

multiple restrictive compliance requirements. This was a decisive moment for the compliance function, which had resisted interacting with clients in the past. By standing in the shoes of the clients, the compliance team changed its purpose from acting solely to protect the bank to providing a smooth customer experience while continuing to play its protective role.



Companies hoping to tap into the competitive advantages of a superior customer experience would do well to look inward as well as outward. Including employees in a culture of customer-centric thinking is a powerful way to build not only organizational loyalty but also effective outreach to end customers. ■

¹ Based on self-assessment of employees before and after transformation efforts. Customer-satisfaction improvement scores range from -100 to 100.

² Based on several surveys on internal-customer satisfaction conducted in past years across representative samples of more than 10,000 employees in each organization.

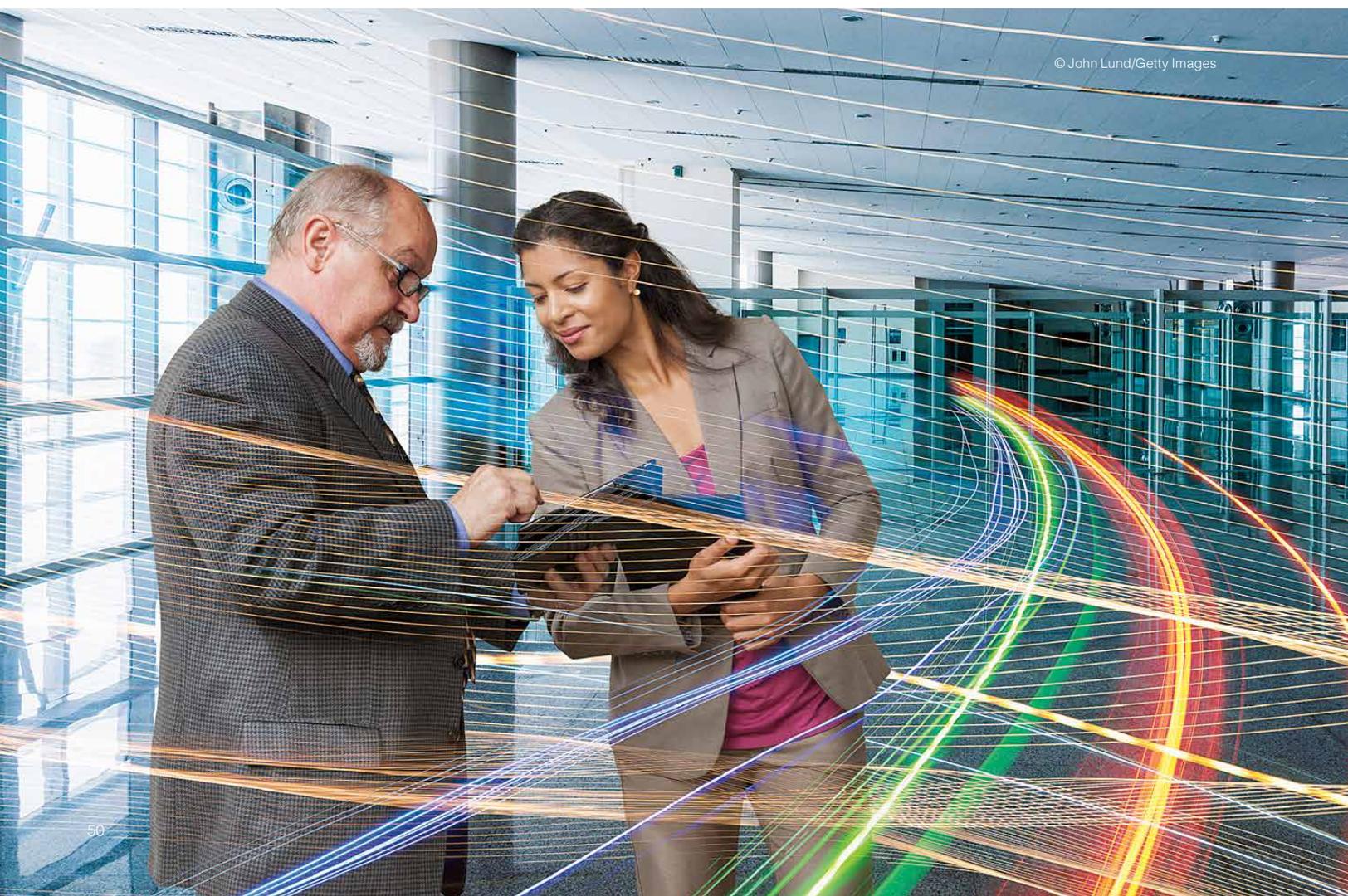
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How good is your company's internal customer experience?

To excel with customers, frontline employees need high-level service from core support functions. Société Générale's group head of corporate resources and innovation explains how to achieve such symmetry.

Nicolas Maechler



© John Lund/Getty Images

Since 2009 Françoise Mercadal-Delasalles has been the group head of corporate resources and innovation at France's Société Générale. In that role she oversees all group information technology (IT), purchasing, real estate, and shared resources. In this interview with McKinsey's Nicolas Maechler, she explores the opportunities and challenges in developing an "internal" customer-experience sensibility that extends seamlessly from the employees who work inside large organizations out to its frontline employees and then to customers.

McKinsey: *How did you come to realize that customer experience would be a priority for your organization within Société Générale?*

Françoise Mercadal-Delasalles: In terms of our global strategy, it was a goal for the group for a long time as part of our thinking about client relationships. But the question we'd been asking ourselves was how to actually do it in the real world. As you know, banks are embedded in a challenging global climate and their image suffered in the last years. It was a real necessity for us to renew the relationship with our clients, so this subject has been at the heart of the transformation of the bank for five or seven years now.

McKinsey: *Why would customer experience be important to you as someone at the head of a large internal organization, since your entity is not directly in touch with the bank's customers?*

Françoise Mercadal-Delasalles: I'd make two points in response to that. First of all, you know that IT or digitalization today is at the heart of the relationship with the customer, so when you are supervising IT, you have to be sure to question the way your clients are using the bank through IT.

The second point—and this is very important—is we didn't invent this idea of "internal" customer

service ourselves. We learned that if you want your front-end employees to be very good at the relationship with their clients, then the core of the company, including the support functions, in particular, has to be very good with the front. There has to be symmetry. So we realized that if the whole company, including the support functions and—especially IT—wouldn't really change its way of viewing the service relationship, with either external or internal clients, we wouldn't move very fast even if frontline employees were making a tremendous transformation.

McKinsey: *So to be good with customers requires the organization to be at its best internally in terms of services provided to employees.*

Françoise Mercadal-Delasalles: Exactly. It's a global value chain to serve the client, and we have to be very good in the same mind-set from the front to the back end of the processes.

McKinsey: *How did you go about trying to make the concept practical?*

Françoise Mercadal-Delasalles: We needed to find a concrete and strong methodology to capture the experience of the customer—the user of the service. What is important is to understand that any user of a service, whether internal or external, wants the service to be in real time, efficient, quick, simple to access, and, if possible, nice.

In this journey of transforming yourself, probably the most difficult part is to start to understand what the problem is. And our methodology enabled us, first of all, to divide our services into a number of concrete user journeys, then to go and capture their satisfaction through surveys, and then deepen the understanding of the different pain points. What is so interesting in this methodology is that you don't start your transformation from the usual point of view—you start from the point of your user. You start

seeing the problem differently: for us that was a major discovery. We put ourselves in the shoes of our customers to really understand what they wanted from us, and then bring solutions.

McKinsey: *The number of different users within the bank must have made it complex. Weren't there too many journeys to consider?*

Françoise Mercadal-Delasalles: That's always the most difficult part. When you sell products or services outside, I think it's easier to design the different user journeys. When you are an internal service, first of all, the majority of your people don't look at themselves as running a service, but more as part

of a large department. Our first job has been to segment these internal relationships into separate user journeys. We agreed at the beginning of the transformation to limit the number of journeys to 20 or 25 or we wouldn't be able to do anything else.

This was the beginning of the cultural transformation of the entity, in fact. That's why I'm saying it's so important to start with that. Once you shift the vision that your people have of what they are doing and they really understand that, yes, they are serving customers, then you have to accept the judgment, let's say, of appreciating the quality, efficiency, and rapidity of the service you are providing your customer.

Françoise Mercadal-Delasalles



Vital statistics

Born 1962
Married, 4 children

Education

Earned a bachelor's degree in humanities and law. Is a graduate of the Institut d'études politiques de Paris as well as the École nationale d'administration

Career highlights

Société Générale

February 2009–present
Group head of corporate resources and innovation

October 2008

Named a member of the group executive committee

2008

Head of business efficiency and innovation

Caisse des Dépôts

2003–08

Assistant to the secretary general

French Ministry of Finance

1995–2002

Deputy director of the European office of the budget department

Fast facts

Sits on the board of CIGREF, an association of large French companies dedicated to researching and analyzing digital culture

Board member of Pacte PME, an association of large public and private companies and local authorities dedicated to growing small and medium-size enterprises and encouraging the emergence of new leaders

Passions include family, yoga, and hiking

McKinsey: *How did you distinguish between the sort of regular users of everyday services of the bank and decision makers. Did you treat the groups differently?*

Françoise Mercadal-Delasalles: It was definitely visible in the survey we did. We made a number of categories, including day-to-day users, and decision makers or users of advanced services (like development teams, for example), but what was interesting was that these special users themselves were day-to-day users of a computer, a building, or lifts, so even then, they were also consumers of our services. I kept repeating that if these users were not happy with our day-to-day services, they couldn't value globally what we were doing.

McKinsey: *What were the most revealing findings?*

Françoise Mercadal-Delasalles: Well, what really struck all of us is that the results were quite challenging. We already had, of course, quality measures: global surveys measuring customer satisfaction. And our ratings were between 6.5 and 8.0 out of 10.0, so we were relatively happy about this because we were pretending that it was not bad at all, in particular, for internal services. And when the results of this survey came, which were detailed in our 22 user journeys, each divided into different subservices, the scores were showing us we clearly had room to improve across most journeys.

McKinsey: *So what did you do?*

Françoise Mercadal-Delasalles: We looked in detail at the results in order to really be able to touch the pain points people were feeling, because if you stay at a very conceptual level, you never take any action. What really changes the feeling people have about the services you are giving them is concrete actions against their pain points.



I also used these results as a way to move everyone in our management team, because they really then accepted that we definitely had to do something, to do something real—that there was an urgency to innovate.

McKinsey: *What initiatives did you pursue in response to your findings?*

Françoise Mercadal-Delasalles: We spent some time to really define what would be the best initiatives we should pursue to improve ourselves. There were a lot of areas where we could have started, and, after a while, we decided to deep dive, again, on real problems.

To renew a computer in this bank, for example, required waiting more than 30 days. So moving this indicator could be a real game changer, even if it might seem to be a small problem. If you find a solution, you really change the way people look at you. Also, this

“What really changes the feeling people have about the services you are giving them is concrete actions against their pain points.”

is something that is sufficiently ring-fenced to be able to solve it. We put in place a start-up team to redesign the journey. We empowered the team to really go as far as they could and to disrupt all the processes that are in place today in order to really solve the problem.

After two months they came back with a 1-day process instead of 30 by completely redesigning the old processes. It had a tremendous impact in the group because we showed that it was possible.

McKinsey: *This is quite impressive—I imagine you are now scaling that?*

Françoise Mercadal-Delasalles: Yes. The idea is to scale at the company level to spread the methodology, which is not so easy because, again, it's a challenge to the way we generally think of solving problems. It's starting with seeing the problems from the user's eyes, and then solving them in a different manner. So there are two important things to note: to detect the problems by thinking of them as mini-journeys, from the standpoint of the user, and then solve the problem in a start-up mode.

McKinsey: *What are the challenges you see?*

Françoise Mercadal-Delasalles: The cultural resistance should not be neglected because putting a

start-up in place means a number of different things. First of all, it means you have to detach your very good people from their regular activities to the start-up, and if you don't do that, you will never get to the answer for the problem. There is, of course, at first a resistance—managerial resistance, team resistance. Second, you have to give autonomy to the start-up, which is, again, very contradictory to our traditional way of managing people.

And then, in the end, what's quite difficult is to reconnect the start-up with the global run of the operations because maybe they can invent something really nice, smart, and so on, but if you can't bring it back in the company to really transform it, then well, you are very happy, you have a very nice start-up, maybe you can create a new business, but you don't transform the company. So this is a very important point.

McKinsey: *How do you maintain the focus on customer experience today?*

Françoise Mercadal-Delasalles: To be honest, as we are an internal service, it is difficult to have a permanent structure to look at customer experience. We are looking at the best way to renew the surveys—shortened versus what we did at the beginning—but, at least, we measure our progress on the different transformations that we started. We absolutely need to do this.

But I have to be frank: perseverance is important. When you are an internal service you are not naturally challenged by your own top management in the user experience of your internal customer. Of course, top management is rightfully turned toward the external client first and thinks of the internal one less often. However, this concept of symmetry of attention is something that really got our attention in this entity, and we really understood that we have to go in that direction, and now, after seeing the results, when I explain this direction to the board of the bank, they see it's worth the effort. ■

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Finding the right digital balance in B2B customer experience

Growing numbers of B2B companies are focusing on digitization to succeed with customer-centric strategies. Here's how to get it right.

Nicolas Maechler, Adina Poenaru, Thilo Rüdert von Collenberg, and Patrick Schulze



Customer-centric strategies, once the preserve of business-to-consumer players like Amazon and Google, are now fundamentally changing the complicated landscape of business-to-business relationships, too. Case in point: the chief executive of a global chemical business produces items that are in such high demand that they are allocated, rather than sold, to customers. Nonetheless, he recently announced at a top-management meeting that the company could no longer afford to deliver “a subpar experience” to its customers and therefore would embark on a customer-experience transformation spanning all functions.

Industry-leading B2B companies increasingly respond to intensifying global competition by putting customer-centricity and experience at the heart of their strategy. This often leads to changes in the business model: Monsanto, for example, is transforming itself with an online platform from a supplier of seed and crop-protection products to a productivity partner, providing advice on subjects ranging from product selection to sowing and harvest timing. In the industrial-equipment sector, Atlas Copco is on a similar journey, with a platform supporting customers in the selection, purchase, operation, and maintenance of their equipment.

For a large swath of B2B companies across many sectors, the growing influence of customer-experience strategies and the bold moves of customer-centric leaders pose a critical challenge. Traditionally, winning in the B2B arena has been a matter of being in the right markets, offering superior products and services, or being the lowest-cost producer. As these advantages have come under threat from increasing global competition, many players have invested in functional excellence. But while these benefits are substantial, they are dissipating quickly as competitors tap the increased mobility of labor markets and expanded access to knowledge.

This is why we believe that the emerging battle in B2B will be fought on the smart combining of digital and nondigital transformation to improve customer experience. A holistic, cross-functional transformation of a company’s core, including its culture, enabled by digitization offers a significant opportunity for differentiation and competitive advantage, especially as new competitors fluent in digital tools move into the B2B space. The trick is striking the right balance between digital and human interaction in B2B’s more complex customer relationships.

An opportunity—with challenges

Investing in improved customer experience pays dividends. We have seen companies substantially raise customer-satisfaction scores through significant improvements in operational performance. These improvements can lower customer churn by 10 to 15 percent, increase the win rate of offers by 20 to 40 percent, and lower costs to serve by up to 50 percent. In parallel, as customer experience improves, employee satisfaction tends to increase as well, because a more direct connection with customers adds meaning to employees’ work and helps them witness customer satisfaction.

Business-to-business customers are already demanding a better experience. In a recent McKinsey survey of 1,000 B2B decision makers, lack of speed in interactions with their suppliers emerged as the number-one pain point, mentioned twice as often as price. And digital solutions loom large in executives’ thinking as a way to make routine tasks more efficient. Some 86 percent of respondents said they prefer using self-service tools for reordering, rather than talking to a sales representative.

Yet the reality at most B2B companies is far from this vision. Many companies often need days to provide a quote, require customers to fill in complicated order forms (often on paper), and frequently leave customers in the dark about the status of their order.

In an effort to serve customers better, some companies have invested in developing customer portals or apps. Yet often these efforts fail to create significant improvements in customer experience, because underlying issues such as bad data remain unsolved or the functionality of the technology proves to be too limited or complex to be useful.

At the root of the problem is that while the role of customer journeys is central to both B2B and B2C, their incidence and importance is different for B2B. Among the chief differences:

- *Relationships often go deeper in B2B.* In many B2B industries, codeveloping a product with a supplier is common and a key source of innovation, but it is very rare in B2C relationships. Also, many B2B relationships are long-term, with recurring sales. This makes reordering a very important journey, whereas “nonsubscription” goods in B2C are more often bought on a transactional basis.
- *Longer, more complex B2B journeys involve more individuals.* In a B2C setting, selecting a supplier largely amounts to choosing a simple yes or no to a standardized offering. In B2B, multiple engineers need to evaluate and later certify the product, often adapting a design or process, while logistics and customer-service operations typically must wait to coordinate regular deliveries until prices, volumes, delivery terms, and other points are negotiated. The whole process can require decisions by 15 to 20 people, just to make the transaction happen.
- *Customization is more widespread in B2B than B2C.* B2B suppliers adapt not only their products but also their processes to accommodate customers. Therefore, redesigning the customer experience requires an understanding of this

variability: How much of it is value-creating flexibility to meet the needs of key customers, and how much has crept up because flexibility was the norm, with no one in charge of making efficiency-versus-flexibility trade-offs? For example, in container shipping, some customers prize the flexibility that suppliers offer them in meeting customers’ special requirements when it comes to managing customs or accepting cargo. Mapping a “typical” journey in this case may lead to dozens of alternative paths that customers can take when interacting with the shipping company.

- *The stakes are usually higher in B2B deals.* Individual customer relationships are easily worth millions of euros for big B2B companies. These sellers will go to great lengths to keep a good (and profitable) customer happy and loyal; losing a single customer could spell disaster for the entire company. For B2C, it’s more of a numbers game, rather than one individual customer’s worth. To tap the potential of an improved customer-experience program, companies need to understand the profitability of their customer base and address the pain points in the customer journey with different measures that fit the financial, as well as strategic, profile of the customer segment. Companies mostly serving a few big customers can use entirely different journey designs than those serving thousands of smaller customers. Most companies will need to design journeys that accommodate both ends of the size spectrum. For example, a chemical company serves customers that spend hundreds of millions of dollars on their products per year, but it also serves small mom-and-pop shops that spend only a few hundred dollars annually. As a result, the strategic task is now putting in place different journeys and methods of tracking levels and triggers of satisfaction.

Transforming B2B organizations to improve digital experience

Any customer-experience program should start with an inventory of customer needs, a leadership commitment to governance, and a grouping of journeys based on their importance to customers, the potential impact of improvement on satisfaction, and their cost to deliver. Keep in mind that there are also common pitfalls that companies would do well to avoid. The result will be unique for each company, but in our work, five key success factors regularly emerge from successful efforts in B2B businesses.

Focus on the six journeys that drive customer experience in B2B

The first factor is a focus on the most significant customer journeys. By comparing customer interactions and touchpoints across B2B industries, we have identified six key journeys that shape the customer experience in most industries and cover the customer life cycle end-to-end (see sidebar, “Six journeys that truly matter in B2B”).

Identifying products and services that meet a need.

B2B customers often find it challenging to identify the right product or service. Improving this journey is especially relevant for companies with a fragmented customer base and nonessential but value-adding products. For example, one agrochemical company significantly increased its customer base by developing a “soil analyzer” application that allows farmers to get a first indication on possible yield increases remotely. The app takes them through a streamlined process of soil sampling, crop planning, and buying a package of yield-enhancing products. The company then used digital marketing and its sales channels to promote the app, resulting in a substantial uptick in orders.

Selecting a supplier and making an initial purchase.

In this journey, buyers struggle to compare suppliers in a timely manner across multiple criteria. Some

simplify the choice and choose a supplier only on price (to be disappointed later on by the service level) or take months to go through a very detailed tendering process. Suppliers that differentiate based on performance or that package required information tailored to the precise stage in the buyer’s purchasing journey can create significant value by helping buyers make a faster and more informed choice. A manufacturer of wind turbines, for example, is developing a website where prospective customers can enter location data and receive information including expected energy output, installation costs, expected maintenance, expected revenues, and financing options for the company’s products and its main competitors. This information enables buyers to make a faster decision based on their total cost of ownership.

Codeveloping products with a supplier. This is a critical journey in innovation-heavy industries, but many sales managers and R&D leaders complain how difficult it is to keep projects efficient and on track, as they tend to operate in a governance vacuum. To address this issue, a textile company built an integrated platform for a B2B collaborative information system, including an e-vendor-managed inventory, e-production, and an e-library, all integrated on one platform to provide quick access to information both for supplier and customer.

Dealing with unexpected events. Coping with purchase-related problems, such as equipment breakdowns and missed deliveries, is a make-or-break journey. This is the moment when the customer is the most vulnerable.

Using the product and getting service. Receiving (planned) maintenance also is a make-or-break journey, again especially for customers of machinery and capital goods. For example, in three months, a manufacturer of building equipment achieved a 25-point increase in its customer-satisfaction score³

Six journeys that truly matter in B2B

In the following six journeys that characterize the B2B customer experience, we have found that meeting customers' needs delivers measurable business benefits (exhibit).

1. **'I identify products/services I need.'** In this journey, the customer translates a latent need for a product or service into an explicit one through technical sales conversations or research. The need is for enough technical support to evaluate a solution.
2. **'I select a supplier and buy initially.'** The customer compares different suppliers and their offerings, weighing price, total cost of ownership, performance value, and "soft" factors. The need is to get multiple stakeholders aligned on a choice.
3. **'I codevelop or customize with my supplier.'** The buyer works with the supplier to have the product or service customized to meet the buyer's needs. The intensity of the process ranges from selection from preconfigured options to a multiyear joint R&D effort. The buyer's primary need is to manage return on investment.
4. **'I deal with unexpected events.'** This journey occurs when the buyer encounters problems such as equipment breakdowns, missed deliveries, missed payments, and other mishaps that can make or break close relationships with suppliers. The buyer's need is to minimize disruptions to the business.
5. **'I use the product and get the service.'** As the customer uses the product and performs or obtains regular (scheduled) maintenance, this journey should involve ease of use and performance optimization. The customer also may encounter innovative offerings, such as hourly pricing. The customer's primary need now is to maximize efficiency.
6. **'I reorder.'** This final journey involves reordering a well-known product or service. The need now is for an efficient transaction, coupled with confidence in getting a good deal from the supplier.

and significantly reduced churn in service contracts by improving its breakdown and maintenance journey. The company leveraged remote diagnostics to plan appropriate time for repairs, ensured the technician had all required information and materials handy in a dedicated app, and kept facility managers up-to-date with a tracking-and-tracing system based on simple text messaging.

Reordering familiar products and services. Efficient and error-free reordering is a major concern for customers sourcing raw materials or components.

One steel manufacturer developed a quotation app to empower its sales reps to set prices themselves within guidelines, rather than wait for the pricing manager to do it for them. In doing so, they reduced average time to quote a price by more than 90 percent while maintaining a high degree of central control.

[Address the root causes of customer dissatisfaction to enable digital interaction](#)

Digitization is often heralded as a tool to leapfrog competitors and leave behind problems such as bad data or poor interaction quality. However,

Exhibit Measurement can highlight linkages between every level of customer-experience delivery.

Gains to be made, by journey range



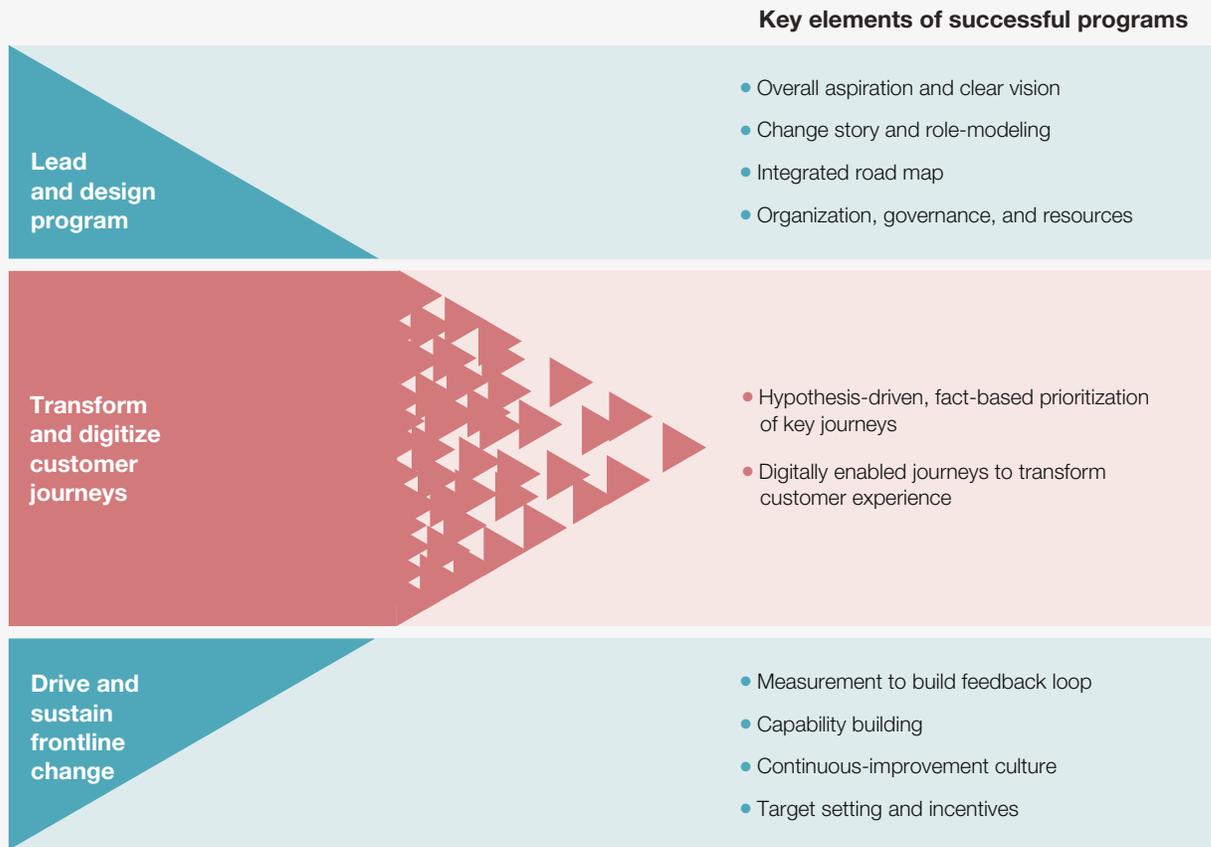
Source: McKinsey analysis

most large B2B companies find it hard to create value outside their established business system. Because journeys are longer and more complex, fully automating them may not be possible or economical. In situations where the stakes are high, most B2B decision makers do not want that approach anyway; they prefer to deal with an individual. Thus, any enhancement of the customer experience—digital or not—will require many people in the organization to change the way they work. Successful customer-experience transformations cannot be run as small and isolated journey optimizations. They require

program management and a portfolio of initiatives to encourage frontline change that addresses issues in performance management, employee mind-sets and behaviors, organization, and skills gaps that came to the surface in the design phase (Exhibit 1).

One diversified industrial-goods manufacturer learned this lesson the hard way. The team developed an elegant and compelling vision for the future journey that was heavily digital based and included instant order confirmations, one-click reordering, track-and-trace capability for in-progress orders, and transparency about the implications of order changes.

Exhibit 1 Successful customer-experience programs include leadership action and frontline empowerment.



Source: McKinsey analysis

Yet when the team presented the approach, the mood at the presentation was glum. When the program lead inquired what was wrong, the future product owner shared her concerns that their work could set big expectations that could be impossible to achieve because too many things outside their immediate control needed to be changed. In the discussion that followed, the team surfaced a long list of required changes, including IT systems, organizational structures, training needs, and mind-sets. Rather than treating these as one big roadblock, the team decided to enroll a C-suite-level program owner and also make one person responsible for each change,

thus translating them into a portfolio of initiatives that laid the groundwork for transforming their organization's core.

Design hybrid journeys combining digital and human interactions

How much companies should invest in digitization of individual journeys varies significantly, but some general patterns emerge. Companies with standardized products and a fragmented customer base will want to invest more heavily in the customer journeys of identifying needed products and services, making initial purchases, and reordering to benefit

from efficiencies. In contrast, companies selling more customized products to a smaller set of customers often put a higher priority on the journeys of codeveloping or customizing with suppliers and dealing with unexpected events.

One chemical company redesigned and digitized its ordering journey with numerous ideas for digital self-service, only to find that key customers were skeptical about not having an individual relationship manager to call when things went wrong. The team went back to the drawing board and tweaked the experience design. Most important, they reinstated the role of the relationship manager, giving customers a choice between using the self-service platform and calling the manager. They arranged it so the customer and manager would use the same portal to compare notes. And they added a cobrowsing and desktop-videoconference feature so that communication about any problems would be quick and personal.

This example illustrates how the best reimaged journeys purposefully switch between digital self-service, digitally enabled human interactions, and improved offline interactions to match customer preferences and ensure the degree of standardization and transaction volume that warrants investments in digitization. B2B customers are generally happy to use digital self-service for simple, routine interactions like reordering to save time or be more flexible. Yet, when the interaction is new and complex or the stakes are high, most still prefer a real person (who also might be digitally enabled).

Thus, for each journey and interaction, a range of interventions could apply (Exhibit 2). For example, the journey “I deal with unexpected events” could be improved by making it fully digital, providing self-help guides or a tracking-and-tracing system for resolving issues. The improved journey also could be digitally enabled—say, with augmented-reality goggles to help technicians be more efficient, or a visit-scheduling system to ensure that technicians have

the necessary time and preparations for the job. Or it could offer an offline improvement, such as training technicians to acknowledge the problem with the customer, provide full transparency about the situation, and explain how to prevent the problem in future. The right interventions to use will depend upon customer preferences, the economics of the journey, best practice or references in the industry, and the internal systems, mind-sets, and processes available.

[Create tracks to manage variability](#)

B2B journeys often grow complex because they must accommodate the special needs of small percentages of the client base. Such relationships require specific tailoring, extra services, or additional checks. Splitting the journey into standard and specialty tracks can minimize complexity for a majority of clients, resulting in easier journeys for clients and significantly lower costs.

One European corporate bank radically redefined the customer journey into three tracks, helping clients and employees better understand how complex international financing deals could be approved. An express track was set up for relatively easy deals that entailed low risk and could be executed with fewer checks, smaller teams, and shorter timelines. An advanced track for more difficult deals included extensive auditing, the addition of senior executives to the working team, and more interactions with the client. Between these two was the standard track. After reviewing a proposal, loan officers map the risk indicators and choose the track that includes the most conservative approach to processing the deal.

[Use an agile approach to cut through the complexity](#)

Customer journeys can be complex. Typically, the initial design is never 100 percent right. Therefore, the work of designing cannot stop at the end of the designated design phase. To advance progress, a cross-functional team with journey experts from the business side and IT need to work hand-in-hand from design to ongoing operation.

Exhibit 2

To transform B2B journeys, define a range of digital and human interventions, to be combined as needed for each situation.

Journey	 Improved human interactions	 Digitally enabled services	 Fully digital, automated self-service
Identify	<ul style="list-style-type: none"> Educational marketing Strong technical expertise with focus on creating value for customer 	<ul style="list-style-type: none"> Live chat/call-back tool Joint web shopping with sales rep 	<ul style="list-style-type: none"> Product/solution navigator Product configurator Lead capturing
Select and buy	<ul style="list-style-type: none"> Independent performance comparisons Simple and transparent pricing 	<ul style="list-style-type: none"> Sales rep empowered to live-quote based on dynamic deal scoring Online content iterations and signature 	<ul style="list-style-type: none"> Interactive value calculators Web shopping, including availability and delivery timing
Codevelop or customize	<ul style="list-style-type: none"> Best-practice standards on project governance, resource tracking, and progress reporting 	<ul style="list-style-type: none"> Cloud-based collaboration platform Interactive product/solution holding and simulation 	<ul style="list-style-type: none"> Open innovation platforms giving access to key data
Deal with issues	<ul style="list-style-type: none"> Apology and acknowledgment of problem Full transparency about situation Explanation and help to prevent 	<ul style="list-style-type: none"> Augmented-reality tool to guide response Visit scheduling and preparations based on remote diagnostics 	<ul style="list-style-type: none"> Self-help guides Notifications tracking resolution progress
Use product	<ul style="list-style-type: none"> Simple, intuitive interactions Efficient packaging Friendly service, looking to add value 	<ul style="list-style-type: none"> New offerings (eg, uptime guarantees or hourly pricing) 	<ul style="list-style-type: none"> Remote equipment monitoring to trigger maintenance
Reorder	<ul style="list-style-type: none"> Offering but never pushing visits Focus on simplicity (eg, clear product documentation and simple invoices) 	<ul style="list-style-type: none"> Next-product-to-buy engine to add value and drive cross-selling 	<ul style="list-style-type: none"> Analytics-based order reminder 1-slide reordering through self-service website

Source: McKinsey analysis

But as such a team continues to learn and improve the design, and as it runs into unforeseen problems, traditional project planning with timelines and milestones defined at the beginning of the project will become meaningless. Instead, a journey owner should be empowered to make decisions and revisit priorities for every one-to-four-week “development sprint.” These priorities will be expressed as “user stories” that capture the spirit and benefits of an idea without defining every detail, thus leaving room to incorporate what is learned during implementation. At the end of each sprint, the full team can review the improved journey with customers and get critical feedback from major stakeholders. While such agile

approaches and scrum processes that employ small expert teams, rapid iteration, and repeated testing with customers may be most familiar to many in the IT community, we have found that they translate well to the human-interaction elements of customer journeys.

Consider the utility company that digitized the journey whereby customers connect their home or business to the grid. The customer-facing team minimized programming time by using clickable dummy screens to test new ideas with real customers in weekly sprints and then revising plans as feedback came in. To enable the envisioned customer experience, a back-

end team changed complex physical processes involving more than 4,000 electricians, a network of heavy-construction companies, and local municipalities. The team mirrored the approach of the front-end team, testing processes, gathering feedback from stakeholders, and eventually rolling out the new process in one geographical area for live testing. This emphasis on a test-and-learn approach with quick iterations, rather than extended up-front planning, was significantly faster than any comparable project the company had done to improve processes.



The customer-experience challenge for B2B companies is growing. And while B2B players share with B2C companies the need to build strategies around the core of understanding customer journeys, the complexity of B2B relationships makes digital-transformation efforts unique. Carefully parsing those complex customer relationships, striking the right balance of human and digital interactions, and maintaining an agile approach to navigating intricate customer networks will be among the keys to success. ■

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- ¹ See Climate Corporation, a subsidiary of Monsanto Company, at climate.com
 - ² J. Stanley, C. Plotkin et al., “When B2B buyers want to go digital—and when they don’t,” *McKinsey Quarterly*, forthcoming.
 - ³ Customer-satisfaction score is an index of customer loyalty that measures a customer’s willingness to recommend a company’s product or service. Scores can range between –100 and 100 points.

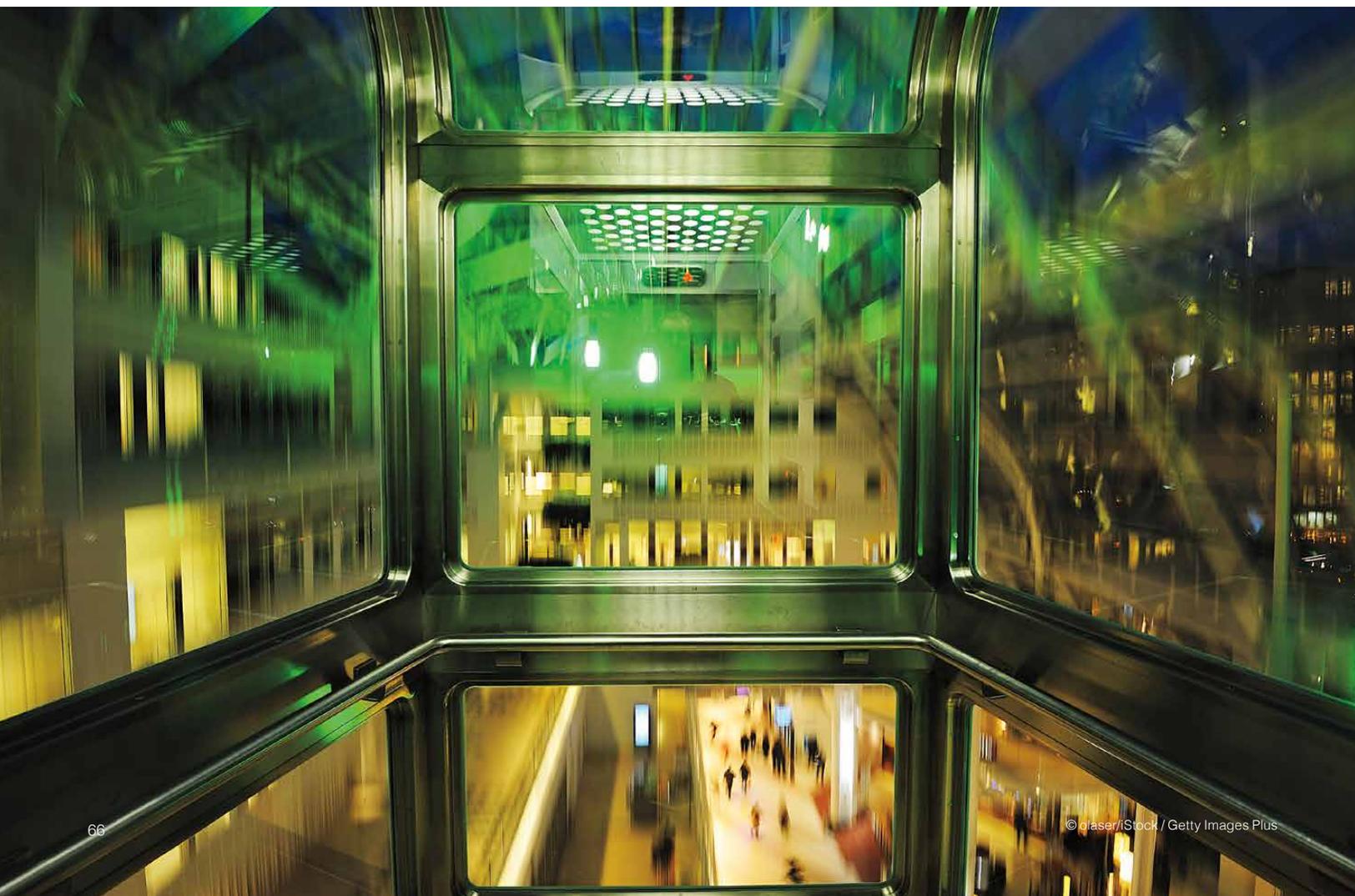
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Lifting customer experience at an elevator company

Pierre Liautaud, executive vice president at Finnish elevator maker KONE, describes the critical role of frontline teams in navigating complex B2B customer-experience relationships.

Nicolas Maechler



Superior customer experience, once the exclusive preserve of business-to-consumer companies, is now proliferating through the B2B arena. In a recent interview, Pierre Liautaud, executive vice president of Finnish elevator maker KONE, explained to McKinsey's Nicolas Maechler how focusing frontline workers on complex B2B customer journeys can create unique cocreation opportunities with customers to improve relationships and efficiency.

On 'moments of truth'

Our main goal in the customer-experience area is actually to deliver ultimate service quality. To do that, we decided that we had to work along a certain number of directions. The first one is responsiveness. Responsiveness means the ability to show that we can meet customer demands that, even more and more in the digital world, are asking for fast and instant responses.

The second one is understanding our customers better. And in that case we looked at understanding the customer journeys as we interact with them in a deep way. The last initiative has been around sales, account management, and pricing. So as the customer journey was our key initiative, we decided to focus on one particular business unit, which is global maintenance services. We decided to pick a country—in this case, France. We built a full pilot of understanding our customer journey in the residential segment. We picked a district. We picked a set of customers. We picked technicians and sales-people in order to model what the customer journey was and what were the most important elements or moments of truth in those customer journeys.

The real “wow” moment in this project was the ability to create new offerings or changes in our processes with the field and with the customer. There was really cocreation. We interviewed housing owners. We interviewed building managers. And based on that research and the feedback from our people, from our employees at the front line in touch with the

customers, we redesigned our processes. And we focused on around nine key moments of truth or key touchpoints.

On 'surprises'

There were indeed a lot of surprises in how we built our new maintenance processes. The first one was that a set of customers that we had somehow ignored or discounted actually were the most important ones in making decisions or influencing decisions. And therefore, we decided that our new maintenance journey will have a higher focus on those segments, namely the housing owners.

We also discovered that the on-boarding visit, the moment where the first visit of a technician and supervisors with the customer occurs, was really a moment where you could really create enormous buy-in, enormous good will. So this on-boarding visit was defined as a key moment where now, along all the geographies where this is in place, we have recrafted that moment to make it a super strong element.

The technician is indeed the person who sees the customer the most. We have more than 20,000 technicians—maintenance technicians—who are dispatched from equipment to equipment, from unit to unit, from building to building, to care about our customers, to care about the equipment that they have in their responsibility.

For many years at KONE, we had a service program called KONE Ambassador. KONE Ambassador was a program through which we trained and coached our maintenance technicians to have a true service attitude toward a customer. In light of the learnings of the customer-journey project, we decided to make this program a company-wide program, not just for the maintenance technician, but for everyone.

At the end of the day, customers who pay KONE bills are the ones who pay our salaries.

And I think it was enlightening to see all KONE personnel, whether they're sitting in the factories—whether they're sitting in R&D, whether they're sitting in sales, marketing, finance—to understand the impact of what they do on customer satisfaction. So having a true service mind-set is one of the key ways to win customer loyalty.

On 'digital designs'

About two-thirds of our maintenance portfolio happens to sit in Europe. So after the French pilot, our first priority was to expand the experience and the project across Europe. We are now, at this moment, in five countries in Europe that have deployed the project. And our goal is that, by the end of 2018, 100 percent of Europe—that is two-thirds of KONE maintenance portfolios, that is 700,000 equipment units in service—will benefit from the customer-experience project that we have built together.

At KONE we believe that the customer experience spans multiple channels. Indeed, a physical interaction between the technician or the salesperson or the customer-care people and the customer is an important one. But more and more, we see the impact of digital channels where customers are able to see in real time what's happening with the equipment, and with service-level agreements that we have passed with them.

We've announced recently the global availability of an application called KONE Care Online, or KONE Mobile, which puts this information at the fingertips of the customer, whether they're housing owners or building managers. We believe that technology will transform our industry the same way it has transformed the financial industry, the automotive industry, and many others.

In the case of KONE, we believe in connecting our customers, connecting our equipment, connecting users, connecting our own employees. All the mobility and connectedness applies to all the stake-

holders. We don't think that technology will replace technicians. We think that technology will enable, and technicians will enable KONE to provide superior customer experience to our customers.

On 'scaling fast'

In our customer-experience initiative, we've learned a couple of things. I think we've learned that those programs are best when they're built with the field and with the front lines instead of being kind of engineered in headquarters. So my first recommendation would be work with your customers, work with your field, work with your salespeople. They are the ones who are able to guide and to accelerate the development of your initiatives.

The second one is scale fast. Those programs are meant to create enthusiasm with your field and buy-in from your client. And the rollout of this program is as important as the pilot. You need to build the capabilities to roll out the program globally, and you need to make the resource investments in the rollout. And we've discovered how important the quality of the people who conducted the rollout was.

We started the customer journeys with maintenance and Europe. We are now exploring the extension of our customer-experience program to the new equipment business, to modernization, to Asia-Pacific, to the Americas. The ability to transform that success into a huge service business in China is super important. So developing customer experience, customer journeys in the China mainland is actually super important for our future. ■

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Four ways to shape customer-experience measurement for impact

Too many companies are themselves unhappy customers when it comes to building measurement systems. But there are ways to make better investments.

Victoria Bough, Ralph Breuer, Harald Fanderl, and Kevin Neher



“What gets measured gets done,” the old saying goes. It’s understandable, then, that executives looking to boost their companies’ competitiveness via superior customer experience have for some time now invested heavily in a farrago of metrics that at times seem to range from the sublime to the ridiculous: metrics that score satisfaction, metrics to gauge willingness to promote a service or detract from it, metrics to judge how effortlessly a company serves its customers, and even metrics to assess how “ideal” a customer’s experience is.

Sadly, in too many cases, these efforts swallow up substantial investment and deliver little impact with respect to improved customer experiences. Beyond the upfront costs of establishing complex and costly measurement systems, many top-line metrics are hard to manage and end up focusing on the measure itself, rather than identifying the root causes of customer dissatisfaction. Insights often conflict, the way that initiatives link to value creation proves elusive, or connecting improvement ideas to top-line metrics is difficult.

The irony is that companies often wind up unhappy with their own customer experience as purchasers. In our work, we find more and more companies feeling unsatisfied with existing measurement systems and looking to design a measurement strategy that aligns all of their customer-experience metrics into a unified model that operationalizes a customer-centric strategy. Such a holistic approach to measuring customer experience can take many forms in design and implementation. Some of the approaches we explore here can give executives the ability to limit waste on current methods and have a more direct impact on their top-line customer-experience metrics.

Fundamental thinking

In our experience, three core elements are critical for transforming a middling approach to customer-experience measurement into one that can deliver impact and create value. First, the heart of effective

customer-experience measurement is the organizing principle of measuring experience at the journey level, as opposed to looking only at transactional touchpoints or overall satisfaction. Second, it’s critical to invest in hardwired technology that can capture customer feedback on a daily basis from multiple channels and integrate survey results, social-media posts, and operational data into comprehensive, role-specific dashboards. These can provide transparency and drive decisions at all levels. Finally, overcoming organizational inertia requires cultivation of a continuous-improvement mind-set at all levels. Organizations must create the mechanisms to close the loop between frontline workers and customer feedback, then use the data to change the design and execution of the customer-experience process.

Reports from the field

In our work, we regularly come across examples of companies that have pursued ineffective and wasteful approaches to improving customer experience, as well as those that have created value with measurement efforts. Here we share four ways to ensure that your investments in customer-experience measurement deliver results.

Connect the dots: Cocreate an integrated measurement model

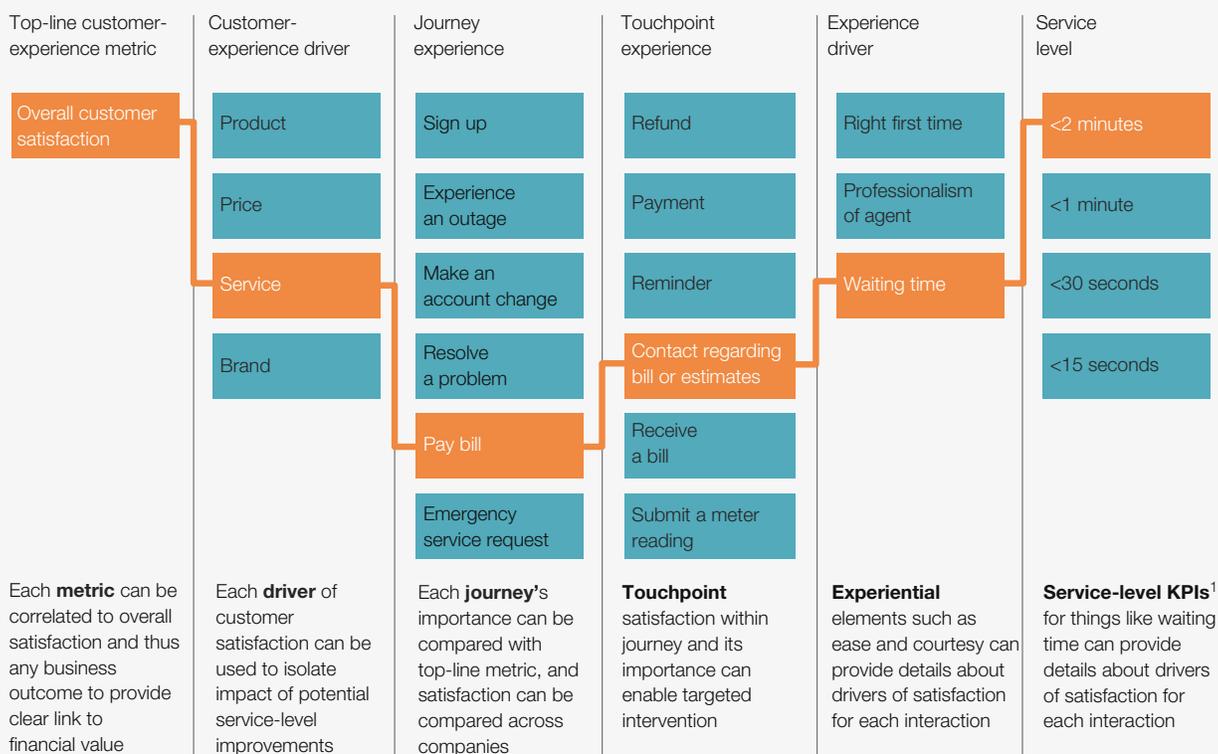
Many companies have large numbers of disjointed customer-satisfaction surveys. At one large European utility, the operations department measures customer satisfaction at a highly granular level, while the marketing department initiated a more holistic touchpoint-measurement system. The problem: the two measurements fit together poorly, making it impossible to connect dependencies between certain touchpoints and overall impact.

A more holistic measurement strategy starts with an integrated measurement model in which all customer-experience metrics along touchpoints and journeys flow up to a top-line metric (Exhibit 1). It matters less which top-line metric a business relies upon; almost any will do, and some companies

Exhibit 1

A holistic, integrated measurement system has clear linkages between metrics at every level of customer-experience delivery.

Example: Linkages measuring customer experience throughout call to a utility company



¹ Key performance indicators.

Source: Strategy Analytics; McKinsey analysis

construct metrics of their own design. More important is how the business inserts the metric into a systematic capability to collect, analyze, and act on feedback in an effective and complete system for measurement of the customer journey.

The way to do this begins with convening a set of senior leaders to agree on the top-line metric the entire organization will use as a North Star to measure improvements across the company. Second, define the remaining layers of the measurement model—most critically, the customer journeys that matter, as well as the elements that drive experience

and operational performance. For one global transportation company, this meant clearly understanding the three journeys that drove over 65 percent of customer satisfaction. Deeper analysis uncovered, for each journey, the drivers of satisfaction, as well as two to five operational metrics, such as number of damage claims and count of customer service calls, linked to journey satisfaction. In an analysis of energy utilities in Europe, it turned out that within the “I join” sign-up journey, 75 percent of the journey satisfaction was explained by four operational drivers, including “freedom of choice” and having service turned on at the time and date the customer wanted.

Creating an integrated measurement model allows companies to eliminate reams of metrics that do not drive top-line satisfaction. It focuses the company on the journeys, touchpoints, and elements that matter to customers.

[Learn from the best: Benchmark against competitors and leaders](#)

Many companies suffer from myopia in measuring customer experience. Companies often hyperfocus on their own performance and small pain points, and they do not spend enough time looking at how they stack up against others—not only their nearest competitors but also companies that are best in class in customer experience within and outside their sector. Such an exercise is powerful in triggering bigger and bolder ideas to improve customer service and experience.

The real liberating moment is when a company goes from a mind-set of optimizing existing capabilities to one of innovating new approaches and solutions to gain new skills in serving customers better. For one telecom company in Europe, undertaking regular benchmarking on multiple journeys unearthed useful insights for reshaping its approach to customer experience. While overall performance was strong

in its approach to the customer journey involving resolution of technical problems, the company was at a major disadvantage in how its technicians visited and interacted with customers. That highlighted an opportunity to leapfrog competitors with respect to a crucial frontline driver of customer satisfaction.

[Choose the right measurement system](#)

Even companies that are new to customer experience can implement a rudimentary voice-of-the-customer system with which they can collect feedback from their customers on a monthly or quarterly cadence. However, if you are serious about creating a culture around customer experience, don't waste your money on a system lacking the right capabilities. Table stakes in this game are a system that collects, analyzes, and allows companies to act on customer feedback in real time. Furthermore, your system must be able to apply advanced analytics to the data in order to diagnose root causes and predict impact on future customer behaviors. Many of the major measurement-system providers have invested heavily in this area in recent years.

We find a three-step process useful in selecting a measurement platform (Exhibit 2). The first step is to define an integrated measurement model

Exhibit 2 Selecting a journey-measurement system is a three-step process.



Source: McKinsey analysis

that identifies the metrics that drive top-line satisfaction. The second step is to design the interactive dashboards for each set of stakeholders: executives, customer-experience leaders, and frontline managers. The third step is to select the platform that will best meet the specific needs of the company.

It's important to evaluate systems based on how well they can put the measurement strategy in motion. In addition, three strategic criteria are also worth considering:

- 1. Flexibility.** Some system providers can make changes to survey questions and dashboards in a matter of minutes, while others take days or weeks, or simply leave it to you to figure out. Think hard about the frequency with which you expect to make changes and your level of resources to make these changes on your own.
- 2. Scalability.** Are you operating in more than one region or country? Do you do business in multiple languages or with a distributed workforce? Choose a system that has been tested across a broad spectrum of complex multinational environments with a proven capacity to scale in response to your organization's needs.
- 3. Cost.** Companies regularly face intense budget pressures or have a cost-conscious culture that manifests itself in a do-it-yourself mind-set. If your approach to customer experience is serious, be wary of all-singing, all-dancing measurement systems that cost significantly less but might fail in delivering the desired impact. Weigh return on investment, not just lowest cost.

Your system should meet your needs on all three dimensions while providing the specific capabilities, such as advanced analytics and real-time feedback, that you need to drive results.

Change measurement mind-sets

Even the best measurement system may not be enough to change the mind-sets of the organization. But success is more likely in organizations that take a few critical steps.

A good first step is to appoint journey "owners" and empower them. These journey owners play a critical role in aligning the functional silos that exist in every organization. They bring together cross-functional teams focused on a shared goal of improving customer satisfaction for a specific journey. To help them overcome organizational resistance, empower owners with direct access to C-level executives to obtain decisions quickly, as well as with a budget to implement structural changes of the customer journeys they oversee.

A second, reinforcing step is to implement journey dashboards. These dashboards should make it easy to see performance by journey at a single glance. This reinforces the shared goal of each cross-functional journey team and enables the executive team to provide support when certain journeys are underperforming. Journey owners should be able to quickly drill down into touchpoint-level and driver-level satisfaction metrics and analyze root causes within their journeys. For example, the owner of the "resolve technical issues" journey should be able to see overall satisfaction for the journey, for each of the touchpoints, and for key drivers, such as the number of technician visits required to resolve the problem.

It may seem obvious that a journey-based customer-experience philosophy should be executed with journey-based measurement dashboards that reflect this priority. Still, many companies have not yet taken this step. The best practice is to make these journey dashboards highly visible across the organization and to implement standard processes

around them, such as holding regular stand-up meetings or weekly team sessions to review customer feedback, recognize strong performances, and initiate immediate corrective actions where necessary.

Finally, make customer interactions an inherent part of weekly routines for as many employees as possible. We have seen great results when teams lead weekly whiteboard sessions by talking about the latest customer feedback and identify possible root causes of problems. Doing that makes the customer-experience measurement system motivate action, drive change, and alter behaviors, rather than serving as a purely diagnostic tool. It is important that your employees understand the root causes of customer satisfaction or dissatisfaction, so they can either fix the problem directly (for example, by contact with customers) or start to work on the deeper source of the problem along the customer journey.



The right customer-experience metrics help you understand what customers value and how to address their needs. The metrics you choose are less important than the measurement strategy you implement to enable both real-time action and long-term impact. ■

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Improving the customer experience to achieve government-agency goals

The benefits of a customer-centric strategy aren't limited to private-sector businesses. Government agencies at every level can gain by putting the needs and wants of citizens first.

Tony D'Emidio, David Malfara, and Kevin Neher



Across the business landscape, savvy executives are increasingly asking the same question: What do my customers want? They are coming to realize that, whatever they offer, they are in the customer-experience business. Technology has handed consumers growing power to choose how and where to buy products and services, and customer-friendly leaders such as Amazon and Apple steadily raise customer expectations for superior service ever higher. We find that how an organization delivers for customers is beginning to be as important as what it delivers. Our research shows that companies that systematically put customers first create inroads against competitors, build cultures that benefit employees as well as customers, and improve the bottom line from both the revenue and cost sides.

The customer-experience phenomenon may seem far removed from the work of federal, state, and local governments, but it offers important lessons. True, agencies rarely have a direct competitor from which they are trying to capture market share. Nor do disruptive start-ups typically emerge to steal their customers. Yet the rationale for agencies to improve the citizen experience may be just as powerful.¹ For enhancing an agency's ability to achieve its stated mission, outperforming in efforts to meet budget goals, and engaging employees in a superior culture of citizen service, customer-experience improvement efforts offer public agencies far-reaching lessons.

Central to any successful customer-experience program is a focus on identifying, understanding, and mastering the customer journey: the complete end-to-end experience customers have with an organization from their perspective. In essence, improving citizen experiences requires more rigorous effort to improve citizen journeys across channels and products. Like customer-focused businesses, most agencies focused on serving citizens typically think about touchpoints: the individual transactions through which citizens interact with the agency and its offerings. But this siloed focus on individual touchpoints misses the bigger, and

more important, picture: the citizen's end-to-end experience. Only by looking at the citizen's experience through his or her own eyes—along the entire journey taken—can you really begin to understand how to improve performance meaningfully.

Journeys can be long, stretching across multiple channels and touchpoints, often lasting days or weeks. For example, for a new student loan or a mortgage, an individual's journey might include learning about options, submitting an application, setting up an account, resolving problems, and so on. Journey-based thinking often means reframing an agency to put the customer, rather than the traditional organization chart, at the center of the strategy. In our experience, it is possible to apply science to defining an agency's highest-priority journeys and measuring customer satisfaction across those journeys, not just at individual touchpoints. It is also possible to apply design elements necessary to structure the organization in a customer-centric manner and make it adaptable as citizen needs and conditions change.

Mission critical

Browse the “about us” section of the website for any US government agency, and it immediately becomes clear how vital are the missions that departments are tasked to carry out. Their success can be gauged by clear and definitive measures, not only in terms of operations but also in terms of their impact on the lives of US citizens (Exhibit 1).

But, to execute those missions successfully, citizens must actively engage with the agencies that exist to serve them. That entails effectively learning about the services, understanding the value to the individual, and being able to meet the requirements. For example, the Department of Veterans Affairs cannot provide the best possible care for veterans and their families if veterans aren't able to enroll in the system, find the correct information online or over the phone, or determine what benefits they

Exhibit 1 **The mission statements of three selected US government agencies demonstrate the goal to improve lives.**

**Department of Education,
Federal Student Aid**



"... making higher education more accessible and helping the neediest students succeed."

Department of Veterans Affairs



"To fulfill President Lincoln's promise 'To care for him who shall have borne the battle, and for his widow, and his orphan' by serving and honoring the men and women who are America's Veterans."

Small Business Administration



"... preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation."

Source: Agency websites

are entitled to receive. Similarly, the Education Department's Federal Student Aid program cannot help the neediest students if those students do not engage because they aren't aware of the services that are available, or if they find completing the paperwork overly complex or time consuming (see "Pioneering a customer-experience mind-set for Federal Student Aid programs," on McKinsey.com).

Our research in the private sector shows that satisfaction with an experience is directly linked to loyalty measures (Exhibit 2), indicating that an improved experience drives a desire to engage more frequently and more consistently with a given organization. A focus on improving the citizen experience—for instance, making it easier to complete a transaction in a more timely manner—can improve

the citizen's voluntary compliance, make the delivery of services more cost effective, and improve the citizen's trust in government.

Although several agencies are solely focused on providing services for relevant citizen populations, others are revenue funded and have related targets. For agencies with such revenue responsibilities, like the National Park Service or the Export-Import Bank, a focus on improving the citizen's experience can create opportunities to provide additional products and experiences as well as reduce churn. Our research has shown that improved experience has a measurable impact on a customer's willingness to increase the overall services purchased from an organization (Exhibit 3). Across private industries, successful projects for optimizing the customer

Exhibit 2

Customer satisfaction with an experience is directly linked to customer loyalty.

Relationship between healthcare-insurance-coverage satisfaction and renewal



¹% of consumers who rate likelihood of renewing their health coverage within next 12 months as 9 or 10 on scale of 1–10, where 10 is extremely likely.

²Consumer ratings of satisfaction on scale of 1–10, where 10 is extremely satisfied.

Source: McKinsey Cross-Industry Customer Experience Survey, 2015

experience typically achieve revenue growth of 5 to 10 percent.²

Improvements to citizen experience need not come at a heavy cost to operating expenditures or in the form of large capital investment. In our experience, when customer-experience programs are executed systematically, they usually reduce costs or are, at worst, cost neutral. An effective program can identify the experiences that matter most to citizen users, and it will focus investment in areas that improve the experience while demoting, automating, or eliminating operations that customers do not value. Across private industries, successful projects for optimizing the customer experience typically achieve cost reductions of 15 to 25 percent within just two or three years.³

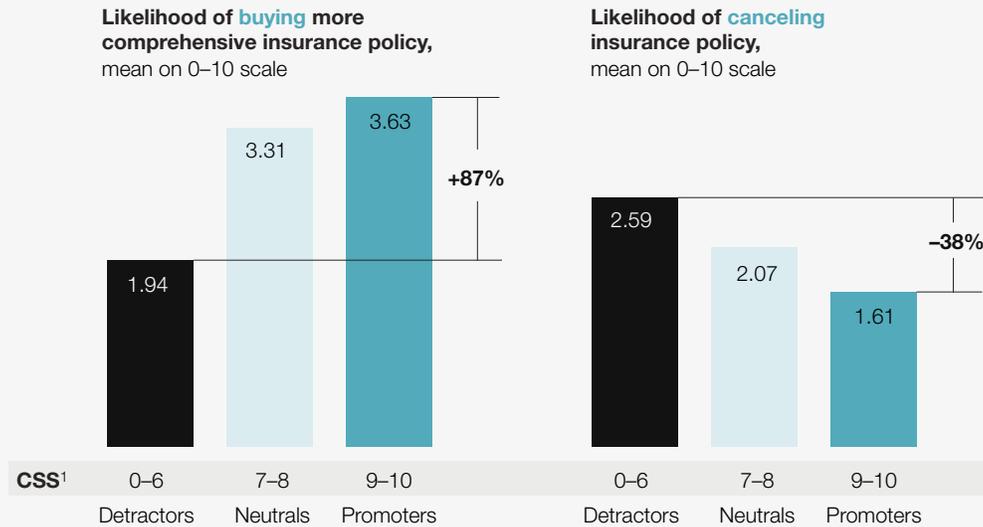
A virtuous cycle

Improving the citizen's experience can also reverse slumping employee engagement at agencies themselves. According to the Office of Personnel

Management's 2016 Federal Viewpoint Survey, satisfaction and engagement of government employees have been stagnant since 2012. In the study, engagement has been flat at 65 percent since 2012, with some agencies scoring as low as 35 percent engaged. The global satisfaction index decreased by about 3 percent, with some agencies scoring as low as 34 percent satisfied.⁴ As with most private-sector companies, it's clear that government agencies struggle to maintain engagement among their workforce.

Superior employee engagement and citizen experience reinforce each other. Studies identify a direct link between employee engagement and a positive customer experience.⁵ We've also found that a program focused on improving the experience and engagement of frontline workers can have a significant positive impact on the customer experience. In our work with clients, we've also found that the reverse is true: a focus on customer experience has an equally important impact on employee engagement and satisfaction. Well-run customer-experience

Exhibit 3 Satisfied customers are more likely to upgrade or add services and are less likely to cancel.



¹Customer-satisfaction score is a measure of customer loyalty that gauges how likely a customer is to recommend a product, service, or organization. Detractors, neutrals, and promoters are categorizations of customers likely to criticize, remain passive, or promote a company's product, service, or organization.

Source: McKinsey Customer Experience Survey, 2016

programs give employees a focus and a common, unifying purpose centered on customers. We've found that most employees, even those who appear to be underperforming, want to do well and deliver a great experience for the customer base, but many lack the tools or skills necessary to live up to expectations.

A thoughtful citizen-experience improvement program can remove workplace barriers and provide employees with the knowledge, skills, tools, and capabilities necessary to do their jobs to the best of their abilities. Finally, we often see that what's good for the customer is also good for the front line. Customer-experience programs aim to reduce complexity, friction, and unnecessary work from customer-facing processes, which also leads to reducing job complexity and improving time allocation and satisfaction. For example, a call center may identify how to segment call volume in a way that reduces or automates responses for low-value requests, so that employees

are free to spend more time solving difficult issues with customers, deliver a great experience, and find more satisfaction in their daily work.

A significant challenge

Government agencies have considerable ground to make up in building a more citizen-centric culture. In recent years, satisfaction with government agencies has been declining. In the January 2015 report of the American Customer Satisfaction Index (ACSI),⁶ satisfaction with federal agencies fell for the third consecutive year and was 6 percent lower than it had been in 2007. Our research shows that federal-government agencies ranked last in customer satisfaction among 11 industries studied (Exhibit 4).

One reason is that, despite agency efforts to improve, private-sector companies continue to raise the bar on customer service—and in so doing, raise expectations of what people will accept in both the private

and public sectors. Within industries, leaders are constantly innovating to improve experiences. For example, JetBlue, a leader in air-carrier customer experience, invests in an immersive-training campus to imbue crew members with its own distinctive brand of customer service. Across industries, disruptors are shifting how people think about experiencing better service. Uber has made hailing a taxi a convenient digital experience, and Airbnb has redefined travel lodging. Through such innovations, citizens come to measure the level of agency service not against traditional government peers but against smooth, personalized, and “always on” experiences they interact with every day.

Keys to improving citizen experience

Our work in both the public and private sectors has shown us that leaders in customer experience have a few things in common, regardless of industry.

The lessons learned from this work can be applied to define a clear process for improving citizens’ experience while achieving success measured against mission, revenue, cost, and employee-experience goals. Metrics and effective habits for leading customer-experience efforts can be gleaned from leading practitioners, and case examples can show how these concepts work in practice. At one large international airport, for example, the results have been dramatic. In a recent video, an airport executive describes this customer-experience transformation.

As noted earlier, improving customer experience begins with a focus on the complete experience a customer has with an agency, as seen from the citizen’s perspective.⁷ That journey has a clearly defined beginning and end, spanning the progression of touchpoints. Citizens don’t know or care who in an agency owns the individual experience of billing,

Exhibit 4 Public-sector services have ground to make up relative to the private sector, when assessed against industry leaders.

Customer satisfaction with industries, average score out of 10

Industry sector



Source: McKinsey Customer Experience Journey Pulse Survey, December 2016

onboarding, service calls, and so forth. From their perspective, these are all part of one and the same journey. The effort of perfecting the most important journeys for customers can be hard, but agencies, by focusing on the task, can provide experiences that make citizens want to engage and continue engaging.

Our work has taught us that the most successful programs of the most successful practitioners have six hallmarks (Exhibit 5). These can be adopted to make significant strides toward a best-in-class customer or citizen experience.

Define a clear aspiration

In large, distributed organizations, a distinctive customer experience vitally depends on a deeply rooted collective sense of conviction and purpose to serve the customer’s true needs. This basic fact must become clear to every employee through

a simple, crisp statement of intent: a shared vision and aspiration that’s authentic and consistent with a company’s value proposition. Many government agencies already can clearly articulate such an aspiration. For example, some employees at the US Department of State’s Bureau of Consular Affairs cite a simple rallying cry they’ve informally adopted: “No missed trips!” Even a three-word statement can capture a genuine and easily interpreted goal that can help focus leadership as well as the front line: the job is not simply to issue passports, it is to make sure citizens safely and efficiently reach their destinations. Such a clearly articulated vision for the experience can be easily translated into a set of simple principles or standards to guide behavior throughout the organization. In this way, large, distributed agencies can synchronize their actions, using the aspiration as a guiding light to steer their daily activities.

Exhibit 5 Six hallmarks of best-in-class customer-experience practitioners can guide improvement efforts.

Hallmarks of great customer journeys



Source: McKinsey analysis

Develop a deep understanding of what matters to customers

Citizens on their journeys hold agencies to high standards: the best services, with no errors, immediately available, procured with the help of high-caliber employees at low prices. How can agencies determine which of these factors are the most critical to the citizen segments they serve? Which are most critical to achieving their stated mission? Understanding the most important journeys and where opportunities exist, citizen segment by citizen segment, helps an agency maintain focus and have the greatest impact on the satisfaction of its citizens and its own performance.

Fortunately, the advent of big data and advanced analytics has helped organizations parse not only customers' opinions about what will satisfy them but also customers' actual behavior related to using the organization's products and services. Similarly, multiple sources reflecting the voice of the customer—including surveys, social media, and the real-time chronicling of the research and purchase experience—can illuminate how well organizations currently are managing their customers' journeys. Once organizations have identified the most important journeys and defined their strengths and weaknesses, the process of redesigning and prototyping can begin. For instance, at the Federal Student Aid program, the Office of Customer Experience identified a steady theme of customer conversations: confusion about the loan-repayment process. Based on the importance of this step in the citizen journey and the broad-reaching nature of the issue, the organization consolidated repayment calculators and began allowing customers to import their loan information directly into the new calculator.

Use behavioral psychology to manage expectations

Leading customer-experience players understand that deftly shaping perceptions of underlying operational improvements in the delivery of

products or services can generate significant additional value. An increasingly effective tool at these organizations is behavioral psychology, used as a layer in the design process. For example, an organization can design the sequence of interactions with customers to end on a positive note. It can merge different stages of interactions so they seem to take less time and engender a feeling of progress. And it can provide simple options that give customers a feeling of control and choice.

One official at the Internal Revenue Service relates how traditional guidance to tax preparers indicated that taxpayers could expect their tax refunds to be processed within two days. Research showed that while that turnaround time was true on average, most returns were processed within six days, and the mismatch between expectations and typical performance led some taxpayers to complain of “delays.” So the agency lengthened its general guidance for wait times and gave taxpayers a way to check the status of their returns. By adjusting user expectations, the agency improved the customer experience, measured as a decrease in complaints and inquiries, with no actual change in processing times.

Use digital and design thinking to reinvent customer journeys

Customers accustomed to the immediacy, personalization, and convenience that define digital “natives” such as Facebook and Google now expect the same kind of service from most of their interactions. Research shows that 25 percent of customers will defect after just one bad experience.⁸

Agencies can realize significant improvements in citizen experience by digitizing the processes behind the most important journeys. Successful examples from the private sector demonstrate quick efforts where multidisciplinary teams jointly design, test, and iterate high-impact processes and journeys in the field, continually refining and rereleasing them

after input from end users. Such methods help high-performing incumbents release and scale major user-vetted process improvements in under 20 weeks. This methodology helps leaders in customer experience speed up their operations.

To achieve similar results, agencies must embrace new ways of working. We see one such example of innovation at the Social Security Administration (SSA). For years, the ACSI has consistently ranked the SSA's Retirement Estimator as one of the government's top online services.⁹ A source of its success was that the program's design and initial development phase incorporated human-centered design techniques. During a three-month period, SSA conducted focus groups and small-group usability testing to iteratively test design assumptions. The testing started with low-fidelity prototypes, building in sophistication with each testing phase, and ended with the final working prototype. The agile "tech company" style of working has resulted in a high-value online service for the SSA's customers.

[Use customer journeys to empower the front line](#)

Every leading customer-experience company has motivated employees who embody the customer and brand promise in their interactions with consumers and are empowered to do the right thing. Companies centered on customers engage them at every level of the organization; employees work directly with them in retail settings, take calls, and get out into the field. In the early years, for example, Amazon famously staged "all hands on deck" sessions during the year-end holidays, a tradition that lives on in the employee-onboarding experience.¹⁰ Some organizations create boards or panels of customers to provide a formal feedback mechanism.

From leading practitioners, we've distilled four simple rules for building a sense of frontline engagement. First, listen to employees and establish mechanisms to address their issues and needs. Next,

hire for attitude, not aptitude; in other words, if you want to provide friendly service, hire friendly people. Interviewing prospective employees in groups, as JetBlue Airways does, is one way to observe how they interact. Then give your people a purpose, not rules, so the company sets clear expectations and lets employees know that it trusts them to do their jobs. Finally, tap into the creativity of your frontline employees by giving them the autonomy to do whatever they can to improve the citizen experience and fix problems themselves.

The National Cancer Institute (NCI) has done some groundbreaking work in customer research to empower their information specialists with the knowledge to do their jobs effectively. Institute leaders realized that in order to meet the needs of cancer patients, they needed clearer insight into the lives of those they were serving. In one innovative initiative,¹¹ the NCI created personas and customer journeys for Hispanic citizens, so the information specialists could better understand the citizens' specific needs when faced with a cancer diagnosis. Each persona included details such as language preferences, where and how citizens primarily accessed their health information, and which treatment questions were likely to be most important to them. These detailed personas provided valuable insight into the lives of patients, helping the NCI web team and call-center agents better publish useful information and answer calls at the NCI contact center with the empathy and care that cancer patients need and deserve.

[To improve constantly, establish metrics and a governance system](#)

The key to satisfying customers is not just to measure what happens but also to use the data to drive action throughout the organization. Leading practitioners start at the top, with a metric to measure the customer experience, and then cascade downward into their key customer journeys and performance

indicators. To move from knowledge to action, companies need proper governance and leadership. Best-in-class organizations have governance structures that include a sponsor—a chief customer officer—and an executive champion for each major kind of cross-functional customer journey. Full-time teams carry out their day-to-day work in the existing organization, because to succeed, the transformation must take place within normal operations. To foster understanding and conviction, leaders at all levels must serve as role models for the behavior they expect from these teams, constantly communicating the changes needed. Formal reinforcement mechanisms and skill-building activities at multiple levels of the organization support the transformation as well.

For instance, the General Services Administration’s Office of Citizen Services and Innovative Technologies (GSA/OCSIT) used a Government Customer Experience Index to jump-start its citizen-experience program. To obtain feedback directly from customers, GSA/OCSIT used the questions from the government’s Digital Government Strategy as a foundation for their survey of the users of the federal government’s official websites, USA.gov and GobiernoUSA.gov, as well as the National Contact Center, and other citizen-facing channels. By analyzing questions that gauged overall satisfaction, ability to complete intended tasks at websites or contact centers, and basic loyalty, they were able to compute a single customer-experience index, which was then used to create action plans addressing critical issues.



Mastering the concept and execution of an exceptionally good citizen experience is a challenge, but it can help government agencies reach new heights against their stated missions, achieve revenue

and cost targets, and improve the overall engagement of their employees. By focusing on the citizen’s overall journey and scientifically applying lessons learned from other customer-experience leaders, public entities can gain significant ground in the satisfaction of the citizens they serve. ■

¹ Although we use the term *citizen*, it is important that for most public-sector agencies, their customers extend far beyond citizens; for example, many noncitizens are US taxpayers, and many visitors to national parks are from abroad.

² See the introduction to Ewan Duncan, Harald Fanderl, Nicolas Maechler, and Kevin Neher, “Customer experience: Creating value through transforming customer journeys,” *McKinsey on Marketing & Sales*, July 2016, McKinsey.com.

³ Ibid.

⁴ Global satisfaction includes satisfaction with job, pay, and organization, as well as a willingness to recommend the organization.

⁵ “The engaged workplace,” Gallup, gallup.com; *Customer experience matters*, “Report: Employee engagement benchmark study, 2016,” blog entry by Bruce Temkin, February 16, 2016, experiencematters.blog.

⁶ “Citizen satisfaction dips, but future looks brighter,” *ACSI federal government report*, American Customer Satisfaction Index, January 26, 2015, theacsi.org.

⁷ See the introduction to Duncan et al., “Customer experience.”

⁸ “The cost of disappointed customers,” infographic, Thunderhead, thunderhead.com.

⁹ “Honors & awards,” Social Security Administration, ssa.gov.

¹⁰ Brad Stone, *The Everything Store: Jeff Bezos and the Age of Amazon*, first edition, New York, NY: Little, Brown, 2013.

¹¹ *DigitalGov*, “Persona development case study: NCI and Spanish language outreach,” US General Services Administration blog entry by Ashley Wichman, March 2, 2015, digitalgov.gov.

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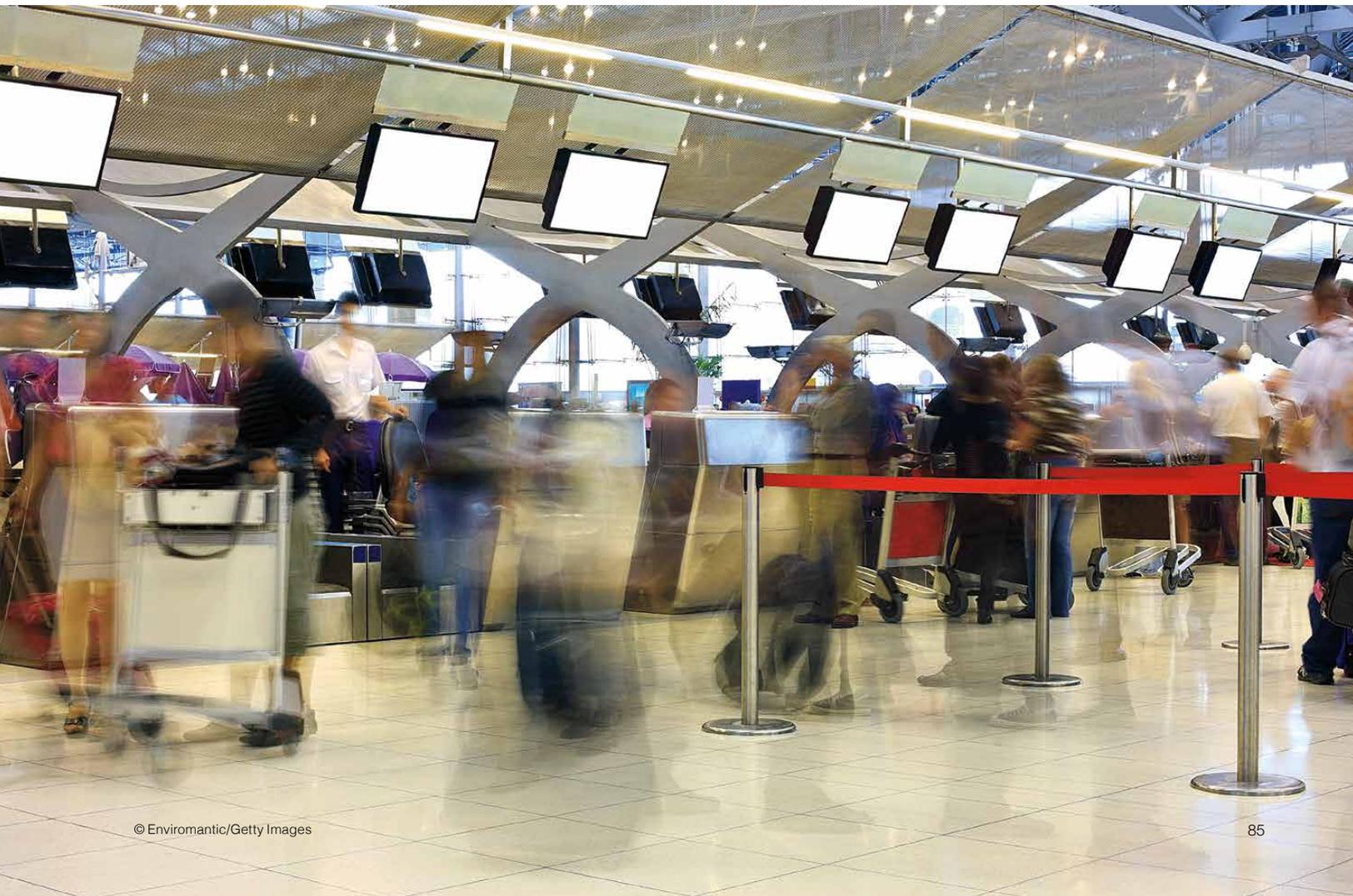
The authors wish to thank Kristin Allstadt for her contributions to this article.

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How customer experience takes flight at the Orlando airport

Is it possible to have a good customer experience in an airport? Domingo Sanchez, a board member of the Greater Orlando Aviation Authority, explains an effort by its CEO and board to do just that.

Ron Ritter



Ask any consumer where he or she finds a good customer experience, and the answer isn't likely to include airports—but that doesn't have to be the case. Domingo Sanchez, a board member of the Greater Orlando Aviation Authority, explains how an effort by the Authority's CEO and board to focus one of the busiest airports in the United States on strengthened customer service can bring airport staff together and improve business in one of the toughest customer environments. This interview was conducted by McKinsey's Ron Ritter; an edited transcript follows.¹

Logical

Airports don't usually focus on customer service—but in my mind, it was the only focus. I'd talked to our executive team about what airports really do. What I discovered was that most of them focus on structurally getting people in and out of the airport, which is the function of an airport. We're not a retail center. We don't sell hats and umbrellas, we don't sell food, and we don't park cars—that's not what we do. We're there as a hub to move people in and out. So the only thing that we could improve upon was the customer experience. The way I explained it to them, when they asked "Why is this important to you," was that the only thing we do is figure out how to make people feel better about being in the airport.

We're the vacation capital of the world. What I recognized was that all of our stakeholders throughout Orlando were engaged in these customer-service initiatives. Why shouldn't the gateway to Orlando, which is the Orlando airport that pushes 43 million passengers through Orlando every year, be focused on this? So we had to figure that whole thing out.

For me it wasn't an epiphany on why it was important to have customer service, it was just logical. How can I as a board member create big impact for our passengers and for our employees? And so this was the initiative they decided to pick up on.

Now boarding

So how did I get everybody on board with this initiative? It was a challenge. We had to figure out how to get everybody engaged, not only from a community standpoint but also from a political standpoint. And so, frankly, I spent a lot of time meeting with stakeholders and talking to our leadership, getting them to understand why this was important—not just for our current operation at the airport but also for the south terminal, which is a big project.

The south terminal is a \$2 billion expansion. We're adding 16 new gates and a new intermodal station. We're going to have light rail from Miami to Orlando, direct. So what I had to do, to prove to the board and the community that it was important, was two things.

Number one, we had to make the statement "It's important to do this because of the way people feel." That's number one. But we also had to make a strong business case on why this made sense for us to do. Why would we want to invest \$5 million annually in customer experience, in an airport that's been in existence for the past 40 or 50 years?

I thought one of the funniest things that we found was the fact that people at the Orlando airport, the passengers, value clean bathrooms. They didn't focus on TSA wait times, they didn't focus on retail. What they wanted was to get off a plane and to have world-class, clean, nice bathrooms. So that was a funny thing that we went through.

Training was critical when it came to creating community and a culture to help drive customer experience. We focused on how to effectively train all 18,000 employees. We made it simple. We figured out that if we could get all 18,000 employees to do five simple things—whether it was looking people directly in the eye and smiling, picking up trash, or focusing on safety, for example—five simple things that we came up with started to create a culture change and a feel of the airport that was focused on customer service.

One of the things I discovered was that it would be easy to teach somebody to smile and be pleasant. But if your bags are two hours late coming off the airplane, it doesn't matter how big the smile, you aren't happy. And so we had to fix both of those elements.

So we had to look at it from an operational standpoint, and then from a people-interaction standpoint. What makes this process work, number one, obviously, is getting leadership to buy in. And we did things. We hired a customer-service director, which the airport had never had. We established a nice \$5 million budget to do only customer initiatives that were really important.

We provided the team with a lot of flexibility to reward our partners and our employees within the organization, to encourage the customer experience. So there are a number of different things that we did—and the list is quite long—to focus on customer engagement.

Being digital

Digital is probably certainly in the top three most important things to get right when it comes to customer experience. Early on, what we discovered was that we didn't have a lot of data on our customers. And so we went through this initiative where we "Bluetoothed" the whole airport—there were these little Bluetooth pods everywhere.

What we were able to discover is a number of different things: where the customers are dwelling, where they are going, where they are hanging out, where they are headed to, and how long it takes them to get to certain destinations. From a digital standpoint, it gave us so much information. It was overwhelming, the tools that we were able to produce because of that information.

What we discovered with social media was that, as long as we respond to our passengers, it ends up being more of a positive experience. Before we weren't even responding. We would get a critical comment or somebody would say something, and it would be radio silence. And so we've implemented a program where social media is on the forefront of everything that we do.

A long runway

I think what's improving in customer service right now with airports is people are starting to notice. People are starting to be aware of what their experiences are, whether those experiences are inside the community or inside the airport. People are starting to take notice. I think that there's a long runway, no pun intended, on the customer experience.

I think it's going to continue to improve as we start to mature through this process. Because we're still very young at it. The biggest hurdle is that it's always

“What we discovered with social media was that, as long as we respond to our passengers, it ends up being more of a positive experience.”

changing. That's probably the biggest challenge: that we have to think about it on a daily basis. We have to think about it from a strategy standpoint every three or four months.

What do we need to change? What do we need to improve? It's an ever-evolving process. It's almost like its own living organism. It's not something that's static, that you just do and you're done. People that are industry leaders in airports, and executives—if I had to give them a little bit of advice, number one, work hard on getting buy-in from your leadership team, which can be a challenge sometimes.

But once you have it, don't stop there. You have to create momentum. Customer service is cultural. If you have a small glimpse, just a small glimpse of that culture, then you need to capitalize on it and make sure that you get the train going down the rails. That's number one.

Number two, take big steps initially. Hire the customer-service director. Give her a robust budget. Show her that this is not only important to the customer but that it's also personally important to you. And be a driver for the initiative. ■

¹ For more, see the full video interview, "How customer experience takes flight at the Orlando airport," February 2017, on McKinsey.com.

Ron Ritter is a partner in McKinsey's Miami office, and **Domingo Sanchez** is a member of the board of the Greater Orlando Aviation Authority.

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Avoiding the seven deadly sins of customer-experience transformations

Efforts to improve the customer experience can deliver tremendous value, but temptations that can undo good intentions lurk in any change program. Resist seven common missteps.

Ewan Duncan, Kevin Neher, and Sarah Tucker-Ray



Many businesses are coming to understand that, increasingly, how an organization delivers for its customers is as important as what product or service it provides. But for companies looking to make the customer experience a strategic priority, adopting a customer-centric mind-set can be a struggle. Like many change programs, customer-experience transformations often fail to meet expectations. That's not surprising: they require employees to change their mind-sets and behaviors, and an organization to make cultural changes and rewire itself across functions, with the customer's needs and wants—rather than traditional organizational boundaries—in mind.

Our work with organizations of all types has enabled us to study the differences between successful and failed customer-experience transformations. Over the years, we have distilled seven sometimes fatal mistakes—the “seven deadly sins”—which can take a number of forms: lapses in vision, misguided investments, and design errors, for example. Understanding how to recognize and avoid them can dramatically improve the likelihood that your organization will reap the benefits of a customer-centric transformation.

1. Myopia



Many managers enter a transformation with no real vision for the organization's future state. Instead, they have a general desire to improve the customer experience and rush into action very quickly, before defining a more specific vision. Targets are often vague, devoid of aspiration, and lacking in specificity—a reflection of an underlying fear of failure. Managers communicate broad, operationally anchored goals and praise marginal results instead of inspiring a powerful vision for the future. Leaders may also prioritize the wrong areas of focus, wasting time setting targets for parts of the customer journey that don't have a real impact.

Great organizations instead spend significant time up front to define a clear, compelling, personal, and ambitious aspiration, which doesn't necessarily involve becoming a customer-experience leader. Depending on the context, it may make sense for a company to aim at having a best-in-class customer experience or to improve the baseline but not invest in a full transformation.

A leading travel company, for example, spent the first two months of its transformation defining a five-year vision for improving the customer experience. It worked methodically, customer journey by customer journey, to define goals—not only operational-performance metrics but also how the organization wanted its customers to feel. A road map, posted prominently around headquarters and in frontline locations, displayed the aspiration for individual journeys. (One senior manager told us that viewing the road map “helps me remember what

we're trying to do here.”) Senior leaders were often found bringing their future-state vision to the attention of staff passing by. The call to action inspired by the forward-looking vision touched employees from the C-suite to the front line. The vision was ambitious, but management had concluded that an inspiring look into the future was necessary to make sure the transformation launched successfully.

Some organizations have an even more detailed focus: on specific kinds of customers whose experience they wish to improve in order to set aspirations and change operations, mind-sets, and behavior.

To direct the energies and commitment of employees, for example, the US Department of State's Passport Services Directorate (responsible for issuing and renewing passports) informally adopted a concrete, concise, and personal mantra of “no missed trips” for passport applications. The effort has mobilized the workforce and shown it how individual activity connects to broader goals and purposes. The large German insurer Allianz set a bold vision to achieve true customer centricity throughout the organization in order to bring together otherwise disparate business units. The vision can be bold and long term, but for employees to embrace it requires that it be understandable, meaningful, and relevant.

2. Indifference



Many a customer-experience transformation fails because it doesn't become a top-three priority for the CEO or the top team. Without their support, securing cross-functional alignment is difficult, and transformations lose momentum when internal resistance or apathy materializes.

The odds for success improve when engaged leaders role-model the new behavior and ensure integration across internal silos. One HR-management company faced nontraditional competitors entering its market. Research showed that customers sought more personalized solutions outside the current offering. Leadership therefore decided to differentiate the business by focusing on the customer experience, setting bold goals to improve it while raising employee morale and reducing the company's cost to serve (a critical step given growing pressure on pricing). As a signal of alignment, the CEO pulled an emerging leader out of a continuous-improvement role and visibly elevated her into a new customer-experience one. A cross-functional mandate and top-level support helped the organization to increase its productivity by 40 percent, raise its market share, and improve employee satisfaction through empowerment and coaching.

In the United Kingdom's tax department—Her Majesty's Revenue and Customs—leaders indicated a renewed focus on the customer by acting quickly to rename job titles and role descriptions: the director general, business tax, became the director general, customer strategy and tax design, while the director general, enforcement and compliance, became the director general, customer compliance. Leaders are focusing on improving customer experience and in parallel are redesigning the organization's physical footprint to match a new channel strategy.

3. Worthlessness



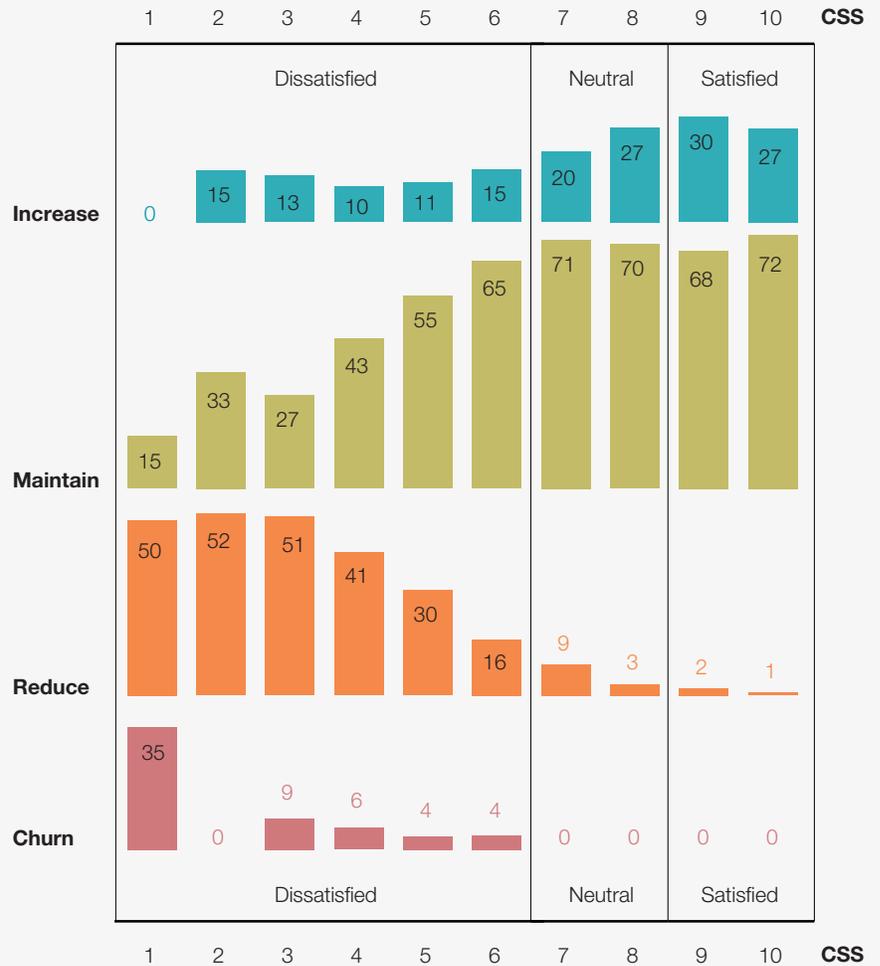
Many organizations launch programs to transform the customer experience with no sense of what a better one will be worth and therefore no way to judge potential initiatives. Leaders of such a transformation will find it hard to secure sufficient resources for needed investments if they don't have evidence that their efforts will generate business value. More than ever, gimlet-eyed chief financial officers demand a business case for even the smallest changes. And if the CFO isn't on board, your transformation effort will probably come to a halt. Building the link to value is possible, before any action has been taken, by using customer research and operational data to link satisfaction with the customer experience to outcomes of financial interest, such as loyalty, customer churn, and revenue. This analysis will provide the foundation to know what each point of satisfaction is worth.

One telecom provider directly linked customer satisfaction with customer churn by establishing a link between a likelihood to cancel Wi-Fi service and customer-satisfaction scores: satisfied customers were three to four times less likely to churn¹ than unsatisfied ones. However, the company also learned that it would have only a limited benefit from pleasing already-satisfied customers, so it focused on reducing the dissatisfaction of those with lower scores. A public-transportation company established a link between the customer experience and revenue growth: it found that satisfied customers were more than twice as likely as dissatisfied customers to increase shipping volumes (Exhibit 1). Mission-driven organizations, including governments, can also benefit from creating a better customer experience, as improvements in mission outcomes, employee engagement, financial outcomes, and societal benefits (like trust in government) show.

Once a link to value is established, a leadership team needs to understand where it is worthwhile to expend effort—what actually matters to customers and can drive value. Building a business case for improving the customer experience is a challenge.

Exhibit 1 A transportation company's more satisfied customers reported a greater willingness to increase their volumes.

Customers' anticipated account-volume changes, customer-satisfaction score (CSS),¹ 2016, %



¹Customer-satisfaction score is a measure of customer loyalty that gauges how likely a customer is to recommend a product, service, or organization.

Note: Original question polled: "How likely are you to make the following changes with regard to your service from [company] in the next 12 months?" (n = 1,500+).

Source: 2016 Journey Pulse survey, customized

4. Heedlessness



Many customer-experience transformations begin with the top team’s assumptions about what matters. Are these leaders overly weighing the voices of a few dissatisfied, highly vocal customers who are “squeaky wheels,” or are they seeing the world through their own experience as customers? Some organizations set out to “boil the ocean,” transforming all parts of the business at once. They therefore spend significant time and money on things that, in the end, don’t matter to customers.

Others approach customer-experience transformations as an operational problem. Instead of viewing the experience through the customer’s eyes, these executives want to learn which pain points exist now and whether they reside at particular customer touchpoints, such as a call center or a point of sale. Even surveys and other traditional ways to generate meaningful insights can come up short—many customers can’t articulate what is most important to them and often answer questions inconsistently.

Successful transformations therefore tend to start with a rigorous attempt to identify those things that matter most to customers. Such efforts establish a clear understanding of where improvements in the customer experience can create value across the organization—financial returns, operational efficiencies, and improved employee engagement and outcomes. Our research shows that two factors stand out in understanding what matters to customers:

1. *Measuring customer journeys instead of touchpoints.* Cross-industry research has demonstrated that journeys—or the customer’s end-to-end experience of buying a product or service—tend to predict overall satisfaction much more accurately than customer satisfaction with individual touchpoints. In fact, the end-to-end customer-experience metric predicts overall satisfaction and willingness to recommend twice as accurately as touchpoints do.
2. *Using imputed importance to analyze survey responses.* While it might seem logical to ask customers directly what matters to them, we find that imputed importance predicts overall satisfaction much more accurately. To define what matters in this way, organizations first analyze which journeys are most important for overall satisfaction and which elements of those journeys (such as courtesy or speed of service) predict overall satisfaction best. Then, within a journey, techniques like Johnson relative weights² and other regression analyses can identify the areas most likely to improve overall satisfaction.

These methods allow companies to take a targeted, hypothesis-driven approach to a customer-experience transformation. They can then determine

what matters overall by combining imputed importance, the number of customers touched, the priority level of the customer segments involved, and alignment with broader strategic objectives. It is critical to couple these statistical techniques with ethnographic research to build a fuller picture of what matters, especially in settings where statistical techniques may come up short.

From our research we see that the customer journeys that matter vary notably across frequent and infrequent travelers. Items such as “travel inspiration”—such as destination and flight searches as part of pre-trip planning—and the arrival process matter more to frequent travelers.³ By contrast, the way some airlines perform on boarding and in-flight service matters more to infrequent ones, who in general are less satisfied (Exhibit 2).

Exhibit 2 Frequent flyers are more satisfied than infrequent ones across all customer journeys.

Traveler satisfaction and importance by customer satisfaction,¹
 for ● frequent and ● infrequent fliers

- Journeys**
- a. Travel inspiration
 - b. Shop and book
 - c. Prepare for travel
 - d. Boarding and in-flight
 - e. Getting to airport
 - f. Airport experience
 - g. On trip and arrival
 - h. Post-trip
 - i. Lifestyle engagement



¹Customer-satisfaction score is a measure of customer loyalty that gauges how likely a customer is to recommend a product, service, or organization.
²Satisfaction based on % of respondents with journey customer-satisfaction score of 9 or 10 on scale of 1–10.
³Journey importance calculated using Johnson-relative-weights tool, with journey satisfaction as independent variable and willingness to recommend as dependent variable. Infrequent fliers = 1–4 round trips, frequent fliers = 5 or more round trips.
 Source: McKinsey Airline Customer Satisfaction Survey, June 2016 (n = 312 frequent fliers and 1,581 infrequent fliers)

5. Imbalance



Sometimes, customer-experience transformations collapse even when executives have correctly determined what matters to customers, defined a good target, articulated a clear link to value, and provided strong support. In these cases, the culprit is often a loss of momentum from a project's failure to have an impact in the short term.

Many leaders focus on long-term changes or holistic service redesigns and don't expect any financial impact from them for two to three years. Employees may become frustrated during this period and disengage, while customers may decide to take their business elsewhere. Moreover, leaders may focus exclusively on the top-line impact—revenue from increased loyalty and reduced churn—to the detriment of equally powerful cost levers, including cost to serve. Great customer-experience transformations include a balanced portfolio of initiatives (long and short term, revenues and costs) to show success early, sustain momentum, and learn over time.

One major US airport, pursuing a multiyear passenger-experience redesign, paid attention specifically to quick wins. One example was to get rid of the moving sidewalks—the customer-experience diagnostic exercise revealed that they were used primarily by employees and were not particularly important to passengers. The maintenance and operational teams jumped at the chance to remove the moving sidewalks, which were expensive to maintain and required frequent attention. Similarly, the merchandising and retail leaders saw a potential for increased sales in having more passengers walking alongside storefronts.

Removing the moving sidewalks turned out to be a quick change that eliminated costs and increased revenues, building support for the transformation and generating money for reinvestment elsewhere in the program. What's more, a survey of customers found that what they wanted most was not a dramatic service redesign but consistently clean bathrooms. The airport could work to overdeliver on this preference and rapidly improve customer satisfaction. As a result of the overall portfolio of initiatives, the airport jumped from 11th to 5th place in US airport customer-experience rankings—the biggest one-year jump of any airport.

For one executive's perspective on related challenges, see "How customer experience takes flight at the Orlando airport," on page 85.

6. 'Fractionalism'



A lot of managers think about the customer experience very narrowly, focusing only on individual issues and forgetting about the overall system for delivering value. Some excel at designing specific kinds of interactions with customers but ignore the fuller experience, both before and after purchase. Others forget to look at operations through the customer's eyes. Many build measurement systems and focus only on reporting and tracking, underestimating the importance of the internal cultural changes needed to achieve and sustain a new approach. The belief that top-down management, supported by measurement alone, will improve the customer experience is a common mistake of these transformations.

Our research shows that up to 70 percent of all organizational-change efforts don't meet expectations, because of resistance from managers or other employees.⁴ We believe that successful cultural change relies on four factors. To be sure, one of them is formal measurement and performance systems. But employee involvement, role modeling from leaders, and clear explanations of why change is necessary are important, too. Great transformations work across all four at once and spend as much time on the "soft stuff" of culture change and communication as on the "hard stuff" of performance management.

A leading pay-TV provider, for example, doubled its customer-satisfaction score and achieved a number-one industry ranking through a holistic approach to change, focusing relentlessly on culture. With 20 million customers in the United States, the company faced intensifying competition from traditional and nontraditional players, in an industry with negative customer satisfaction ratings. Leadership made it a strategic priority to break out of the industry's patterns and use the customer experience to differentiate the company. By pursuing a comprehensive change program, these leaders enthroned the voice of the customer across the organization.

First, the company built an analytics capability to understand what matters to customers and empowered the front line through lean management and continuous-improvement training. Teams of employees redesigned multiple end-to-end customer journeys, becoming change agents and trainers for other members of the staff and helping to develop an ongoing improvement system, including a test and learn lab. Overall, the company not only improved the customer experience dramatically but also reduced call volumes by 12 million calls and customer escalations by 20 percent, with significant cost effects.

7. Orthodoxy



Leaders seeking to transform the customer experience may look only to traditional or even outdated techniques, without understanding the power of cutting-edge design and digital capabilities. When companies fail to consider opportunities from design thinking—shorthand for a problem-solving process that includes several components—they may not succeed in transforming identified customer pain points, in particular, by learning from other experiences and industries. And without digitization, leading companies may lose value because they do not pursue automation vigorously or make their processes sufficiently seamless.

Great organizations apply the tools of human-centered design to create distinctive customer experiences and separate themselves from the pack. Companies can apply these tools equally across product, service, and digital experiences. From call-center scripts to the replacement of printer ink, great customer experiences build loyalty, which drives growth and generates competitive advantages.

For starters, it's necessary to really understand customers and their needs, to infuse that sense of empathy into the entire organization, and learn how to use it in decision making. A prototyping mentality helps your company iterate toward success by testing and learning with real customers. The company must work toward final products, services, and experiences that delight them—not only through aesthetics but also through other end-customer values, such as speed, simplicity, or connection to other experiences. Design thinking reflects insights from behavioral psychology, which can help to improve the customer experience with small tweaks to journeys and touchpoints.

The best-in-class use of digital technology includes the end-to-end reimagining of what really does and does not require human interaction, as well as building predictive, anticipatory, and seamless customer interactions. A top property-and-casualty insurance carrier, for example, wanted to improve the way customers experienced its claims process, to make the most of its adjusters' time, and to reduce the number of calls to service centers. The insurer used a customer-centric, design-thinking approach to redo its digital claims process:

- Predictive analytics segmented customers and enabled digital tools and call-center agents to base the personalization of services on personality characteristics and preferences.
- A redesigned claims tracker kept customers informed of the current state of their claims while proactively providing information on what would happen next.

- A simple, rapid-feedback interface enabled customers to let the insurer know, at all times, how they were feeling about the process so the company could quickly address issues along the way.

By analyzing the interactions throughout the service ecosystem—that is, by taking a holistic journey approach—the insurer created a seamless digital experience out of what had previously been a disconnected mix of off- and online interactions.

To redesign the customer-facing security experience, a public-safety agency of the US federal government took a proactive approach to building empathy, paired with a traditional hard analysis of the effectiveness of its security systems. Its empathy-building activities included conducting a series of focus groups with core customer segments to understand their wants and needs, multiple site visits to experience the process first hand, and interviews with line employees to gather feedback and take suggestions for improvement. Once a new process had been designed using the lenses of empathy, effectiveness, and efficiency, the agency built prototypes to test the design with real customers and to bring stakeholders into the process, solicit feedback, and make updates in real time.

The opportunities in transforming customer experience—higher profits, more loyal customers, more engaged employees—are numerous. Knowing and resisting the temptations that will lead a change program astray is a good place to start. ■

³ McKinsey Cross-Industry Customer Experience Survey 2016.

⁴ Carolyn Aiken and Scott Keller, “The irrational side of change management,” *McKinsey Quarterly*, April 2009, McKinsey.com; and Carolyn Aiken and Scott Keller, *The inconvenient truth about change management: Why it isn’t working and what to do about it*, McKinsey & Company, 2008.

¹ Defined as canceling subscriptions in the next 12 months.

² Derived importance tracks the relationship between overall satisfaction with the customer experience and satisfaction with its individual aspects to understand how closely one predicts the other. Johnson-relative-weights (JRW) analysis distinguishes the relative impact of individual predictor variables (even when they are colinear) on the overall outcome. JRW produces a ranked list of driver variables that are statistically distinct from other drivers and predictive of overall outcomes.

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June 2017

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