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Storm Proof

Build a strong foundation for long-term customer management success

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Every organization engages in some sort of customer experience, relationship and loyalty management. Reams of paper chronicle the importance of actively managing customers. There are conferences galore for those who seek to discuss and learn about the principles of customer management. So, we all do "it" (customer management). We all read about it. And, we all talk about it. Yet, many senior executives and people directly engaged in customer management would admit that

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despite significant time, energy and investment, customer management programs regularly falter.

This is not too surprising given that coordinating the delivery of customer experiences across functional silos—traditionally oriented towards operational efficiency—is hard work. And all too often, stock market induced crises, hyperactive competitive dynamics, and senior management turnover can cause trauma to even the best laid customer management programs and plans.

Building a strong foundation for the organization's customer management system sufficient to weather storms small and large will dramatically reduce risk of failure, speed time to real performance improvement, and improve overall business returns relating to customer management. Four cornerstones can form the basis for a "storm-proofed" customer management foundation.

1. Stated Customer Goal

Before starting on the customer management journey, leaders must broadly communicate a desired destination. This destination should be stated as an external goal – one that the organization promises to its customers, and a linked internal goal – one that incorporates the strategic and financial benefit of improving customer experience to the organization itself. Developing and then broadly communicating these goals externally to customers and internally to employees provides an initial and critical cornerstone to any customer management system.

External customer goals may take many effective shapes including overriding vision-like statements such as Amazon's "Our vision is to be earth's most customer centric company" or Whirlpool's "Passionately creating loyal customers for life". Alternatively, many organizations create a specific Customer Bill of Rights clearly delineating to customers just how they can expect to be treated across a wide range of situations and circumstances. To weather a current customer experience "storm," JetBlue did just this; taking out full page advertisements to state its customer promise (see www.jetblue.com/about/ourcompany/promise). In either case, the customer goal needs to set the expectation for customers as to what they should gain from their experience with the organization. This is the basic frame within which the customer management system will operate.

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Internal customer goals also may take various forms. Many companies have targets for customer performance already in place as part of balanced scorecards or similar such performance management systems. Installing a storm-proofing cornerstone in this area requires that the internal customer goal is shared across the entire organization. Enterprise Rent-A-Car sets goals for each of its locations and employees relating to customer service. Doing so ensures that the entire organization, not just a select few front-line employees, is actively engaged in customer management.

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2. Clear Customer Strategy

Having a specific customer experience strategy is common for leading companies. However, many organizations do not truly understand how that customer strategy relates to the overall business strategy of the enterprise. Healthy organizations emphasize one of three sources of competitive advantage—product leadership, customer intimacy, or operational excellence—while maintaining industry par performance in the two areas they do not stress. Not placing the customer strategy in the context of the overall business strategy invites the wreckage of a customer management program not properly tethered to the DNA of the organization.

Southwest Airlines is a classic example of an operational excellence based company that can "turn" their planes faster than any airline in the country. Southwest's customer experience must leverage this operational capability to create a powerful and differentiated customer experience rather than attempting to compete by pulling resources away from this competency. For example, if Southwest were to attempt to improve customer experience by ending its well known open seating concept, a tactic which facilitates operational efficiency, it would be inviting significant trauma by leaving a practice that is core to its operations-led business strategy.

Apple, on the other hand, is known for its ability to create innovative

products – often without getting much input from its customers. Apple's customer experience strategy must be based on this product leadership dimension. In the past, the company had allowed Apple enthusiasts to operate retail operations which often took on a comfortable but worn appearance.

Anyone visiting an Apple Store today would see that the company is now leveraging its core business strategy of product innovation as it executes its customer strategy. Recognizing the DNA strategy and doing everything possible to bring the customer to the center of it is the imperative for this cornerstone.

Organizations emphasizing customer intimacy, such as Ritz Carlton Hotels, find it natural to align customer strategy with overall business strategy. In such cases, it is important to ensure that the customer intimacy strategy does not extend so far out that it jeopardizes maintaining industry par level performance on the operational excellence and product leadership dimensions.

3. Defined Customer Governance

Participation equals buy-in. Nothing facilitates success faster than a commitment to the right governance structure. Executives and managers nod politely at the need to treat customers as a corporate asset. However, bringing agreement into action is quite another matter. A governance structure will get key players in the game; their participation is an indicator of their commitment.

Customer governance goes beyond the traditional demand for "senior executive involvement" seen in nearly every business book. More and more, an effective customer management governance structure includes a Chief Customer Officer who takes overall responsibility for the program. Leading organizations such as HP, Allstate, and Wachovia have appointed top executives to this role and are creating a team of employees that form the nexus of customer management competency within the organization. In cases without dedicated leaders and staff,

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executives may let a customer program die, focusing on other areas of responsibility. Having a chief customer officer and a customer management team ensures that there are dedicated resources to see the organization through to success despite the sometimes dark and stormy days of implementing a customer management program.

4. Agreed Customer Roadmap

Creating a high level customer roadmap does not have to be a complicated process. All that is required are the aforementioned external and internal customer goals supported by a set of basic strategies that may be used as guideposts to define more specific tactics for the execution of the customer management program. Ensuring that customer management communication, education, and motivation plans receive adequate budgets yearly and are designed three to six months in advance of deployment to react to the pulse of the organization is the norm for successful customer management programs.

While not necessarily complex, a customer roadmap does need to be cross-functional and widely supported by executives throughout the organization in every business unit. Nautilus, a leading manufacturer and marketer of exercise equipment, found that by not sharing a clear customer roadmap across business units they caused customer confusion when one of their top customers had to introduce salespeople from Nautilus' own Bowflex and Nautilus business units to each other. Starwood, on the other hand, creates and shares amongst its executives, multi-year customer experience plans that are differentiated purposefully across its hotel brand portfolio.

It is said that "Serenity is not freedom from the storm, but peace amid the storm". With goals set, strategy clear, governance in place, and a roadmap agreed, an organization, and indeed a customer experience leader, has the foundation necessary to weather even the most perfect of storms in peace and serenity.

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