A MATURITY MODEL FOR CUSTOMER EXPERIENCE MANAGEMENT

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FIRST STEPS TOWARDS CEM MATURITY

When setting out along the road towards an enterprise wide Customer Experience Management (CEM) solution, it is vital to map the entire journey beforehand. You may know where you wish to go, but you need to plan carefully how to get there, and this includes understanding your starting point fully.

Within this document you will find a basic road map and strategy for taking a company’s current CEM (or lack of it) methodology and developing a mature, valuable set of processes which will enable the company to excel in its CEM endeavors.

CEM is an emerging strategy and corresponding set of business practices, so it is not surprising that a vast majority of companies are still in the early stages of adopting CEM (more than ⅔). Alongside this, there seems to be a wide gap in service delivery quality between companies that have no, or very few, CEM strategies in place, and those that are well along the road to adopting CEM enterprise wide. Technology is the key to closing this gap for companies that wish to take the fast track to CEM implementation. The kind of technology that delivers real time insights, by interrogating both structured and unstructured data, streams across multiple channels.

SandSIV is able to help every enterprise navigate the road to CEM maturity, assisting at every stage. SandSIV delivers technology solutions that facilitate the adoption of CEM as a business tool across the entire enterprise.

“SandSIV is able to help every enterprise navigate the road to CEM maturity, assisting at every stage.”
CRM - Ineffective and Outdated

CRM was first developed as a method of maintaining the customer relationship more than two decades ago. During this period, many organizations have invested heavily into both, technology and operational changes, to implement a viable CRM solution. Unfortunately, despite this investment, the customer relationship has not improved in line with the investment made.

The limitation of CRM is that the methods used to capture customer opinions are limited, and the data once accrued is not shared across the entire organization, so valuable data is not being exploited to its fullest.

When faced with the fact that an expensive CRM solution is not delivering the expected boost to the customer relationship, many companies have chosen to attempt to augment the failing CRM initiate by rolling out an EFM system by additionally rolling out...

The limitation of CRM is that the methods used to capture customer opinions are limited.”
**EFM - Simply not Enough**

As explained above, CRM does not encourage the sharing of data across the entire enterprise. EFM is often employed alongside CRM to overcome this problem. EFM enables the company to build a warehouse of gathered customer data, which have been obtained via CRM and which can be interrogated in many ways. Although this is an improvement, there is still a specific problem with combining CRM with EFM. All feedback, which has been warehoused and shared across the organization, has only been gathered in a single fashion, and this is when the customers are aware that they are giving feedback. This is an underlying problem with CRM, not with EFM, but it is still limiting the effectiveness of EFM.

From Capturing Feedback to Listening to the Voice of the Customer

There are three broad channels of customer feedback:

- Direct
- Indirect
- Inferred

Direct is when the customer is giving conscious feedback to the organization, typically through a survey or complaint.

Indirect is when the customer is providing feedback about the organization, but it is not direct feedback to that organization. It’s about them, but not to them. This could include social media like Twitter or Facebook.
The third category is the inferred area, where customers are not actually telling you something specifically, but it can be determined based on operational data associated with the experience. This could include IVR click stream, hold time, or any other operational data that gives clues to how the customer’s experience went.

We define the Customer Intelligence coming from these 3 different channels as Voice of the Customer (VoC).

**CRM & EFM - Combined do not Capture Every Voice**

Any solution which is intended to capture and act upon the VoC needs to encompass all three categories. CRM & EFM combined only capture the direct VoC and entirely ignore the indirect and inferred voices.

The only effective way to eliminate the shortcomings of CRM, EFM or a combination of the two, is to commit to CEM, and implement a company-wide strategy, which is actioned via a VoC Hub (F.Cesconi, 2012, ‘The customer has a voice, listen to it all times’).
A VoC Hub provides the company with the technology required to deliver a single platform, which is capable of reporting on the status of the customer relationship in real time. This is a critical tool for ensuring that a swift route to a mature CEM model is taken.

A fully unified VoC Hub can gather customer feedback across multiple channels, locations and touch points. This includes both, online and offline channels, along with structured and unstructured data sources.

Once a VoC Hub is in place, the company will begin to benefit from a much clearer, 360 degree view of the customer relationship. The VoC Hub becomes an extremely agile tool for distributing and actioning feedback across the entire enterprise. This leads to tangible and measurable results very quickly, resulting in a very short lead-time to hit ROI.

"A fully unified VoC Hub can gather customer feedback across multiple channels, locations and touch points."

The Path to CEM Maturity - Why CEM?
There are a number of factors that have led to the development of CEM as a strategy for businesses to extract value
from the relationship to their customers. These include:

- Large companies all tend to show a similar shape in operations, meaning less individuality. CEM can be used as a vehicle for portraying uniqueness within the marketplace.
- Modern customers are better informed, with a wide range of tools available to help evaluate products/services on offer. This results in a propensity for customers to switch brands or suppliers.
- Statistics show that companies which excel in the area of the customer experience post greater profits, and a much faster ROI, alongside other financial benefits.
- Social media/networking and other forms of communication technology make it very easy for customers to negatively affect the reputation of a company/product/brand in a vital manner.
- Overall, CEM allows a company to extract value from the customer relationship by raising the ratio of customer retention, leveraging customer advocacy to generate positive opinion, gain a larger share of the customer wallet and lower the cost of marketing.

Typically, most companies will operate several projects, which combine to produce the overall CEM initiative. These projects will vary in timescale from a few weeks for issues such as streamlining the company website to be more customer centric, to several years in the case of organizational restructuring and staff training. Additionally, many of these projects will be self-iterating, and, in effect, become permanent business processes in their own right. Due to the complexity and scope of a full CEM initiative, most companies find it a tough challenge. The Gartner CEM maturity model is designed to help businesses define their current CEM position, and plan a route forward. The Gartner CEM maturity model can assist with:
- Boosting the awareness of CEM within the organization, as well as the business benefits to be gained by investing in CEM
- Assessing and evaluating the company’s current CEM position (or lack of it), and making comparisons between perceived best practices, creating a starting point from which the company can begin its journey towards CEM maturity
- Defining a set of long term goals which the company will work towards, which will provide an effective technological and organizational model and which will permanently improve the customer’s experience
- Producing a strategic planning map for the prioritization of all CEM related projects across the entire enterprise
- Defining a clear set of steps to be taken to move the company forward towards its long term CEM goals
What is the Customer Experience?
Before we take the first step along the road to CEM maturity, it is important that we understand exactly what we mean by customer experience. We could define it as follows: Customer experience is the real-time, cumulative opinions and feelings of the customers towards the business/brand/product. It is influenced by every interaction with the company across every channel.

We can further define CEM as a set of operational methods/procedures which will monitor the opinions and feelings of the customer and act upon the insights gained to refine the customer experience, which will raise the customer’s levels of advocacy, satisfaction and loyalty.

The Five Stages of CEM
The Gartner CEM maturity model recognizes five distinct stages of CEM maturity, namely initial, developing, defined, managed and optimized. Global commercial metrics indicate that the majority of large scale businesses are currently operating at stage 1, the initial stage, or stage 2, the developing stage of CEM maturity, and are progressing towards stage 3, the defined stage.
There is one additional stage of CEM maturity which falls outside of this roadmap. We refer to it as the zero stage, and this is used to define companies which have no CEM initiative in place, have no plans to implement one, and are possibly entirely unaware of the existence of CEM.

**Stage 1 - The Initial Stage**

The company's CEM strategy is entirely fragmented, with no or little definition in terms of goals or perceived requirements. In most cases, business processes are not coordinated across departments, customer information is not shared and little value is placed upon the quality of the customer experience. Furthermore, there is no advocacy of CEM at decision making levels, and there is zero buy in from key stakeholders. At stage 1 we see the following indicators:

- There is no overall vision of CEM at grass roots level; there is no support or budgetary allocation to facilitate any form of CEM initiative being launched.
- There is no CEM strategy in place, and there is very little understanding of the value of CEM, as well as no
process in place for evaluating the effectiveness of the competitors’ CEM.

- There is no system or tool for measuring customer metrics, and there is no capacity for tailoring the customer experience based upon such metrics to improve the customer relationship.

- There is no CEM framework or set of best practices in place to standardize CEM policies and processes. CEM does not form a part of the decision making process.

- There is no process for assigning ownership of the customer experience, and no person or department is tasked with the job of maintaining it.

- There are no common business processes which operate across departments in place to manage the customer experience.

- There is no technology in place to gather customer experience data, store it, analyze it, or act upon it in any form.

Stage 2 - The Developing Stage

In stage 2 of the CEM maturity roadmap, the company has identified the value of CEM, and has begun to take steps towards deploying a unified solution. The current initiatives which gather or act upon customer feedback will have been reviewed and documented.

Shortcomings will have been highlighted and a range of improvements will have been planned. CEM will have become the responsibility of a clearly defined individual or group and a plan for development will have been agreed on.

"In stage 2 of the CEM maturity roadmap, the company has identified the value of CEM, and has begun to take steps towards deploying a unified solution.”
However, in stage 2, the company is still only just beginning its journey towards CEM maturity. Although the benefits of CEM may be apparent to groups/departments, there will be no executive buy in. Due to this situation, individual groups will be actioning their own independent initiatives, which contradicts the need for a unified, enterprise wide CEM solution. Available tools which capture or action customer feedback will not share a common data repository, and will not be available to every department. Typically, a company in stage 2 of CEM maturity will exhibit the following indicators:

- No executive advocacy of CEM as a long term goal, with multiple groups working upon their own CEM projects, lacking unity.
- No unified strategy for developing the company’s CEM capabilities will exist and departments will be working at department level to tackle CEM problems as they arise, reacting rather than taking action.
- No set of standard customer metrics will have been defined which the company as a whole can use a steering mechanism.
- Instead, localized small groups will be working with separate, often conflicting metrics.
- No companywide CEM framework will have been agreed on and standardized across the business, with the divergence of separate departmental CEM initiatives causing governance problems.
- A CEM team will have been established, which at this stage will solely be tasked with developing a view of the customer experience based upon customer feedback.
- Mapping of business processes which impact the customer experience will have begun.
- Current technologies which are used to manage the customer experience will have been identified. This includes CRM systems, call center and call logging systems, and tertiary technologies such as billing, delivery and ordering.
Stage 3- The Defined Stage
Stage 3 is possibly the most critical stage in the Gartner CEM maturity model, as it is at this stage that executive advocacy is obtained. Senior management and key decision makers will have clearly outlined the company’s CEM agenda, and the organization will be aware of it. Short, medium and long term goals will have been defined and a set of standardized processes designed to further separate projects associated with CEM. Governance boundaries will be in place and some form of compliance tracking in effect. Typical indicators that a company has reached stage 3 of CEM maturity are:

- CEM is recognized as a critical requirement for the business by executives and senior management, and is now being proactively driven by these two key groups.

“CEM is recognized as a critical requirement for the business by executives and senior management.”
- Individual departments are now CEM aware, and a finalized audit of all of the company’s current CEM strategies has been finalized, and plans are in place to extend, replace and improve them.
- A companywide set of standard customer metrics have been agreed upon, to be used as the measure of CEM effectiveness.
- Although these metrics are still not tracked and actioned via a unified VoC Hub.
- However individual departments are still managing their own separate CEM initiatives on a day to day basis, a companywide CEM framework has been agreed upon and the company is moving towards a single, centrally governed CEM initiative which will unify separate departmental projects.
- A senior person has been charged with the overall CEM initiative, and a team or task force is in place to steer the company’s CEM project as a whole.
- The company will have defined the major business processes which affect the customer relationship and will have begun to engineer the most problematic of these to be more customer centric.
- Technology will begin to evolve, as a full understanding of the limitations of the current systems has now been reached. as well as a clear set of requirements for future CEM technologies to fulfill.

“"The customer experience is now driven by a set of clearly defined processes and managed by capable systems."
Stage 4 - The Managed Stage

By stage 4, the company is not only subscribed to CEM as a future tool which will help it get ahead in the marketplace; moreover, it has already begun to reap positive rewards from the CEM strategy implementation. All employees are aware of the importance of CEM, and are actively encouraged to act in a more customer centric manner, as well as given the training and tools to do so. The customer experience is now driven by a set of clearly defined processes and managed by capable systems. Typically, a company which is in stage 4 of its CEM maturity will be identified as having the following traits:

- A solid, unified vision of CEM as a valuable business tool has been adopted by the board of directors, and is prominent in their goals and driven forward by the executives.
- There is a unified CEM strategy in place, and fragment CEM initiatives at departmental level have been joint into a single overall CEM policy.
- Customer experience metrics have gone through one or more iterative evaluations and been refined and perfected to fit the business, and are now solidly standardized across the enterprise.
- All departmental or group driven projects are now unified under a single governance group, which is responsible for pushing CEM strategies forward yet maintaining unity.
- The CEM team is now operating at
a more advisory level, as individual departments are now up to speed on the processes and strategies employed in CEM. The team offers advice and steering as opposed to total direction and control.

- The company has identified most of the business processes which affect the customer relationship and has made significant progress in changing them to be more customer centric, and in line with the company’s standardized CEM governance model.

- Technology is now being modified / extended to unify data in a single warehouse which is accessible across the entire business. Significant headway has been made towards utilizing customer data to create a 360 degree view of the customer experience.
Stage 5, the optimized stage, is a significant milestone along the road to CEM maturity. By this stage, CEM has been adopted as a working culture, not simply a set of standards which employees are expected to work to. There is no requirement for incentives or rewards to promote good customer centric behavior or working practices, and employees are now empowered to make the best effort towards improving the customer experience using their own initiative.

A complete, holistic, 360 degree view of the customer experience is now available, by using a unified VoC Hub to interrogate a single data warehouse. All governance requirements and the working practices generated are now firmly ingrained in the day to day working practices of every department and employee.

The company recognizes it has achieved some exceptional results with its CEM initiative so far, but also realizes that it must continue to refine its CEM strategy to adapt to market changes, and the ever evolving voice of the customer.

The CEM steering team has moved into a much less proactive role, and is now responsible for monitoring the company’s CEM position, whilst exploring new ways to improve it, and evaluating the CEM strategies employed by competitors.

Overall, the entire culture of the company will have changed to become focused on the customer experience in a way it never has previously, and benefits can be seen by everyone, at every touch point between the customer and the company.
CONCLUSIONS

The Gartner CEM Maturity Model as an Indicator

The CEM maturity model outlined above is by no means definite, yet it is a fair description of the state of CEM across the clearly identifiable five stages of CEM maturity with a majority of companies.

Our best advice to all companies is to use the CEM maturity model that SandSIV has outlined as a yardstick to judge your own company’s stage along the road to CEM maturity. However, some companies will find that they are standing between two stages, or exhibit traits found in several stages. No two companies are alike, and although this model for CEM maturity can serve as a guideline, it should not be seen as a definitive set of instructions to achieve CEM maturity.

“No two companies are alike, and although this model for CEM maturity can serve as a guideline, it should not be seen as a definitive set of instructions to achieve CEM maturity.”
ABOUT THE AUTHOR

**Federico Cesconi** is the CEO and IT Visionary of SandSIV

Prior to joining SandSIV, he was Director of Business Intelligence at Cablecom and UPC. There he was responsible for the development and implementation of best practices for Customer Experience Management and business insight across the organization.

Federico has more than 15 years of experience in marketing analytics. He served as the Marketing Manager at Tinet SA, one of Southern Switzerland’s leading Internet Service Providers, where he was responsible for database marketing and data mining.

After joining Cablecom Ticino in 2000 as Marketing Manager, in 2002 he moved Cablecom corporate headquarters in Zurich as the Head of Customer Information Management.

Federico has won the North American Insight Award 2006 in Data Mining, the European Insight Award 2007, and the 1-to-1 Gartner Award 2008. Federico earned a Master’s in Business Administration from the University of Wales.

Using the CEM Framework allows a business to continuously improve customer experiences in ways that ultimately builds customer satisfaction and loyalty.”
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ABOUT SANDSIV

SandSIV enables world leading companies to gather superior customer intelligence. Through its purpose-built modular SaaS solution and expert Customer Experience Management (CXM) and Voice of the Customer (VoC) consulting, SandSIV is a recognized global leader in VoC and CXM. SandSIV solutions directly contribute to increased operational efficiency, help accelerate business performance and provide measurable impact on revenues and the bottom-line.

SandSIV operates globally and specializes in the following industry verticals: Automotive, Entertainment, Financials, Hospitality, Media, Retail, Telecoms, Transport and Utilities. The company is headquartered in Switzerland with representative offices and distribution partners across EMEA.

SandSIV empowers its clients with the ability to understand their customers faster and more intimately than their competitors and to utilize customer intelligence to drive continuous improvements within their organization.

By closing the gap between their customers’ expectations and the delivery experience, SandSIV provides its clients with a complete VoC solution to support a holistic CXM business strategy. SandSIV enables a real business transformation towards a customer-centric business model – underpinned with our passion to deliver superior customer intelligence.

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