the pages will be printed correctly, and the customer will have no problem with reading it.

But for other items, such a vacuum cleaner, what if it's defective? What if it's missing a part? Would you know what to do? Your first instinct might be to navigate to the company's help page, at which point you may be confronted with a staggering array of categories from which to choose. The drop-down lists are reminiscent of the interactive voice response (IVR) telephone systems of the 1990s—the ones that said "press one for this and two for that."

As Dan Miller, lead analyst and founder of Opus Research, put it in a June 2018 report, "Conversational Voice Response: Putting the Best Tech Forward," "an IVR is the obligatory, yet unpleasant, stopping point on each customer's journey from search and discovery to fulfillment." Who considers this a very effective way to serve customers today?

There is a much better way to engage consumers and keep them happy, even in self-service. Brands need to make it easy for the consumer to have a conversation with the company. Now, if these conversations were completely done by humans, they would be fairly onerous and would become an expensive proposition. That's why we see companies attempting to put layers of self-help everywhere. But there's a better way to do it.

BRINGING AI RESOURCES TO THE ATTENTION OF THE CUSTOMER

On the SiriusXM home page, you will see a chat window at the bottom right. That window appears on every page. Instead of having to search the site, and then search through categories, you can type in your concern using natural language and an artificial intelligence chatbot will respond with the most appropriate answer. The technology understands natural language and can determine the consumer's intent—that is, what the consumer is trying to do.

With the use of artificial intelligence, it's now possible to make sense of the tremendous amount of Big Data that businesses possess and figure out the consumer's intent. This results in faster and effortless task execution by companies on behalf of customers. AI is the underlying technology that can also make chatbots talk and think like a company's best human agent. However, today it has its limits. This is why humans will be part of the mix for the foreseeable future.

HOW TO PROPERLY HARNESS TODAY'S AI FOR CX

From a company's perspective, an AI-powered chatbot (also known as a virtual agent) is an efficient machine. Much like the web, it sits and waits for requests, ever ready to answer customers' questions. Like all automated systems, it is designed to be more efficient and less people-intensive than current ways of delivering service and information.

But for customers, virtual agents can help them avoid the frustration of poking around a website searching for answers. The virtual agent identifies what you want and gets it for you. When a technology can actually improve both corporate efficiency and customer experience, that technology is going to rapidly make its way through companies. Virtual agents are just now becoming practical, but the results they deliver are dramatic. As they spread, they will forever change the way companies and customers interact.

As with any evolving technology, however, you need to begin by clearly understanding what the new technology can or cannot achieve and when you can turn it into a business advantage. If you deploy these resources too soon and without a proper understanding of their advantages and disadvantages, you'll waste effort on an immature technology. If you deploy them too late, you'll be behind your competitors and unable to catch up.

As the CEO of a customer experience solutions company, I advise companies on how to invest in virtual assistant technology as part of their digital transformation strategies. Here are four key elements to consider in gaining a successful business advantage from this new technology:

Set clear goals. The most important step before investing in and implementing any strategy is to be very clear about

what you want to achieve. What is your ultimate goal? Are you focused on automating tasks to reduce cost, or is your ultimate goal to improve customer experience end-to-end? Virtual agents can improve the experience in both service and sales, and it's important to understand these implications before investing in this new technology and be prepared for the results to show over a period of time rather than immediately.

Don't deploy a virtual agent on its own. Virtual agents need to be part of your entire customer engagement strategy. Otherwise they will create a disjointed or dead-end experience for customers. Be sure your intelligent bot (chat and speech) is fully integrated with all your other channels so that the customer experience is consistent across touchpoints. Also, if problems arise, the virtual agent should always be able to escalate right away to a human agent who is aware of the context of the conversation.

Prepare for the future. It is vital to prepare a technology architecture that's flexible. The way we use virtual agents is still unfolding.

My advice is to develop and execute a strategy that builds in flexibility for implementation with future platforms, channels, and devices. Customer preferences can change quickly, so take into account the need to provide the right amount of resources for maintenance and regular chatbot learning to ensure it's always performing the way customers expect.

Build in human collaboration. Some companies assume that new technology will help automate customer service and replace humans. This is not true. Technology helps humans execute tasks faster by automating time-consuming or mundane tasks, and even then, it is achieved with human supervision and training. AI systems learn from training, and this is delivered by humans. So if you are expected to deliver a humanlike interaction experience, then keep humans in the loop and let the machine learn and perform under supervision.

At some point, a customer will need to engage with a human being. Late in 2016, [24]7.ai published results of research that culminated in its "Customer Engagement Index." It compiled data that shows stark but unsurprising differences between the behavior of Millennials, Gen X'ers, Baby Boomers, and the Greatest Generation. While there were differences in the level of digital device ownership, such as smartphones and tablets, there were commonalities in the sequence of channels that individuals pursued when they were shopping or carrying out other forms of digital commerce. The survey revealed that, while customer journeys most often start on a company's website (often on the mobile web), nearly a third of them turn to their phones to call a company if their initial efforts are unsuccessful.

Make sure you measure. Virtual agent systems can be scaled up in a way that human-only contact centers simply cannot, so it is important to define your metrics, then measure regularly and apply what you learn. For example, "handle time," a typical customer service metric, is no longer a clear measure of effectiveness. When human agents handle calls or text chats and handle time goes up, that could indicate a problem (and tax capacity at the contact center). But when a virtual agent's handle time goes up, that could just indicate that the customer needed more help and wanted to go at a more deliberate pace. So put a measurement program in place that has the right metrics.

These are exciting times in the customer experience space, and as virtual agent technologies evolve in both the personal and enterprise space, we will see them impact business, social, economic, and regulatory ecosystems. For any business to have a competitive advantage, it needs to understand the implications of these new technologies and start investing in them now—even if it is a small investment to start. AQ

PV Kannan is founder and CEO of [24]7.ai. Headquartered in San Jose, Calif., [24]7.ai delivers customer engagement software and services that make it simple for customers to interact with companies through the web, mobile, chat, social, and phone. [24]7.ai's cloud-based platform combines predictive analytics and real-time decisioning putting AI and big data to work to drive better customer experiences and outcomes. The company serves more than 2 billion customer interactions annually for clients across diverse industries.

"Virtual agents are just now becoming practical, but the results they deliver are dramatic."

What's in Your Corporate Crisis

SURVIVAL KIT?

BY JESSAMY LELLIOTT

Corporate crises such as product recalls are inevitable. In fact, a July 15, 2017, article in *Reputation Report*

highlights research by Oxford Metrica that indicates companies today have an 82% chance of experiencing a corporate disaster within any five-year period. A corporate disaster is defined in the article as an event that can result in a company losing 20% of its market value. Just 20 years ago, these percentages were significantly smaller. These alarming stats are a by-product of our evolving digital world and social media, where news spreads like wildfire. Ironically, it is also technology that must be leveraged during a crisis to avert and minimize customer impact and mitigate brand damage.

The key to surviving a corporate crisis is in how you prepare for it and react to your customers and the general public during this critical time. This article explores how technology can be used to decrease the effects of a corporate emergency on a global scale. This formula helps companies to deal successfully with the inevitable and come out on the other side in a stronger market position with an even more loyal customer base.

FAIL TO PLAN, PLAN TO FAIL

Planning for something that's not guaranteed to happen can be difficult; however, the likelihood of a recall at your organization is high, as is a loss in market value without a bulletproof plan to deal with disaster. Denial and inertia during a recall will only aggravate a negative situation.

Being prepared for a crisis gives you the best chance of protecting your brand and allows your reaction to be concise, credible, and effective. When a damage mitigation strategy has been devised ahead of time, you then have the tools and the know-how to act fast, which is crucial during the initial "sink or swim" moments following an emergency.

A successful contingency plan contains many elements. This is why it's important to involve a person from each department of your business in the decision-making process. Each person brings his or her unique perspective to the table in terms of the customer relationship and your product/services. Manufacturers will be focused on the product error, whereas a salesperson will be concerned with customers' fears and questions. Both are equally important. A product defect is one problem, but a badly managed customer service team can result in permanent damage to your brand and customer base. The insights of everyone on your team will allow you to create a plan that covers all possible outcomes and a concrete process to minimize disruption and damage.

Once the plan is in place, mock recalls should be organized at least once a year to test the process, from initial call to executive reporting, and individually by country, to check that all systems are ready to go at a moment's notice.

THE PERFECT CANDIDATE

Once a recall hits the news, it's inevitable that it will cause panic among your customers, especially if the recall is a result of an injury or fatality. It's times like these when your customer service strategy will be truly put to the test. Handling communication effectively with customers, employees, and stakeholders throughout the process is paramount to ensure they are kept up to date not only with all the information, but with the right information, conveying the correct messaging and tone to represent your company and brand transparently and in the best possible light. Customers will have questions that need to be answered almost immediately, so it is highly important to make sure you have a global network of call centers that are taking calls and dealing with the public—before they go on social media and share their experiences with other angry customers.

The staff on the other end of the phone needs to be in-house employees or a well-trained, outsourced staff that understands the values of the company. Language requirements must be met for a global reach; native language speakers are more effective and lessen the risk of important information being lost in translation. To preserve trust, agents must be genuine in their approach and listen carefully to the customer to meet their needs.

The main way to prevent a loss of trust is to make sure your customer representatives are knowledgeable about the recall. They need to know the ins and outs of the problem to be completely open and honest with your customers.

A clear channel of communication throughout the entire organization is vital, as the distance between a customer service rep and the CEO can be long in terms of business structure and hierarchy. Service reps must work together closely during such a disconcerting time to prevent panic. Remedial actions must be taken quickly and efficiently to maintain a positive brand reputation and loyal customer base.

"The key to surviving a corporate crisis is in how you prepare for it and react to your customers and the general public during this critical time."

TECHNOLOGY IS YOUR FRIEND (SOMETIMES)

Today's social media technology has its benefits and drawbacks, but when a crisis occurs, social media can either make or break you. I remember first hearing about the Samsung Galaxy Note 7 recall in 2016 via a tweet that went viral, which included a picture of the phone after it exploded. It was a shocking visual, but Samsung acted fast and decided to recall globally. The point is, thanks to social media everyone sees, hears, knows, and shares everything about global brands instantly. The good news is that proper responses to bad news can be communicated just as quickly.

Before an emergency, make sure your customers can contact you using any platform, device, or method of communication—and you'll be there on the other end. Responding to tweets is minimal effort on your part, but it reassures customers and makes them feel secure and supported. If you already have a productive social media presence before a crisis happens, your customers can rest assured that they are in safe hands, as trust has already been established. Establishing your company's humanity and knowing how to project it through online platforms helps you communicate effectively even before a crisis hits.

Finally, there is one factor that is often overlooked when coordinating customer services for a crisis. In the panic of an emergency project, the opportunity to collect and analyze valuable customer data shouldn't be missed. While collating important reports for a crisis project, such as measuring traffic to see the number of customers affected and who has responded, you should also be collecting other valuable information about your customers. The data that is collected through call centers can be fed back through your chosen communication channels to improve your crisis process in the future and to conduct brand reputation analysis and

"Each person brings his or her unique perspective to the table in terms of the customer relationship and your product/services."

future marketing campaigns. This turns a negative company journey into a learning opportunity for process improvement and growth.

REACT, LEARN, AND GROW

So your business has been through a product recall. What should be done next?

It sounds cynical, but now that your company has been through one recall, it's time to begin preparing for the next. Being prepared allows you to communicate quickly with your stakeholders, maximize process efficiency, minimize potential brand damage, and maintain customer loyalty.

Here are six key questions to answer during your post-recall evaluation:

• What went well?

• What could have gone better?

• Could it have been managed more effectively?

• Were the correct people from each part of the business involved?

• Was communication handled quickly and stakeholders kept up to date?

• Did a mountain of paperwork with various spreadsheets tracking the response slow down your call to action?

Asking these basic questions allows you to work out where your recall could have been managed better and improve it going forward.

Many businesses may not want to plan for a product recall because they don't want to think it will happen for them. However, planning is the wisest option to guarantee your business has the right processes in place to ensure minimal negative brand impact. Ensuring you can communicate quickly and effectively with your customers is paramount.

Consider implementing these five concepts before your next recall:

• An internal recall task force

• Dedicated recall CRM

• Contingency communication plan
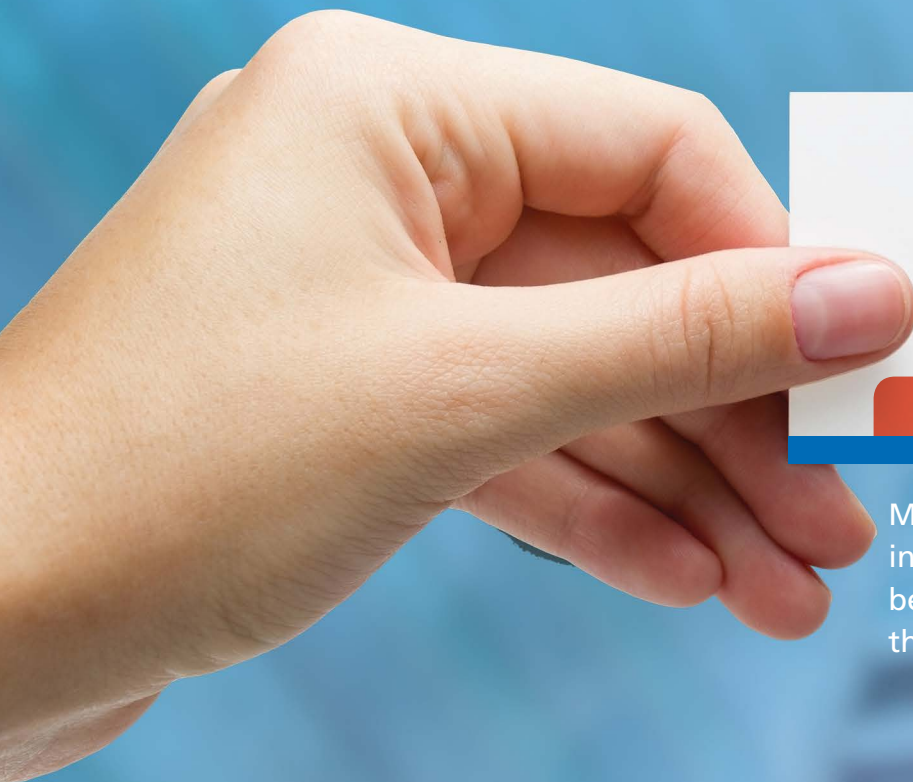
• Social media monitoring

• Mock recall program

Putting these aspects in place allows you to act fast if you are faced with another recall. The correct people are then aware of the processes and can carry out the various tasks needed to ensure that the authorities and your customers have all the information they need. A June 2017 survey that Marketpoint conducted with Harris Poll revealed that 63% of adults say a slow response time from a company to correct the recall and a refusal to acknowledge that there is a crisis would make them angry. A lack of communication from company to consumers during emergency situations can cause serious damage to the brand's reputation.

Product recalls have a negative reputation due to the poorly managed examples being blasted in the news. Your recall experience doesn't have to be like that if the right precautions are put in place. You have the choice to deal with the crisis internally or partner with a recall specialist. The majority of your plan should focus on your customer service strategy, as this deals with the public head-on and can allay any worries and concerns. For companies with a large customer base, global reach doesn't have to be daunting. In today's digital world, having a simple, active online presence will build customer trust before the crisis hits. Remember that preparation is key to prevention. So what's in your corporate survival kit? AQ

Jessamy Lelliott is a marketing associate for Marketpoint Recall, where she works on many crisis response projects and understands the vital role of dealing effectively with customers during emergency situations.

8 WAYS
to Be More Human When Engaging Customers

BY MERILEE KERN

Nobody starts out automatically caring about your products or services. They care about how you can make a difference in their lives.

No matter the context, all relationships begin with a "handshake moment," whether literally or figuratively, and these first few introductory moments reveal a great deal about the character of the person standing before you. Why should company interactions with current and prospective customers or clients be any different?

Sure, "content marketing" has been a crucial ingredient impelling the evolution of traditional marketing into today's more personalized approach, bridging the gap between cookie-cutter TV, radio, and print mass marketing to highly customized digital and social media-driven communications. Even so, today's more personalized digital communications have plenty of challenges, all too often falling on "deaf ears" and "blind eyes" amid a marketplace becoming highly desensitized to the glut of advertising and marketing messages it's exposed to any given hour of any given day— year in and year out.

So how can brands make and maintain meaningful connections and create a lifetime value with customers in ways that'll set them apart in a "noisy," increasingly jaded, and discriminating marketplace? How can businesses tell an authentic story to foster maximized marketplace engagement and breed brand loyalty? According to Kevin Lund, author of *Conversation Marketing: How to Be Relevant and Engage Your Customer by Speaking Human* (Weiser, 2018), the proverbial key to the kingdom is for companies, no matter their size and scope, to simply "speak human."

Lund, who's CEO of T3 Custom—itself a content marketing firm helping brands learn to "speak human" and supercharge ROI reportedly by as much as 16 times— provides an in-depth analysis of what's required to succeed in today's modern marketing era, which he's aptly coined the "Conversation Age." Specifically, he details key principles that are critical for driving the more evolved conversation marketing approach, which can help companies amplify results on multiple fronts.

According to Lund, "Those who are wildly successful at conversation marketing understand the strategy is not simply about propagating online content and sharing through social media accounts. Rather, it's a disciplined approach to communicating with a target audience in a way that tells a simple, human story that will educate, inform, entertain and, most importantly, compel customers in a way that fully captures mind–and-market share through

messaging that truly resonates. Companies must stop talking 'at' their customers and, instead, connect with them by simply speaking human. And, it's far beyond that initial 'handshake moment'—it's through a constant stream of congenial engagements with each individual consumer, or the marketplace at large, based on trust and performance."

Think it's complicated to be an adept conversation marketer and speak human to your constituents? Think again! Here are eight of Lund's tactical strategies that can help companies large and small become more engaging and relevant with customers and the marketplace at large:

1. Earn attention. To gain attention in today's crowded marketplace, it's prudent to do the opposite of what most everyone else is doing. That means don't deliver clichéd, boring content that's written for robots—search engines or otherwise—and for generic consumption. It's unsustainable for you and your brand as well as frustratingly futile for the audience you're trying to reach. Instead, speak human by engaging your audience with eye-level language to gain their attention and set your brand apart. Learn to use language that educates and entertains the audience.

Earning attention starts with asking yourself what you and your company are passionate about and conveying that genuinely in that all-important "handshake moment" of first contact—online or otherwise. Assume you're meeting the person on the other side of the screen for the first time. Think of what you can say that's new, memorable, a standout, and jargon-free. Also, understand and adapt to your audience. You wouldn't talk the same way to an aging Baby Boomer as you would to a teenager.

2. Tell a story. How do you hold someone's attention long enough to break down a topic and engender his or her trust, but also in a way that's unforgettable and leaves that person feeling more knowledgeable than before? The answer lies in good storytelling.

Good conversations are filled with good stories and anecdotes. But be mindful that the hero of the story isn't your company or its products, but rather how your product or service will have a positive impact in your customers' lives. If you can elicit an emotional response, you're onto something. Some standout companies have figured this out. Apple's story, for example, isn't about devices. It's about innovation and how our lives are being changed for the better with Apple technology in them. Learn how to make your story short, to the point, and easy to share online.

3. Stay humble. Being humble begins with letting go of ego—that instinctual part of the psyche that screams for a marketer to make too much noise about products or services and brag about themselves. Sigmund Freud developed a psychoanalytic theory of personality he coined the "id," and marketers often tap into their own ids by telling the world how great their company and its products are, and how

"Unlike a monologue, a conversation is a two-way endeavor. Knowing when to stop talking is as important as knowing what to say and when to say it."

great a potential customer will be for buying them. The id operates based on the pleasure principle, which demands immediate gratification of needs.

In conversation marketing, speaking human dictates that your customer's needs, not your own, are top priority. Your audience wants to know what you can do for them, and that means you must stop talking about yourself and drop the megaphone. Embrace a different approach that thoughtfully and humbly explains why you do what you do and why it can make a difference in someone's life instead of focusing on your bottom line. Stop beating them over the head with the fabulous features and benefits of your products. Instead, tell stories that inspire and resonate with their own life experiences.

4. Pick your party. Equally important to the "how" of your conversation is the "where." It should all fit seamlessly together and feel natural and organic in that moment. Part of learning how to talk to your audience and engage them in any form of conversation is deciding where to talk to them in the first place.

This means doing the footwork to learn where your potential customers gather and meeting them on their own ground.

Where do your potential customers hang out on social media? What are they saying, and what challenges are they discussing that you can compellingly weigh in on? Easily available research tools can help you join the right conversation at the right time and in the right place with consistency.

5. Be relevant (on a molecular level). True listening is about far more than hearing words. It's also about fully understanding the message and concepts being imparted—whether they're needs, wants, desires, or even complaints. Being relevant means making sure you're talking about topics that are of sure interest to your audience, and that's often achieved by addressing their pain points. Before a marketer can aptly communicate and speak to such pain points, however, he or she must first hear what the prospect, customer, or marketplace has to say. It can be dangerous, expensive, and ultimately futile for companies to presume to inherently know what should be said in conversation marketing.

whether to stay the course in your strategy or tweak it on the fly. Once you hear preliminary reaction, you can respond to questions and concerns before moving ahead or otherwise course-correct as needed. Also bear in mind that what your audience isn't saying can be just as impactful as what they do convey.

Once your message is out, take a step back and "read the room." That could mean monitoring online response to your blog post or using various tools to learn which of your resources are drawing attention. Are people engaged? Are they adding to the conversation? What should you do if the feedback is bad? Don't consider a negative response or lack of response necessarily a failure. Instead, see it as an opportunity to adjust, make changes, and perhaps find ways to better meet your audience's needs.

8. Ditch the checklist. Before every takeoff, airline crews verbally work through an extensive checklist. There's a detailed set of tasks to cover before the plane can even push back from the gate. However, in an ebb-and-flow

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6. Start the conversation. How do you gain audience attention in a way that prevents you from just being part of the noise? It's no longer a question of whether you should insert yourself into the world of content marketing. It's a matter of when you're going to start talking, what you're going to say, and how you're going to say it. One good approach is to base that initial conversation on your unique value proposition for the given audience.

It's important to always remember that your target audience doesn't care about you. They care about what you can do for them. If you've done your research, you'll be familiar with their pain points and better prepared to offer answers that address their needs. Don't be a "me-too" marketer who dishes out the same information as everyone else. Instead, develop a unique angle with a thought-provoking headline that sparks attention—even better if it disrupts conventional thinking. In addition, know your topic inside out before communicating, and make sure any other people handling your communications are experts in the field. You don't want to risk sounding trite or inaccurate.

7. Stop talking. Unlike a monologue, a conversation is a two-way endeavor. Knowing when to stop talking is as important as knowing what to say and when to say it. It's the only way to truly get a sense of what your audience (or your potential customer) is thinking in reaction to what you've offered, and

conversation marketing context, this adherence to a certain protocol can pose limitations.

Indeed, one problem with simply sticking to a checklist is that a content marketing strategy will never evolve with the times or differentiate itself in any way from what everyone else is doing.

Successful marketers endeavor to open new horizons. They take a step back and ask bigger questions about themselves and their companies' ultimate goals, as well as what sort of new challenges their audience or customers might face over time and how to aptly adjust when needed.

Lund also suggests finding sources of inspiration. "Explore some of the successful content marketing plans that showed passion, ditched the tired old language, zeroed in on what customers needed, and started a real conversation with the market," he urges. "Then scrutinize your own strategy and see where it might be lacking, so that you can continually refine your own checklist." ▣

Merilee Kern is a media voice and lauded communications strategist. As the executive editor and producer of "The Luxe List International News Syndicate," she's a trends expert and travel industry voice of authority who spotlights noteworthy marketplace change makers, movers, and shakers.

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