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YOUR FRONT-LINE NEEDS A LIFE-LINE

CUSTOMER EXPERIENCE





CUSTOMER EXPERIENCE
ISSUE #2



Drowning in a sea of sameness

Customer Service: we've all been there. Stopped in your tracks, let down, made to frown. Passed from Pilar to Paul, faceless, nameless agents blocking your way with the same old lines, hands tied by red tape process.

It's no surprise that even the prospect of picking up the phone is enough to get anyone's pulse racing. Frustrated.

Imagine, then, being on the receiving end of those frustrated customers, day in, day out.

The digital world is making us more connected and more demanding than ever before. In a consumer-driven age where you can swipe right for a new husband, or tap twice to turn on your heating, we all want easy access to great service – and we want it now.

As a business, it's a difficult landscape to navigate.

As a customer-centric brand, you're caught in stormy waters.

You've invested in technology and advertising to help you make promises to your customers. You have apps for convenience, algorithms for activity, data for decisions. But, when things go wrong, it's down to your people to keep the promises technology can't keep.

To help your customers, you need to invest in your people. Your front-line needs a life-line.

The good news is we're wired to be social, and we crave connection. That's why we believe in a brighter future for Customer Experience. A future where robots enable us and humans delight us.

Forward-thinking organisations see things differently too. They're bringing their front-line people closer to the heart of their business.

A new wave of 'Human Connection Centres' are being nurtured. The best service brands are evolving customer 'life-support' systems that create emotional connections, strengthen bonds of loyalty, and do so in a way that's unique to their brand.

'Human Connection Centres' unshackle your people from the binds of process. Your employees are empowered to provide straightforward resolutions to your customers' problems. Simply put, they are free to do their job. Sorted.

Here, your managers are more than managers, and your employees are more than employees. They are a seamless team of life-savers and coaches, working together for your customers.

The result is a host of ambassadors that your brand can be proud of.

It's time to get emotionally connected. To connect with your employees, connect with your customers – and get your brand's heart beating again.

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Connecting with Customers? A technical problem

It's difficult to identify the exact moment in time when technology became all-consuming.

The digital age crept towards us gradually, then all at once. In a world where technology is exponentially increasing in its capabilities, organisations need to adapt alongside this ongoing evolution to remain relevant and to survive.





Only

12%

of the Fortune 500
companies from 1955
are still in business.
Last year alone, 26%
fell off the list¹

¹ Erica Volini, Pascal Océan, Michael Stephan & Brett Walsh, Deloitte 2017 Global Human Capital Trends: Rewriting the rules for the digital age (Deloitte University Press, 2017)

In his book, 'Exponential Organizations' Salim Ismail, explores the magnitude of the task facing businesses that seek success in the future.. Other areas in society are keeping pace and consumers are adapting relatively quickly to technological advancements. Technology makes life easier, so, as identified by Deloitte, it's 'not surprising the companies and brands that provide the tools for navigating modern life are the ones faring best²'.

When it comes to our personal experience, work experience, or customer experience, technology is a tool. As the Canadian pioneer of media studies, Marshall McLuhan, put it: 'We become what we behold. We shape our tools and then our tools shape us'³. Technology is shaping our behaviour, and our behaviour is shaping technology. This changes what's possible.

"We become what we behold. We shape our tools and then our tools shape us"

- Marshall McLuhan

In this new world, customers have more power and choice than ever before. But, for many brands the objective remains the same: creating exceptional customer experiences, delivered consistently, across every channel, every time.

In an article published by the Harvard Business Review, Alex Rawson, Ewan Duncan and Conor Jones demonstrate how organisations that can skilfully manage Customer Experience reap significant rewards: better customer satisfaction, reduced churn, increased revenue, and greater employee satisfaction⁴. Another report that examined customer trends up to 2020 suggests that the most successful companies will be 'those that consciously and deliberately work at

anticipating the future needs and create an experience that customers value⁵.

Customer Experience is a crucial success factor for any business, large or small. According to a 2012 qualitative and quantitative study of CEOs and Customer Experience experts, Customer Experience will overtake price and product as the key brand differentiator by the year 2020. The same survey suggests that 86% of customers will pay more for a better Customer Experience⁶. Poor Customer Service will result in loss of business, but good Customer Service can lead to increased loyalty and customer retention.

2 Erica Volini, Pascal Ocean, Michael Stephan & Brett Walsh, Deloitte 2017 Global Human Capital Trends: Rewriting the rules for the digital age (Deloitte University Press, 2017)

3 Marshall McLuhan, Understanding Media: The Extensions of Man (MIT Press, 1994)

4 Alex Rawson, Ewan Duncan & Conor Jones, The Truth About Customer Experience (Harvard Business Review, September 2013), <https://hbr.org/2013/09/the-truth-about-customer-experience>

5&6 Leslie Pagel, Customers 2020 (Walker Information, 2012)



In the United States, the estimated cost of customers switching due to poor service is \$1.6 trillion⁷



86% of customers will pay more for a better Customer Experience⁸

So, what does it take to move a customer from ‘satisfied’ to ‘connected’? Writing in HBR, Alan Zorfas and Daniel Leemon argue that successful brands are those that are connecting with consumers’ ‘fundamental motivations and fulfilling their deep, often unspoken emotional needs.’ They refer to a host of emotional motivators

that include ‘a desire to feel a sense of belonging, to succeed in life, or to feel secure’⁹. Additionally, an Accenture survey of almost 25,000 consumers in 33 countries and across 11 industries showed that, even in the digital age, human interaction remains a vital component of customer satisfaction¹⁰.



7 Accenture Strategy, Digital Disconnect in Customer Engagement (Accenture Global Consumer Pulse Survey, 2016)

8 Leslie Pagel, Customers 2020 (Walker Information, 2012)

9 Alan Zorfas & Daniel Leemon, An Emotional Connection Matters More than Customer Satisfaction (Harvard Business Review, August, 2016), <https://hbr.org/2016/08/an-emotional-connection-matters-more-than-customer-satisfaction>

10 Accenture Strategy, Digital Disconnect in Customer Engagement (Accenture Global Consumer Pulse Survey, 2016)

71%

of British consumers prefer dealing with human beings¹¹

However, the robots are here to stay.

Artificial Intelligence is helping to improve customer experience in ways we could, until recently, not have imagined. But, humans still want humans with hosting intelligence. In the new world of Customer Experience, robots and humans work together in beautiful harmony; one creating simplicity and instantaneous solutions, the other providing a meaningful, empathetic connection.

So, what should businesses do? How do you strike a balance between tech and human? How can you keep customers afloat – even buoyant – in this digital, opti-channel age?

First of all, we need to be realistic about the demands we make on our front-line people – the more technology allows us to self-serve the transactional stuff, the more we need from a human when we meet a human. As employers, we are asking our front-line to be superhumans. We expect bulletproof, mind reading, problem-solving life-coaches with humanitarian superpowers to perform immediate triage on our customers' daily life emergencies. And often for little more than the living wage!

Let's not take that too lightly, it's a big ask. Providing a life-line for our front-line means investing in the humans who provide the human touch for our customers, and making that investment proportional to the investment we make in developing the robots. In short, 'customer first' is an outdated notion that must be replaced with an organisational mind-set of 'employee first'.


So, let's turn now to the human question.

11 Accenture Strategy, Digital Disconnect in Customer Engagement (Accenture Global Consumer Pulse Survey, 2016)



Connecting with Employees

Find harmony
with humans



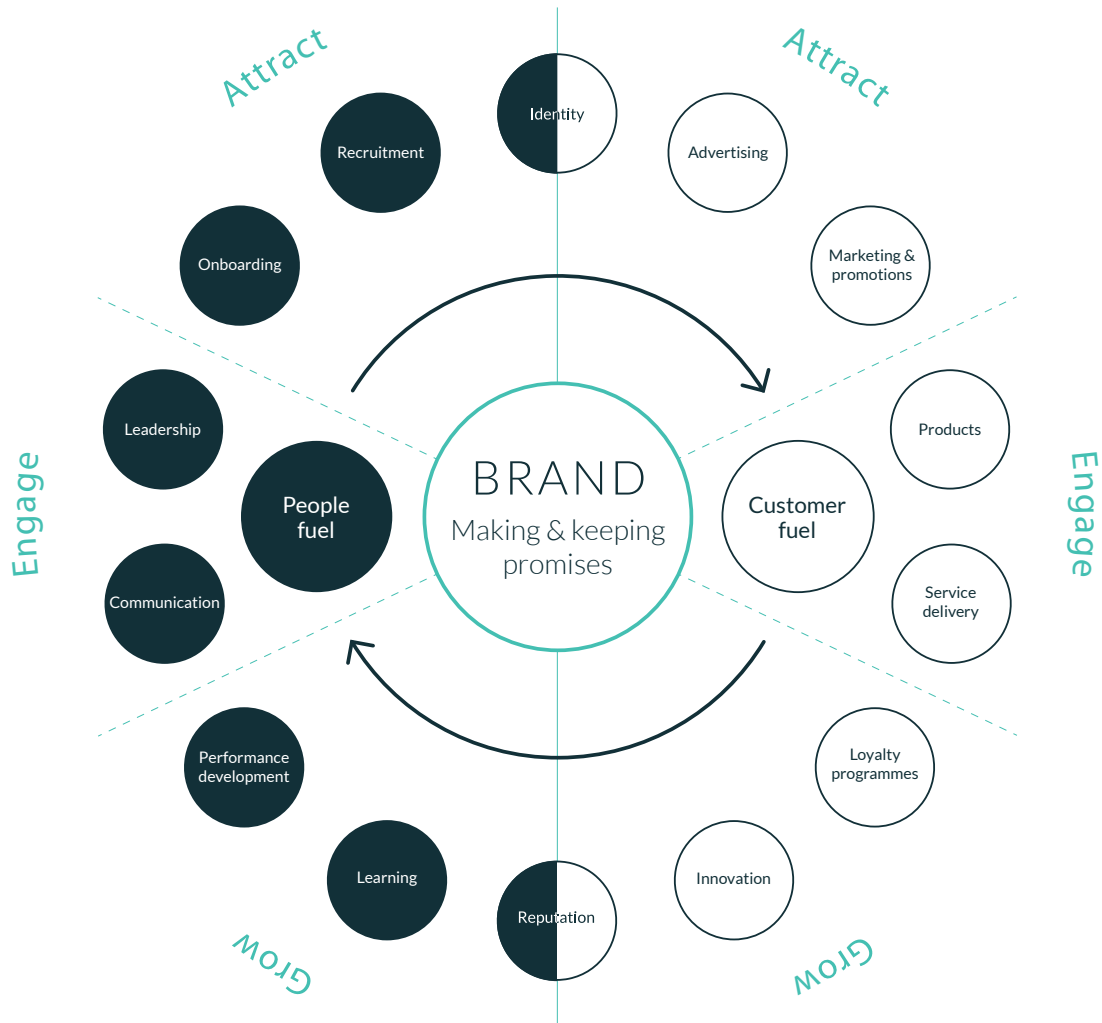
Not all businesses are evolving at the required rate. Many are making smaller linear steps which may prove detrimental to their longevity. Frederic Laloux, author of 'Reinventing Organizations' reflects that 'business practices of corporate planning, organizational structure, job design, goal-setting, and management were largely developed in the industrial age, and companies must constantly revise them to keep up.'¹² And keep up they must – rapid advances in technology are driving the expectations of today's consumers.

At NKD, we believe the solution lies with humans. We think that exceptional Customer Experience is dependent on your brand culture. A positive brand culture enables a positive Customer Experience. Adopt the 'employee first' mind-set. Connect with your employees, treat them well, and they will put the customer first for you. Of course, it's not always easy to find harmony with humans – to keep the promises we make. But, that shouldn't stop us aiming to build a distinctly human-centred brand culture.

NKD's Living Brand Model shows the basic framework of the 'tangible things' a business can do to enable employees to keep the promises the brand makes to customers.

¹² Frederic Laloux, *Reinventing Organizations: An illustrated invitation to join the conversation on next-stage organizations* (Nelson Parker, 2016)

CUSTOMER EXPERIENCE

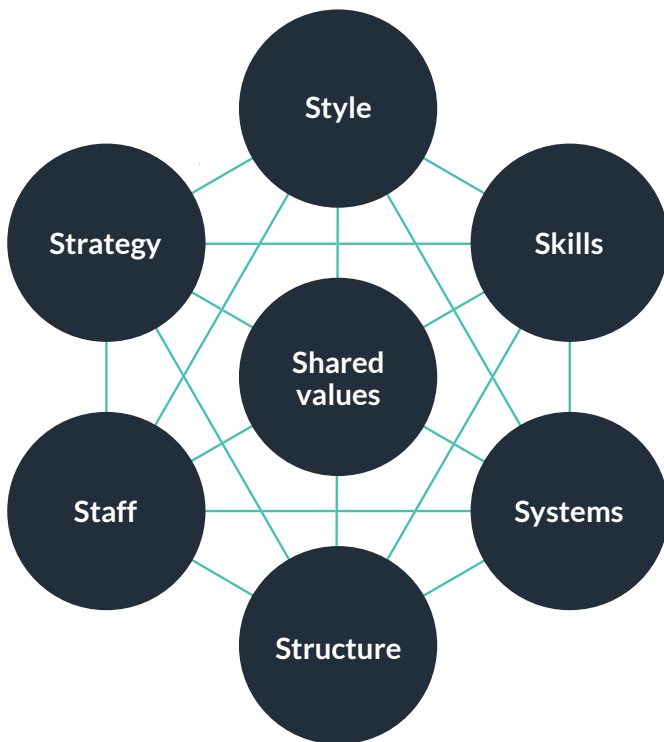


This diagram is useful for understanding where a desired culture is being supported or undermined. But, like Customer Service, it is just a load of balls unless you apply human intervention. We have to look at the space between the balls too – that’s the intangible stuff of ‘culture’. Culture is made up of habits, rituals, stories, conversations, behaviours, memories, perceptions, reactions – the real day-to-day experiences of work, the highs and the lows. These are the things we feel but cannot always define – and certainly can’t design – but over which we have the power to influence.

At NKD, we help brands transform their Customer Experience by getting under the skin of their culture and working out how to nudge it in the right direction. We want to create workplaces where the experience for employees reflects the experience we create for customers. And remember, as Zorfas and Leemos suggest, aiming for satisfaction is not enough.

When it comes to customers and employees, emotional connection matters much more.

NKD recently conducted Discovery with a global retail brand. We spoke to staff at all levels, observed customer service in multiple locations and settings, and explored back-office support. Our conclusion there, as in many organisations we’ve worked with, was that Structure and Strategy makes limited difference in an established business with a deeply ingrained culture. Of course, Structure helps you get people in the place where they have most influence, and Strategy gives companies clarity of direction and the permission to invest in the right systems to make employee and customer lives better. But, as McKinsey’s 7-S model shows, it is the relationship with Shared values, leadership Style, Staff and their Skills that makes a difference to culture.



The seven components of the McKinsey 7-S model are:

- 1. Strategy:** the plan developed to maintain and build competitive advantage over the competition.
- 2. Structure:** the way the organisation is structured and who reports to whom.
- 3. Systems:** the daily activities, processes and procedures that employees engage in to get the job done.
- 4. Shared values:** these are the norms and standards that guide employee behaviour, general work ethic and corporate actions.
- 5. Style:** the way the company is managed by top-level managers and the style of leadership adopted.
- 6. Staff:** the employees and their general capabilities.
- 7. Skills:** the actual skills and competencies of the employees working for the company.

So, to change Customer Experience we have to change the Employee Experience. That means focusing on purpose, power and prowess – embedding shared values, re-energising leadership and training employees in the human and business skills required for the future (which is already here). It's not just about leaders translating strategy into human language and meaningful action for their people – although this storytelling and support is vital. At NKD, we also help businesses to have the right conversations, and embed the right feedback loops across the

organisation so that employees and customers have a voice. That way the 'strategy' becomes a collaborative, changing 'process' rather than a set of written words, repeated in internal communications. It becomes a process whereby front-line employees provide a life-line to leaders by contributing to the strategy, shaping the decisions businesses make in service of their customers, and feeling personally invested in the success of the brand.

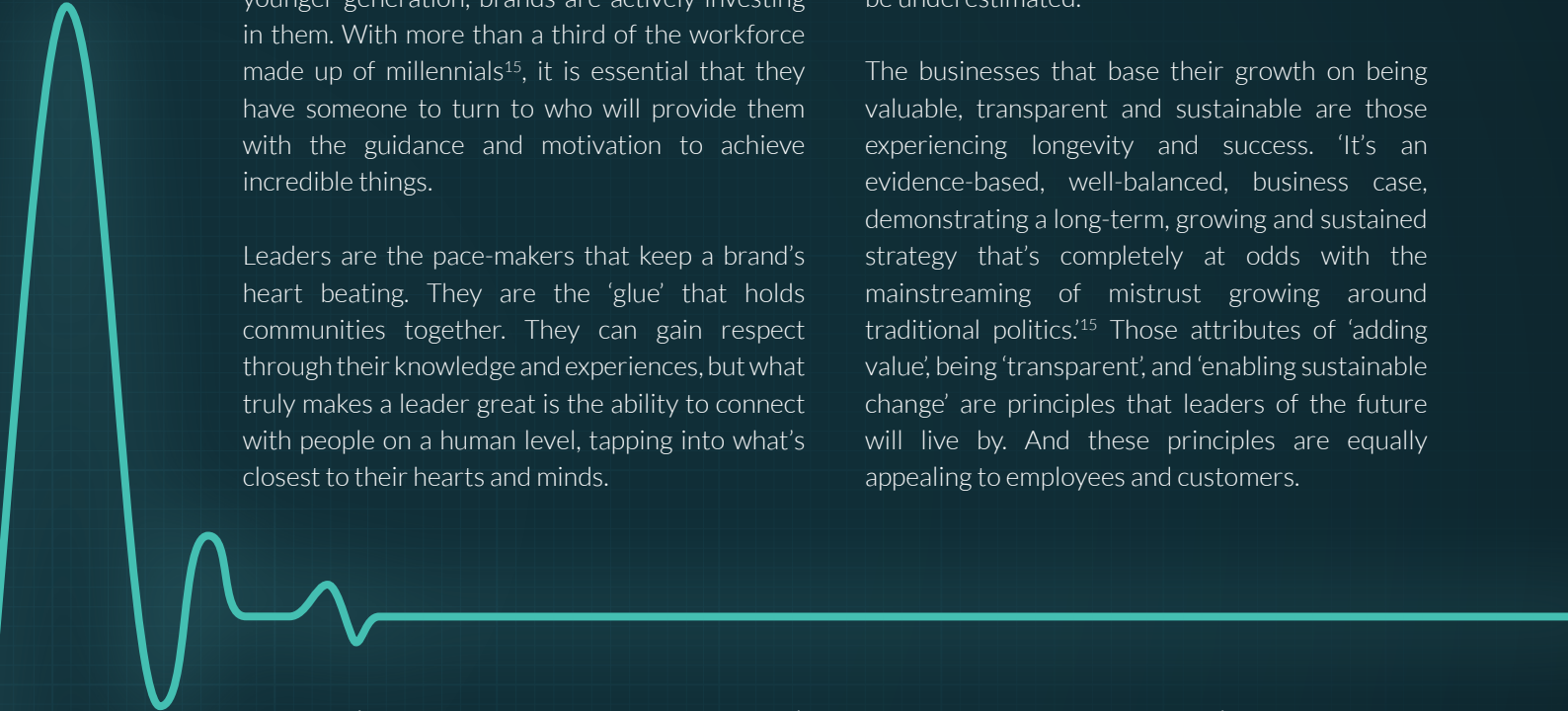
Getting your brand's heart beating

Humanity at the helm

Remember for a moment what we are demanding from our front-line service teams. Bulletproof, mind reading, problem-solvers with humanitarian superpowers. To have a command and control micromanager calling the shots is probably not going to help. As Tony Schwartz describes in his book, "The Way We're Working Isn't Working", front-line supervisors and managers are, in fact, CEOs – Chief Energy Officers¹³. NKD believes they are champions of the Employee Experience, guardians of the Customer Experience, coaches, and internal life-support for employees. And they need a direct line to senior teams if they are to be the conduit of both the employee and customer voice.

Just as we respect the role of the front-line service teams, we also need to respect and develop the vital role front-line managers play in making a difference to the lives of their people every day. That means respecting the role of senior leaders, understanding and supporting them to continuously evolve their authentic, engaging and uncompromising selves – a combination of purposeful, reflective self-leadership that inspires people leadership and collaborative, agile business leadership.

13 Tony Schwartz, Jean Gomes, Catherine McCarthy, *The Way We're Working Isn't Working* (Simon & Schuster, 2010)



Sam Conniff, Founder and Chief Purpose Officer of Livity, explores the opportunity provided by a 'post-truth era where young people are increasingly disillusioned by politics, education and religion'¹⁴, suggesting that they are looking elsewhere to fill the void left by these institutions. And to whom do they turn instead? While politics fails to engage the younger generation, brands are actively investing in them. With more than a third of the workforce made up of millennials¹⁵, it is essential that they have someone to turn to who will provide them with the guidance and motivation to achieve incredible things.

Leaders are the pace-makers that keep a brand's heart beating. They are the 'glue' that holds communities together. They can gain respect through their knowledge and experiences, but what truly makes a leader great is the ability to connect with people on a human level, tapping into what's closest to their hearts and minds.

In organisations where we have sustained this human approach to developing leaders, year on year, we have also seen sustained, double-digit growth in their employee engagement and net-promoter scores year on year. The role of leaders (at all levels) in creating brand cultures and delivering customer experiences, cannot be underestimated.

The businesses that base their growth on being valuable, transparent and sustainable are those experiencing longevity and success. 'It's an evidence-based, well-balanced, business case, demonstrating a long-term, growing and sustained strategy that's completely at odds with the mainstreaming of mistrust growing around traditional politics.'¹⁵ Those attributes of 'adding value', being 'transparent', and 'enabling sustainable change' are principles that leaders of the future will live by. And these principles are equally appealing to employees and customers.



Only **1/3** of millennials believe their organisations are using their skills well



42% of millennials say they are likely to leave an organisation because they are not learning fast enough



More than **44%** of millennials are now in leadership positions, but most believe they are receiving little to no development in their roles¹⁶

14 Sam Conniff, Who Cares Wins: Why Brand Purpose Matters (The Drum, 2017) <http://www.thedrum.com/opinion/2017/01/11/who-cares-wins-why-brand-purpose-matters>

15 PWC (2011). Millennials at work: Reshaping the workplace. Report retrieved from <https://www.pwc.com/m1/en/services/consulting/documents/millennials-at-work.pdf>

16 All: Erica Volini, Pascal Occean, Michael Stephan & Brett Walsh, Deloitte 2017 Global Human Capital Trends: Rewriting the rules for the digital age (Deloitte University Press, 2017)

We know that this cultural shift is happening, that it must be addressed, and why. The question, then, is what is to be done? Dan Negroni, CEO and 'millennial whisperer' gives solutions on how to engage and get the most of this generation. He outlines the steps that businesses must take to get the most out of millennials through a six-step approach to leadership¹⁷:

B - Bust the myth

R - Real deal authenticity

I - I own it

D - Delivering value

G - Goals

E - Empowerment

Today only **5%** of companies feel they have strong digital leaders in place¹⁸

In his 'Reinventing Organisations', Laloux also reflects on the impact that the accelerated evolution of human consciousness has had on organisational structures. He outlines the transition in leadership from hierarchical, paternalistic and authoritative towards a model of self-management, distributed leadership and organisational purpose.

At NKD we believe that adopting a leadership model based on transparency, accountability and direction, and developing managers to lead with head, heart, and humanity in equal measure, creates an environment where all people in a business continuously learn – both within their roles, and about each other. Learning is the energy behind collaboration and innovation. And learning means being happy to fail small, and fail often. Gone are the days of right first time! Gone are the days of underinvestment in leadership and employee development. Being fit for the future means unlearning to relearn at all levels. This is the sustainable model for purpose-driven engagement and performance that NKD advocates.

Front-line employees can provide leaders with a life-line too: real-life and real-time customer data. For that knowledge to be maximised, future leaders of Customer Experience brands must become facilitators, data-driven decision makers, agile and adaptable experimenters. Guardians of the Employee and Customer Experience rather than guardians of numbers.

Only when these kinds of leaders are at the helm can businesses say, hand on heart, that they are creating an environment for their people that allows them to deliver truly exceptional service. The Customer Experience of the future is dependent on organisations embracing the opportunity to tap into the millennial marketplace. And this can be done by providing meaning for both employees and customers through a brand purpose.

17 Dan Negroni, Chasing Relevance: 6 steps to understand, engage, and maximize next-generation leaders in the workplace (Launchbox Inc., 2016)

18 Erica Volini, Pascal Océan, Michael Stephan & Brett Walsh, Deloitte 2017 Global Human Capital Trends: Rewriting the rules for the digital age (Deloitte University Press, 2017)

Too big a ship to steer

Don't bow out before you've begun

It's easy for a start-up to be agile – it's a bit more daunting for the business supertankers NKD works with. Supertankers are big and strong, and stable(ish) – but they can also run aground. Turning one around can feel like a major overhaul. Supertanker cultures tend to keep them moving forward at a rather sedate pace. Looking out from the bridge, it's difficult to see the speedboats buzzing around your bough, diverting the attention of your customers.

So, the only realistic option is to empower employees who are looking out from every porthole, speaking to customers every day, to take ownership for your Customer Experience and drive innovation. By 'empowerment' we mean having the necessary motivation, confidence and know-how. We've talked about the role of learning and leadership in building know-how and confidence – but the motivation to evolve and perform is intrinsic. Motivation comes from purpose. When work is purposeful, results follow. Therefore, Customer Experience brands with a transformational purpose that appeals to employees' hearts and minds is almost disproportionately powerful.

For any positive change to happen, you have to start with 'why?'

You might think Deutsche Post DHL Group (DPDHL) deliver post and parcels. But, they actually have a massive transformational purpose: "Connecting People, Improving Lives". They realise the value their services bring to customers and communities around the world, and reflect this internally, building communities across their international workforce. Over one month, 480,000 employees took part in their global volunteer day as part of their 'Go Help' strategy. Their internal 'We Help Each Other' fund-raising programme also helps DPDHL people in distress. When employees, customers and communities feel the integrity of brand values in action first hand, brand reputation and trust increase. When we took this purpose-driven approach to a global engagement programme with DHL Express, the results were compelling.



- **112 Customer Service awards in 39 countries**
- **Employee engagement +11%**
- **Active leadership +16%**
- **Belief in strategy +18%**

Organisations high on purpose are already following the curve and reaping its benefits as more employees and customers become ambassadors for their brand. The working world is a microcosm of society, and individuals want to be considered as just that in their workplace.

The pay-off is a trusted brand reputation and all the associated benefits. Organisational psychologist, Adam Grant, describes trust as a combination of three parts: Competence (delivering the service consistently well), Benevolence (doing right by others), and Integrity (following through espoused values into behaviour). Competence is easy to define operationally and commercially and therefore gets prioritised¹⁹. However, these days, past performance is no reliable predictor of future performance, so the Competence of today cannot be taken for granted. The big opportunity for Customer Experience brands is developing the characteristics of Benevolence and Integrity. The only certainty here is humanity. It's the organisations that actively engage their people with their brand's meaning and purpose that will keep their people on board their supertanker or speedboat, and remain relevant to customers during times of ever-accelerating growth and change.

¹⁹ Adam Grant & Tony Robbins (2017, May 16). Are you a giver or a taker? The Tony Robbins Podcast. Podcast retrieved from <https://www.tonyrobbins.com/podcasts/are-you-a-giver-or-a-taker/>

Need a life-line for your bottom line?

NKD has helped global organisations across a range of sectors bring a life-line to their people, their leaders, their brand and their bottom line. We help to shift thinking, change behaviour and transform performance in creative, energising and engaging ways.

As our clients will tell you, the results speak for themselves.

But! We're still learning. We'd love to talk with you about your opinions, opportunities and challenges too – so please do connect with us.



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