



# Designing an Exceptional Customer Experience

*By Ken Thompson and Todd Christian, AlignOrg Solutions Principals*



# AlignOrg Solutions: What We Do

## A client-focused firm specializing in...

*Strategy & Marketplace Differentiation*

*Diagnosis & Assessment*

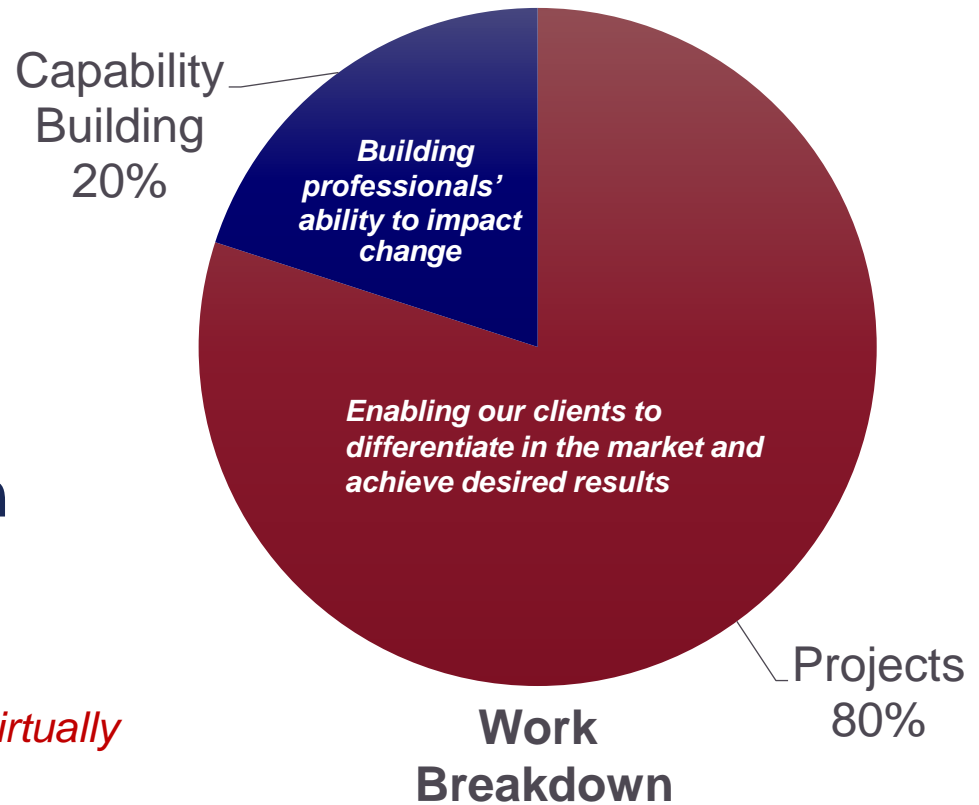
*Organization Design*

*Change Leadership*

*Leadership Alignment*

## To drive differentiation through alignment

*Nearly all project work is happening virtually during COVID-19*





# Today's Objectives

Designing an Exceptional Customer Experience

Will a differentiated customer experience **help your organization win?**

How can you make **deliberate organization design choices** that lead to exceptional customer experiences?

What kinds of roadblocks hinder a customer-centric design – and **how can you overcome them?**

How can you understand what your customer **really wants?**

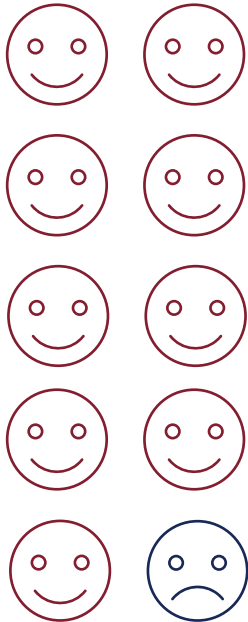
How can you **measure and evaluate** the success of your strategy?



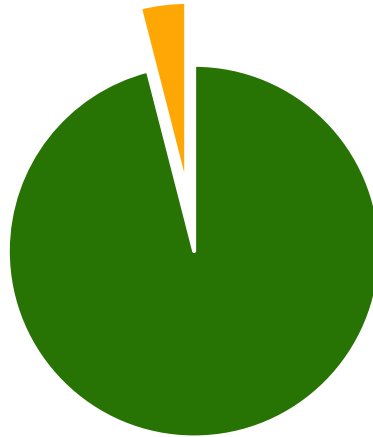


# Value of the Customer Experience

Every year, the average company loses 10-15% of its customer base.



A typical business only hears from 4% of its dissatisfied customers - the other 96% leave, 91% of them for good.



70% of customers who leave do so because of poor service.



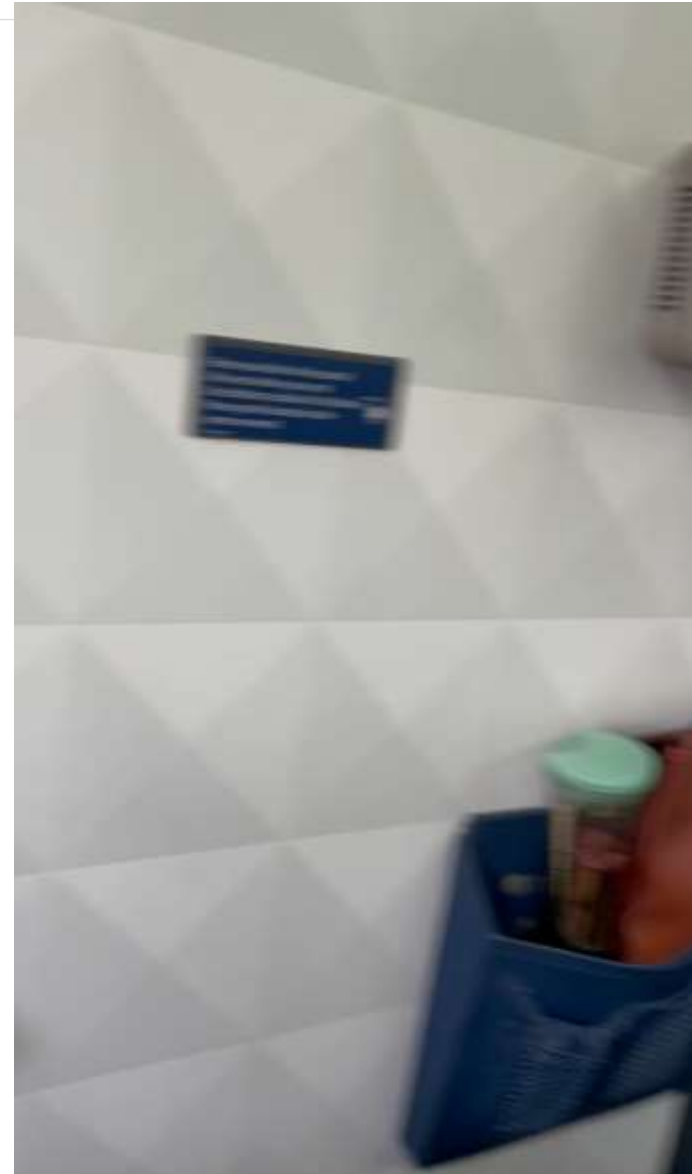


# A Flight To Remember

Delta Pilot (Aircraft Captain) Brief to Passenger Cabin

**As you watch this video, think about:**

- What organizing choices would need to be in place for an event like this to happen?
- How does this enable Delta's overall strategy?
- Of all of the customer touchpoints, why did Delta pick this particular one as a critical touch point?
- What advantages (and risks) are there by empowering the aircraft captain to use his own style vs. a prepared script?
- What are some ways Delta attempts to differentiate itself from its competition?

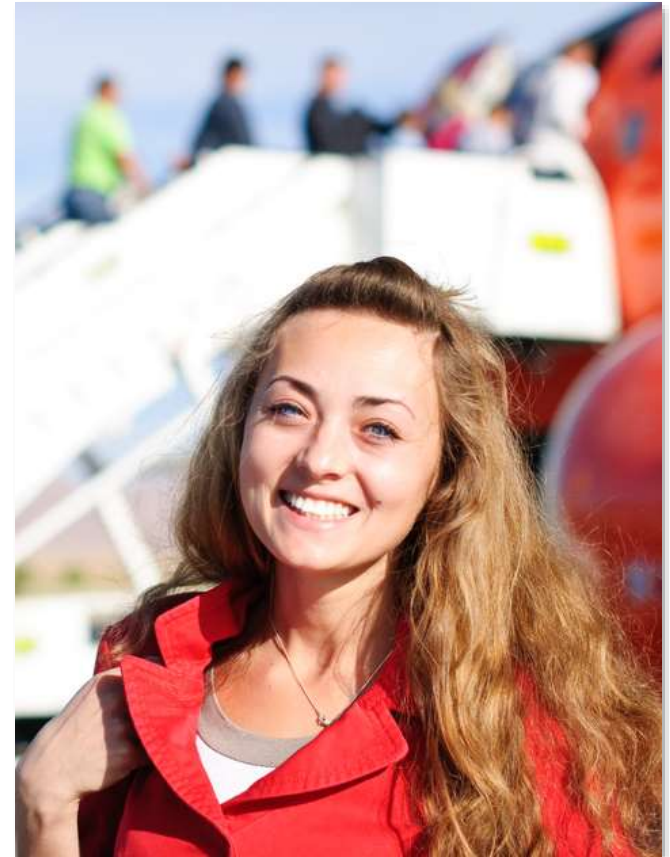




# A Flight to Remember

What choices were likely made throughout the organization to create exceptional customer experiences?

- **People & Rewards:** Pilots provided with the necessary equipment, time and training to interact with passengers.
- **Work Processes:** Customer service personnel empowered with the tools and policies to find immediate solutions to passenger problems.
- **Structure & Governance:** Work is organized to support the strategy and decision rights are in place and followed
- **Continuous Improvement:** In 2019, the company invested additional resources in a 24/7 system to answer customer concerns quickly and give special care to sensitive or urgent issues.





# A Flight to Remember



**Exceptional customer experiences**

*– the kind that lead to sustainable competitive differentiation –*

**don't happen by chance.**



# Should You Use the Customer Experience as a Competitive Advantage?

- 1 Assess your current value proposition.** Why do customers choose your company?
- 2 Determine your future value proposition.** Why will customers choose you in the future? What capabilities will be required?
- 3 Understand the risks and benefits.** Will the tradeoffs be justified?
- 4 Examine the competitive difference.** Will this strategy make you unique in the marketplace, and can your competitors easily replicate it?
- 5 Assess your company's leadership commitment to using a differentiated customer experience to grow the business.** Are they committed to the cause and willing to prioritize efforts and resources accordingly?



# The “Magic” of the Magic Castle Hotel

How does a small hotel with basic rooms beat the Four Seasons Beverly Hills in customer reviews?



*“Not cheap snacks either. We’re talking full size.”*



*“One million star rating.”*



*“This place will probably be booked for years.”*





# How Are These Organizations Different?



\$9.99 vs.  
\$9.98..., what  
should I do?



### Operational Efficiency “Managing the Customer Experience”



- Kaizen
- 6 Sigma
- Agile
- CSR Initiatives



Competitive  
Convergence

*Being operationally excellent is essential to business survival, but by itself it is not a sustainable winning strategy. Focusing exclusively on operational excellence usually leads to market convergence. Most OE strategies focus on efficiency.*

**CX STRATEGY**



**COMPETITIVE  
ADVANTAGE!**



*The strategy of an organization’s CX should be unique and difficult to duplicate if a company wants to win in the marketplace. Organization benchmarking will tell you how others are organized but doesn’t tell you the right organization to deliver your unique strategy.*

### Differentiated Positioning “Transforming the Customer Experience”



- Blend of Differentiating Capabilities
- Enabling Activities



“Cash Cow” Perception  
Welcomes Entrants

Copycats

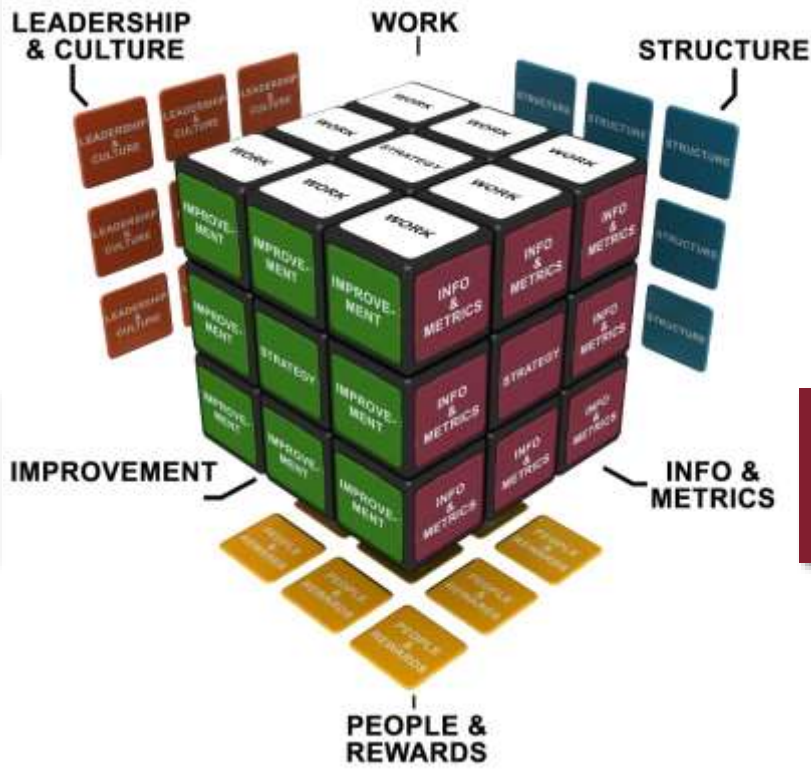


# Align Your Organization to a Differentiated Customer Experience Strategy

What activities are needed to support differentiation?

Do leaders support the strategy? How is the strategy communicated to employees?

Does your structure deliver on the capabilities needed for a DCX?



Are you prepared for emerging CX trends and technologies?

Does data show if your customers' experience is improving/declining?

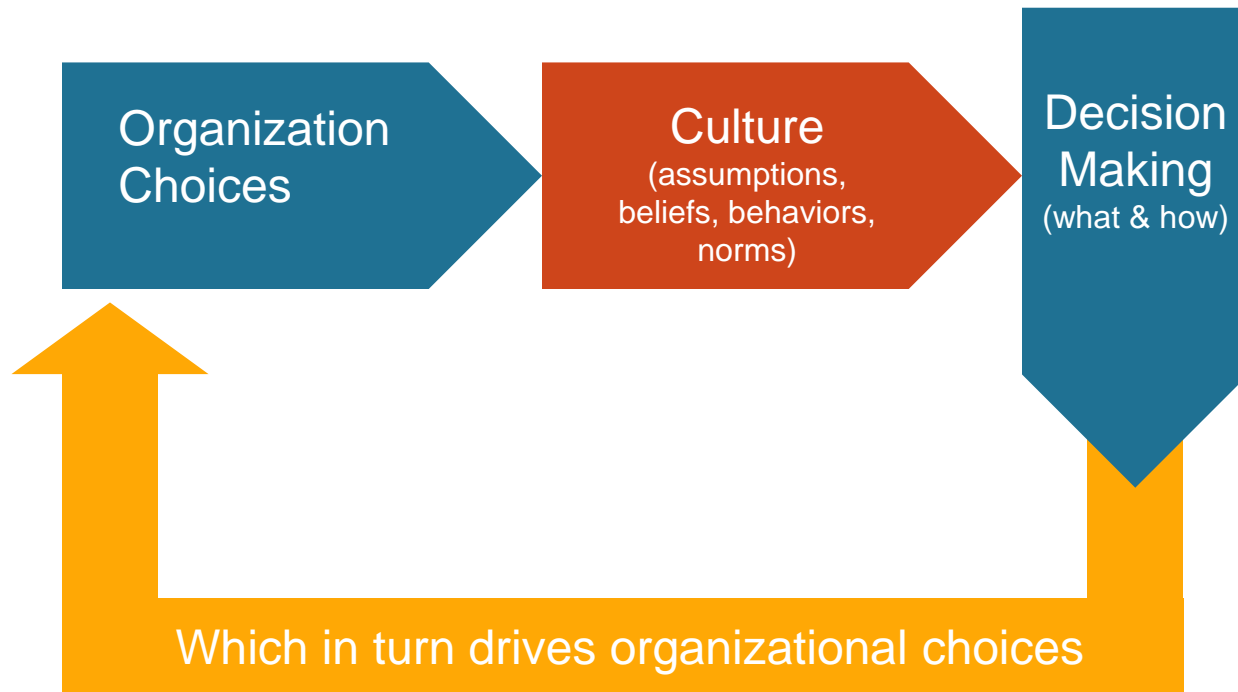
What training opportunities are provided for customer-facing employees?





# The Role of Culture in a Differentiated Customer Experience

Employees will perform in ways that align with their *perception* of management behaviors, even if this conflicts with the organization's stated goals.



# Overcoming Organizational Silos

*Silos occur when certain departments are misaligned in a way that makes interdepartmental collaboration and communication difficult.*

## Breaking Down Silos:

1. **Linkages:** Ensure your organization has linkages in place to amplify the customer experience.
2. **Commitment:** Leaders must convey the significance of maintaining a customer-centric organization design.
3. **Urgency:** Ensure that the entire organization feels a sense of urgency around improving the customer journey.





# Creating Unforgettable Customer Experiences

## 1. Go to Gemba.

## 2. Use journey mapping to understand touch points.

- **Actions:** What is your customer doing at each touch point?
- **Motivations:** What motivates the customer to move to the next stage of the journey?
- **Questions:** What uncertainties might prevent the customer from moving to the next touch point?
- **Barriers:** What costs or processes stand in the customer's way?

## 3. Discover the “few great things” that will make a difference to your customer.

### Gemba in Action



Richard Branson once anonymously called Virgin Atlantic customer service demanding to speak with... Richard Branson. His test worked, and he was ultimately connected with his assistant in the next room.





# Optimizing Customer Touch Points: Trader Joe's



*Trader Joe's is consistently ranked among the top companies of the American Customer Satisfaction Index*

- *Employees receive competitive wages & health insurance on the premise that happy employees = happy customers*
- *Simplified shopping experience - one brand, no coupons, no discount codes*
- *Customers can request to try any item in store*
- *Relaxed atmosphere (every store features local custom art and offers stickers and free samples)*
- *Fast checkout (multi-line, extra employees available to help)*
- *Customers can easily give feedback in-store or online.*



# Measuring Strategic Success

## FINANCIAL

- What financial targets are critical to our initiatives (operational efficiency and/or strategic positioning?)
- What financial targets would we look at that would signal if/when we've been successful?

## CUSTOMER

- What type of differentiated customer experiences do we need to create to achieve our strategy?
- What indicators measure a differentiated customer experience? Do we have a baseline or benchmark to start from?

## OPERATIONAL

- What operational changes do we need to make to offer a differentiated customer experience?
- What will happen operationally that would signal we've been successful?

## EMPLOYEE

- What has to happen with regard to our employees to deliver differentiated customer experiences?
- What will happen with regard to our employees that would signal we've been made improvements or been successful?



# Final Considerations

Don't let these hazards diminish your differentiated customer experience strategy....

- 1 Product/Service Offerings** – A great CX can't overcome significant deficiencies in your base product.
- 2 Reduction of Trade-Offs** – Don't let the pursuit of a few great things unduly erode resources.
- 3 Competitive Baseline** – Mimicking competitors' offerings can lead to convergence.
- 4 Technology** – Does your company have the infrastructure to support it?
- 5 Operational Efficiencies** – Efficiencies and continuous improvement should not be confused with a differentiated customer experience.
- 6 Socio-Economic Factors** – What outside factors could impact the success of your strategy?



# Personal Reflection

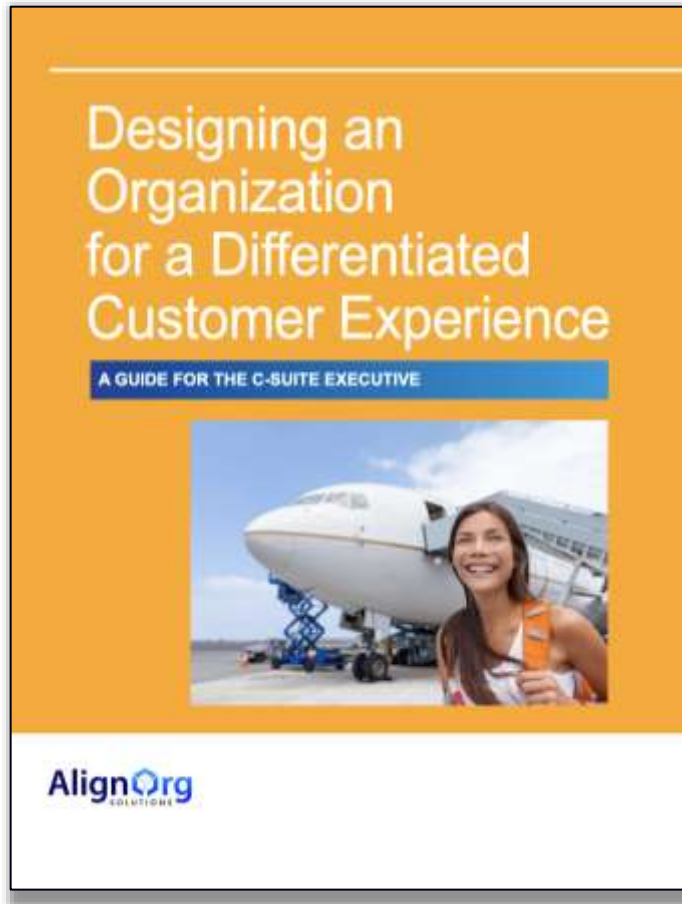
1. To what degree could your organization differentiate based on the Customer Experience?
2. If your organization wanted to pivot to a differentiated Customer Experience...
  - a) ...what would need to change in terms of Leadership beliefs and behaviors required to make the change?
  - b) ...what actions could you take, or questions could you ask, to push your organization to begin the journey?



*Stay tuned for a new Executive Guide!*



# Continued Learning: AlignOrg Solutions' New Executive Guide



- ✓ Use the customer experience as a competitive advantage
- ✓ Discover if a differentiated customer experience is a winning strategy for your organization
- ✓ Measure how customer experiences help your organization succeed

*Watch your email for a link to download a complimentary copy*



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