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A Marketing Agency
Like No Other.

Operations
and the
Customer
Experience

Organizations that limit their customer experience (CX) programs to "front office" or customer-facing staff are not addressing every element that affects customers. "Back-office" functions have a substantial effect on the customer experience.

Extending existing CX programs to operational functions allows organizations to increase customer satisfaction and loyalty by identifying and reducing problems and errors, and also by improving the efficiency and quality of service provided by customer-facing personnel.

The importance of operations is easy to understand by considering a relatively simple business like a restaurant. Typically, the customer interacts only with the wait staff, but the server's ability to deliver a satisfactory experience depends heavily upon the behaviors of the kitchen staff. Even the most efficient and service-oriented server cannot satisfy the customer unless the kitchen efficiently produces good food, consistent with the diner's request. If the kitchen overcooks food, disregards special requests or is slow, the customer will be unhappy, no matter what the server does. A restaurant committed to satisfying customers must focus on all steps in the process. This seems obvious, but it is often not reflected in many CX programs.

In attempts to manage and improve the customer experience, most organizations start at the most logical place—the front-line employees that interact directly with customers. Although CX programs targeting customer-facing employees often deliver significant improvements, organizations that stop their efforts there are leaving additional big gains on the table.

Customer-Impacting Employees

Recognizing the influence back-office issues have on the customer experience requires a change in thinking.

In addition to focusing on "customer-facing" employees, organizations should also identify "customer-impacting" employees wherever they exist in the organization. This can be done by identifying and monitoring the drivers of customer experience and incorporating the functions and people responsible for those drivers into their CX programs. These drivers can be identified in a variety of ways, ranging from non-technical (logic and judgment) to empirical (additional research or statistical modeling). The most important thing, though, is to take action.

In many cases, the first step in this process is simply to educate back-office employees about the direct effect their jobs and performance have on the customer experience and, therefore, on company performance. In some cases, merely reminding operations employees about the very real impact their work has on customers will result in improved performance.

Organizations can achieve even bigger gains by extending the CX processes and infrastructure developed for front-line staff to operational functions. They can set expectations and measure results with CX scorecards designed specifically for operational functions. Evaluators should be the customer-facing employees, who can assess whether specific operational elements facilitate or inhibit their ability to serve customers well. Eventually, performance on these scorecards should roll up into compensation programs for back-office personnel, which will directly incentivize operational professionals to prioritize the customer experience.

Operations impacts customer loyalty

Obvious CE impact

Task management, accountability, communication all impact CE

Front Line

Operations

Results

Positive impact on scores
Stronger internal culture
Shared overall CE
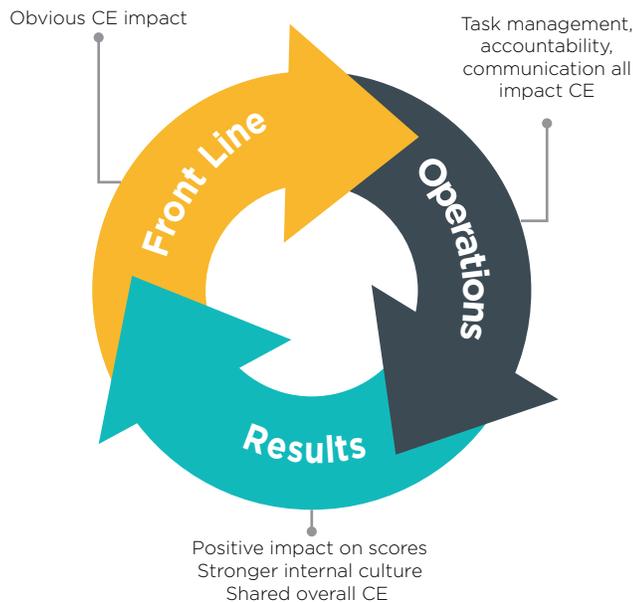
FOCUS YOUR CX PROGRAM ON THE BACK OFFICE

If we take the banking industry as an example, even the compliance officers should be viewed as customer-impacting employees. Their effect on customers may not be obvious to them, but the policies they set have procedural and timing effects on everything from loan documentation requirements, disclosures and even communications between the bank and its clients. Applying CX to the process of creating and enforcing compliance rules will encourage compliance professionals to see the policies they create through the eyes of the bank's customers, and to craft rules and procedures that meet regulatory needs with minimal burden for them.

Sources of **Customer Dissatisfaction** – Banking Example

1	2	3	4
Fees/Service charges/Rates	Processing/ Transaction errors	Poor customer service	Website availability/ Speed

5	6	7	8
Documents/ Account opening	ATM-related issues	Problem resolution	Fraud/ Unauthorized activity
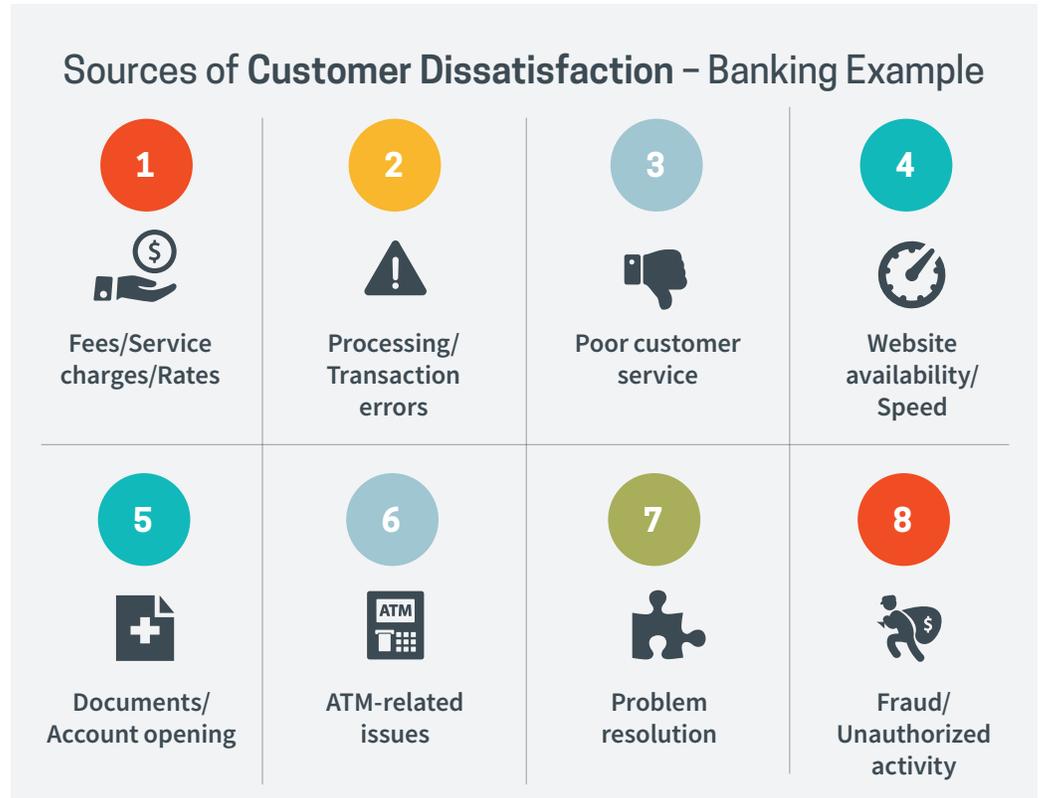
Note: Based on approximately 32,000 respondents.
Source: AND Agency Normative Benchmark Data, including data from 11 CX studies from 2011–2013

As the graphic illustrates, problems mentioned in CX surveys are often operational in nature. While managing and improving the behaviors of front-line personnel can improve the customer experience, these gains can be undermined by processing or transactions errors and other problems. Similarly, efficient and streamlined operations can help those employees provide high-quality service.

The Importance of Onboarding

Onboarding customers is often a source of difficulty. Clients may be required to respond to complex information requests, often being asked for the same data on multiple forms.

This is a nuisance and indicates a lack of coordination. That data is usually manually entered into a system with few quality checks, leaving many opportunities for errors. In addition, existing clients frequently have to repeat this arduous process for each new account, regardless of how long they may have been a loyal customer.

The onboarding experience is especially important because first impressions—good or bad—tend to persist. Psychological research has demonstrated the "persistence of first impressions," the phenomenon in which the first experience with a person or organization dominates our subsequent perceptions—even in the face of contradictory experiences later. This phenomenon is recognized in the marketing community. For example, Procter & Gamble is well-known for their focus on the "first moment of truth," an emphasis that extends to their operations, not just products or marketing.

The frequency and variety of onboarding difficulties have grown in the increasingly challenging regulatory environment. The creation of new accounts and loan applications now requires greater documentation and more complicated procedures, which slow down the process. This may, in turn, negatively impact the customer's perception of the bank, even when the complexity is externally imposed. In 2006, for example, stricter regulations requiring in-person account opening severely hindered the online account opening wave. Since the Great Recession, mortgage applications have received higher scrutiny and greater proof of income. However, the impact of these additional burdens can be minimized if the bank's processes are consistent and logical, allowing front-line personnel to understand the issues and explain them clearly to customers.

The onboarding experience is especially important because first impressions — good or bad — tend to persist.

Painful onboarding processes

When opening a new account, only 17% of customers industry-wide report receiving all four key indicators of the ideal onboarding process.

% of customers

	73%	56%	48%	31%
	Process took 30 minutes or less	Greeted upon entrance/ Called by name	Products met all needs	Representative completely identified financial needs
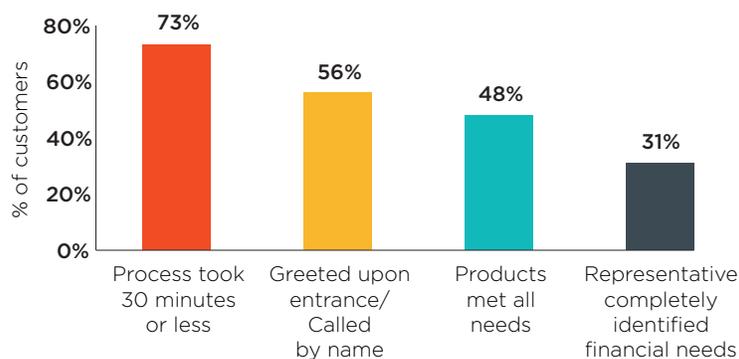
Note: Based on approximately 52,000 respondents.

Source: AND Agency Normative Benchmark Data, including data from 7 CEM studies from 2011–2013

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Operational Errors: Recovery and Prevention

Seemingly minor errors can deteriorate satisfaction levels among customers who suffer real disruptions from the mistakes.

The "persistence of first impressions" phenomenon relates to problem resolution as well.

When a customer encounters an operational problem, this adverse experience may have a long-lasting effect on their perception of the company. AND Agency research indicates the customer's impression of the company will suffer unless the handling of the problem is excellent—and even then, the best outcome is usually that the problem is neutralized. This contradicts the conventional wisdom that good problem resolution tends to improve satisfaction.

It is important to recognize the lasting impact of a single negative experience because many CX programs focus on "reactive" problem resolution rather than prevention. The limitation of a problem-resolution approach is that it focuses on the customer-facing personnel, who do not have the ability to prevent many of these issues. While those employees must be evaluated on how well they do solve problems, prevention needs organizational attention, too—and is a much more efficient "fix" in the long run. This highlights the need for operationally oriented CX.

Anything Less Than Excellent Problem Resolution Negatively Affects Client Experience

Net Promoter Score following problem resolution
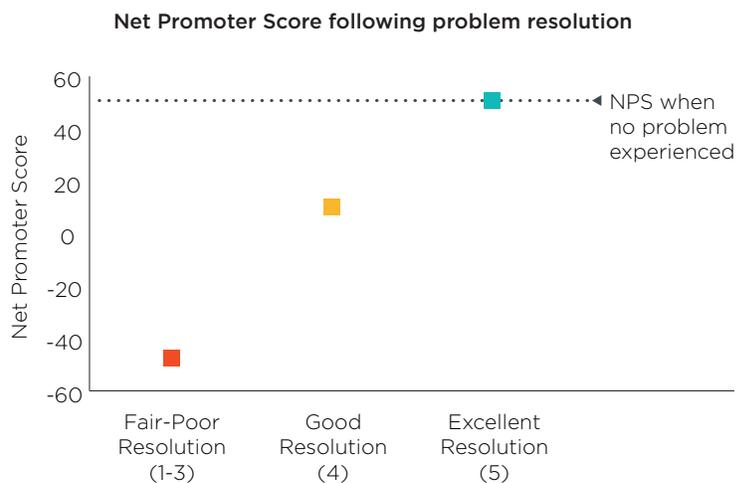
Note: Based on 2,361 respondents.

Source: AND Agency 2013 Commercial Banking Study

Of course, no CX program can be expected to eliminate all errors from operational functions. The professionals running these functions strive to make their units run as effectively as possible and minimize the frequency of problems. But without an ongoing stream of specific, externally focused feedback, they may not know which issues are most affecting customers. CX can introduce and emphasize the notion that operational performance has a concrete and significant impact on the customer experience and then help these back-office units design processes that minimize the problems that most frustrate customers.

Extending CX to the Back Office

Introducing CX to back-office functions will help operational teams recognize the issues of particular importance to customers and, consequently, see the direct impact these teams can have on the customer experience.

From an operations perspective, occasional errors in everyday entries and updates are unavoidable. But CX data will reveal that these seemingly minor errors can deteriorate satisfaction levels among customers who suffer real disruptions from the mistakes. Applying a sound CX program to the groups responsible for these functions will bring these issues to light, allowing operational teams to allocate resources and attention to the issues that affect customers most.

Extending CX to operational functions will also make organizations better at responding to inevitable breakdowns when they occur. An effective CX program must include a "closed loop" process that doesn't just collect data; it helps companies resolve problems on a day-in, day-out basis. Best-in-class CX programs identify problems and initiate a resolution process in which line staff are responsible for addressing the problem when they are made aware of the issue. Senior management is notified to ensure follow-up and confirmation that the problem has been resolved. Not only does this process fit well onto operational functions, incorporating the back-office is essential to developing a real capacity for quickly and effectively resolving some of the most common and vexing customer problems.

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Recommendations

Don't Overestimate Costs and Difficulties

1

Some organizations often assume that extending CX to operational functions means building a new program from the ground up. On the contrary, organizations with well-established front-line CX programs already have the data they require. What's needed now are simply channels to deliver this critical customer-experience data to operational functions and processes that integrate the back-office into CX-driven problem prevention and resolution.

Create a Problem Resolution Team

2

A CX program that integrates front-line and operational functions is a powerful tool for performance improvement. To take advantage of that tool, organizations need some structure that allows them to respond quickly and decisively to data gathered through the CX process. Problem resolution teams can fill that role. These groups can be "SWAT" teams composed of members of various internal functions, or they can be brand new units specifically formed to act on CX findings. By analyzing existing CX data to identify important problems, common themes in errors, or other opportunities for process improvement, the team can track these issues back to the appropriate operational functions and execute an appropriate response.

Focus Resources on Problem Prevention

3

Data from existing CX research will provide many opportunities to reduce problematic error rates in back-office functions. Looking ahead, organizations can further increase the effectiveness of this process by integrating analytic technologies, such as text mining, that allow them to quantify and analyze qualitative comments from customers and responses to open-ended questions. Analysis of these inputs can give organizations a much better understanding of how their customers really feel about their organizations and service. Through this process the organization will gain awareness of customer issues and concerns that were previously unknown.

Make Sure Your CX Program is a True "Omni-Channel" System

4

In today's multi-channel world, it is essential that companies monitor every customer interaction to get a true 360-degree view of the customer experience. They must also ensure that the customer experience is consistent from channel to channel. Even those with the best levels of service can alienate previously loyal customers with a single bad experience with a call center or an impossible-to-navigate Web page.

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