

March 31, 2006

Culture And Process Drive Better Customer Experiences

by Moira Dorsey and Kerry Bodine

BEST PRACTICES

BEST PRACTICES

March 31, 2006

Culture And Process Drive Better Customer Experiences

by **Moira Dorsey and Kerry Bodine**

with Harley Manning and Caroline L. Carney

EXECUTIVE SUMMARY

Companies place a high priority on improving customer experience — and they cite a lack of organizational alignment as their top obstacle to making improvements. But our interviews with experts show that there is no single organizational structure that paves the way for delivering better customer experiences. Cultural factors and internal processes matter far more than organization. Specifically, firms must: 1) build a shared understanding of how to think about customer experience and 2) put the process and skills in place to make improvements.

TABLE OF CONTENTS

2 Firms Face Barriers To Improving Customer Experience

4 Thought Leaders Say Culture And Process Trump Organization

4 Design-Centric Cultures Provide An Environment For Success

Design Cultures Can Be Grown And Nurtured

7 Business-Centric Design Processes Enable Success

RECOMMENDATIONS

10 Leverage The Business Value Of Design

11 Supplemental Material

NOTES & RESOURCES

Forrester interviewed more than 25 vendor and user companies, including: Agency.com, Avenue A | Razorfish, Design Continuum, Discover Financial Services, E*TRADE FINANCIAL, Fidelity Investments, Hewlett-Packard, Orange, Organic, and Smart Design.

Related Research Documents

[“The ROI Of Web Redesigns Made Simple”](#)

March 17, 2006, Best Practices

[“Learning The Value Of Effective Site Design”](#)

December 6, 2005, Best Practices

[“The Customer Experience Value Chain”](#)

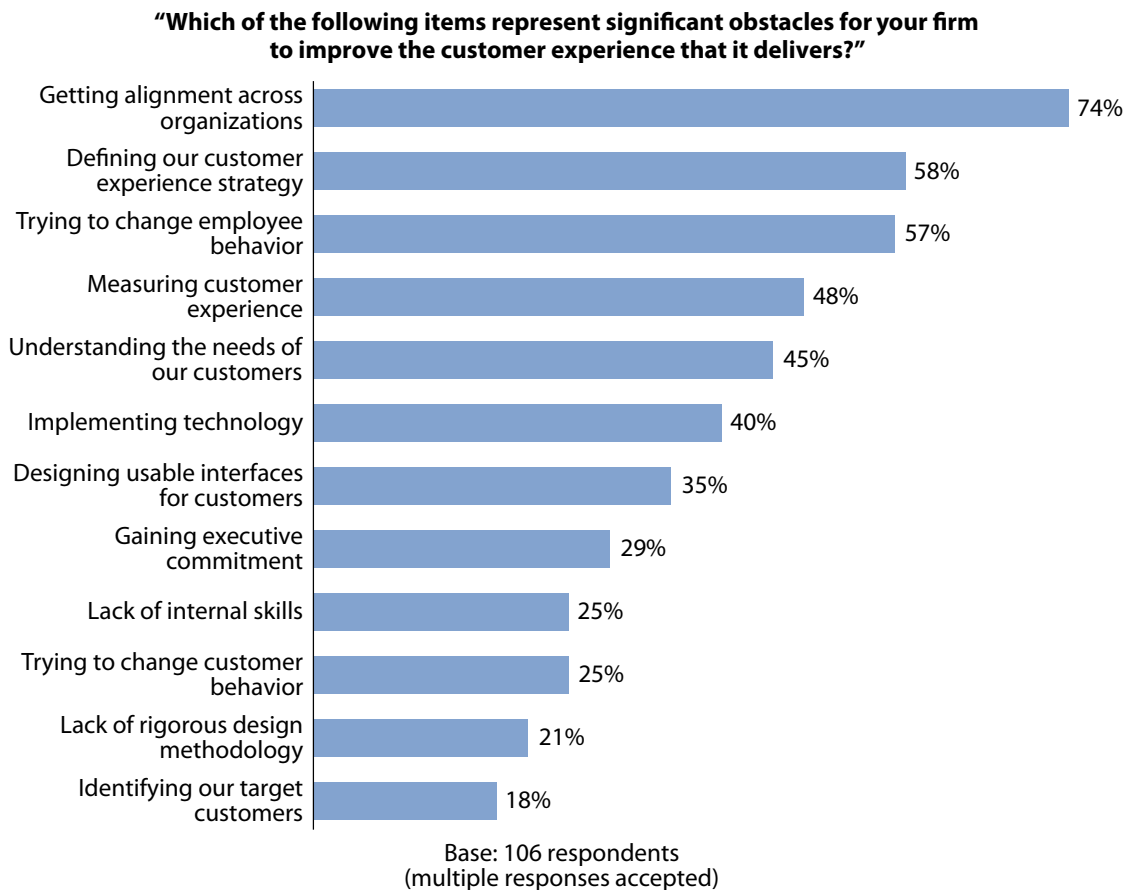
March 15, 2005, Forrester Big Idea

FIRMS FACE BARRIERS TO IMPROVING CUSTOMER EXPERIENCE

At the end of 2005, we surveyed members of Forrester’s Customer Experience Peer Research Panel about their plans for 2006. Although panelists work on a variety of channels — including Web sites, IVR systems, and kiosks — when asked how important it was to improve customer experience, they gave a consistently strong response: 40% of respondents said it was “critical” and another 34% said it was “very important.”¹ So, what stops them from achieving this objective?

- **Organizational alignment tops the list of perceived obstacles.** When we asked panel members what prevents them from delivering better customer experiences, 74% of respondents cited difficulty getting alignment across organizations (see Figure 1). Defining a customer experience strategy and changing employee behavior virtually tied for second place on their litany of roadblocks.

Figure 1 Firms Cite Organizational And Behavioral Issues As Barriers

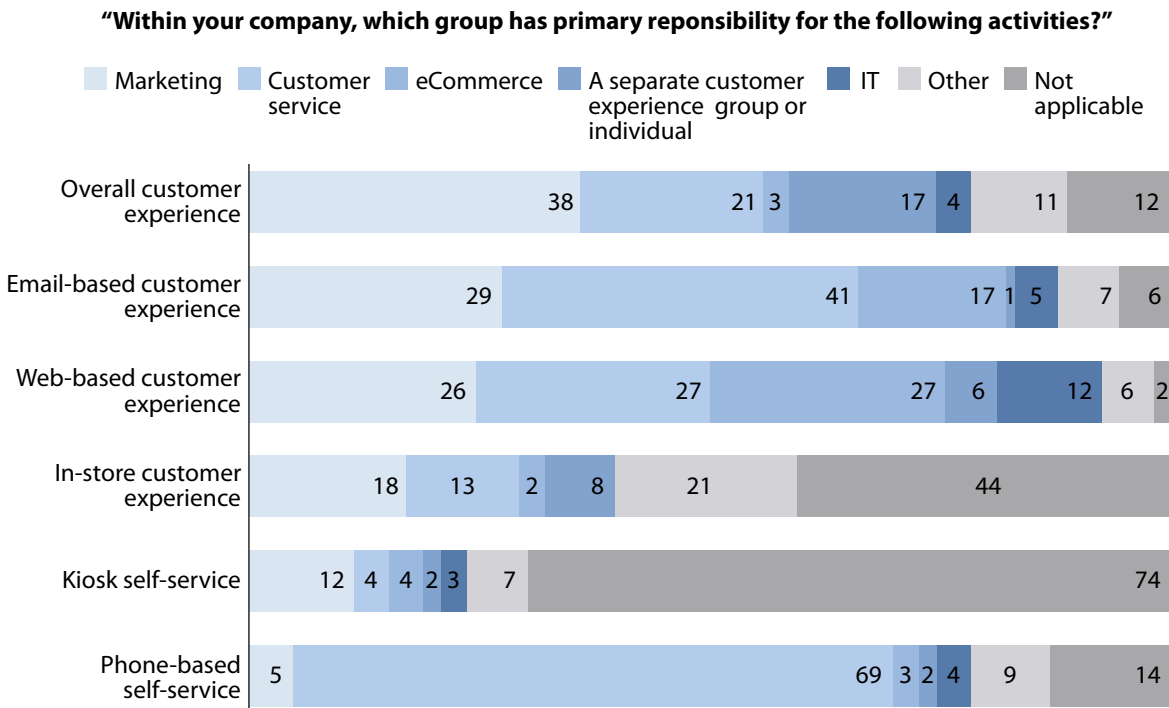


Source: Forrester’s Q4 2005 Customer Experience Peer Research Panel Survey

Source: Forrester Research, Inc.

- **Everyone — and no one — owns the challenge.** We asked which groups were primarily responsible for customer experience. Only 17 out of 106 respondents have a single group or person in charge of *overall* customer experience (see Figure 2). Responsibility for individual customer-facing channels such as the Web, email, and IVR sits in groups ranging from marketing to customer service to IT, and varies widely by channel.

Figure 2 Few Firms Have A Single Group In Charge Of The Overall Experience



Base: 106 respondents

Source: Forrester’s Q4 2005 Customer Experience Peer Research Panel Survey

Source: Forrester Research, Inc.

THOUGHT LEADERS SAY CULTURE AND PROCESS TRUMP ORGANIZATION

To gain greater insight into the factors that enable customer experience success, we conducted in-depth interviews with leading design agencies and executives at companies like Fidelity, Discover Financial Services, E*TRADE, and Orange. We started each conversation by asking about organizational barriers and how best to overcome them, but interviewees universally dismissed the idea that organizational *structure* (reporting relationships) could solve customer experience problems. Instead, they focused on two elements as key to design success (see Figure 3):

1. Design-centric cultures that understand the business value of customer experience.
2. Business-centric design processes that align business goals with customer goals.

DESIGN-CENTRIC CULTURES PROVIDE AN ENVIRONMENT FOR SUCCESS

Design-centric cultures align organizations behind the goal of creating great customer experiences because they:

- **View customer experience as critical to meeting business goals.** Business objectives, like reducing call center costs and increasing revenue, depend on customers accomplishing their goals.² But customers can only achieve their goals when channels provide essential content and function, then they help users find and consume it — elements of a good customer experience.³ Staples understands this: The retailer completed a massive upgrade of Staples.com that improved ease of finding products, clarity of information, and overall customer satisfaction. As a result, tangible business metrics like conversion rate and average order size also improved.
- **Share an accurate understanding of customers and their needs.** Firms need both reliable methods for understanding target customers *and* effective ways to share that insight. Because no single research technique captures a complete picture of the user, companies must rely on a portfolio of methodologies (see Figure 4). After analyzing and synthesizing the data, design teams can share their insight through the use of personas: user models that represent an entire customer segment as a single human with a name, face, attitudes, and goals.⁴
- **Align company strategy with customer needs.** Deep insight into user goals and behavior can drive design-centric cultures to change the fundamentals of the business. Padlock manufacturer Master Lock listened attentively to consumer research indicating that people don't actually care about padlocks — what they care about is the *stuff* they lock up. Master Lock now positions itself as a security provider and focuses its product development efforts on ways to protect customers' belongings. As a result, the company has been able to gain back market share through differentiated products like outdoor locks for grills and garden sheds.

Figure 3 Perceived Barriers Stem From Problems With Culture And Process

Perceived pain	Actual source of pain	
	Culture	Process
"No organizational alignment"	Employees from different organizations don't understand how their work contributes to customer experience	Employees from different organizations aren't involved in the design process
"No clear customer experience strategy"	Executives don't understand how customer experience impacts business goals	Stakeholders don't measure business improvements that result from design changes
"Difficult to change employee behavior"	Employee performance metrics aren't tied to customer experience goals	In the absence of a clear design process, employees don't know how to make effective contributions

Source: Forrester Research, Inc.

Figure 4 Tools For Understanding Customers

Tactic	Benefit	Drawback
Surveys	Identify who's visiting your self-service channel and what they're trying to accomplish	Project teams can't probe for feelings or underlying motivations
Analytics	Track how users interact with a channel	Project teams can only guess at user goals
In-depth interviews	Provide insight into how customers think about relevant tasks	Subjects may not accurately describe their true behavior
Contextual observations	Reveal what customers <i>really</i> do, not just what they say they do	Subjects can be reluctant to let researchers into their space
Diary studies	Capture users' thoughts and observations over a period of time	Subjects may forget to participate on a daily basis

Source: Forrester Research, Inc.

- **Support customer experience initiatives from the top down.** Real commitment to customer experience means that executives devote budget, time, and resources to improving it. At Sprint, more than 70 full-time staff support all aspects of the customer experience, from the Web site and wireless services to the design of paper bills. When Sprint's COO conducts his monthly review of the business, he reviews usability metrics — like the number of products that meet customers' ease-of-use expectations. In addition, these usability metrics are built into executive performance plans.
- **Have common goals across organizations.** Employees from each discipline and channel need to understand how their work contributes to the customer experience. At Discover Financial Services, the IT group isn't just responsible for creating technical specs and coding back-end applications: It's actively involved in marketing and eCommerce planning meetings to learn

about customer needs, discuss how the Web site supports business objectives, and make decisions on partner relationships.

Design Cultures Can Be Grown And Nurtured

There's no instant solution for changing corporate relationships and beliefs, but several tactics can get companies moving in the right direction:

- **Create and evangelize mini success stories.** Instead of trying to transform your company's culture all at once, pick small battles to fight — and win. Choose projects that aren't currently part of a major strategic initiative, won't take a significant amount of time or resources, and have the potential to produce measurable business results. For example, streamlining a Web site's shopping cart and checkout process will likely result in more completed transactions — a number that ties directly to the bottom line.⁵ After determining the estimated ROI, create presentations and an elevator pitch that illustrate the initial problem, the design process, and the business benefits.
- **Meet — and listen to — the real customers.** Companies want to do right by the customer — but it's easy to get out of sync with real customers' needs. In the absence of the actual voice of the customer, project team members make decisions based on the flawed assumption that customers' knowledge and preferences are similar to their own. To quell design debates and accurately focus project priorities, surface the authentic voice of the customer on an ongoing basis through a variety of best practices (see Figure 5).
- **Educate at a grassroots level.** Promote design thinking among staff-level workers like programmers and product managers through informal communications. One program manager at Seagate Technology set out to share her personal passion for user-centered design with others in the company. In her spare time, she sent out emails on usability research findings and taught tutorials on topics like information architecture and usability testing. These efforts eventually developed into a full-time job and created a following of user-centered design enthusiasts within the IT and project management organizations.
- **Find executive champions.** Cultural changes ultimately need support from top-level management. Search out execs who are willing to take on the status quo, who have influence outside of their official areas of responsibility, and who have some personal or professional investment in the resulting organizational changes. Win them over by demonstrating proven design successes and outlining future opportunities for improvement, tailoring your pitch with facts and figures or big picture vision according to each exec's typical mode of operation. Companies frequently swap out C-level seats, so aim for buy-in across the entire executive team.⁶

Figure 5 Ways To Surface The Customer Voice

Tactic	Benefit
Put front-line reps on the project team: Employees with direct contact to customers (e.g., call center agents or sales reps) provide input to project goals and direction.	Front-line reps contribute customers' most frequent questions, problems, and requests.
Take ethnographic research fieldtrips: Researchers take one or two project team members along to observe research sessions at customers' homes or offices.	Project team members hear first-hand about customers' real-life goals and obstacles.
Watch usability lab tests: Project team members sit behind the glass wall and observe usability lab tests with real users.	Project team members see users struggling — and realize that customers don't share their own product familiarity or subject matter expertise.
Create a video road show: The project team creates a video highlighting key points of customer frustration or joy gleaned from field studies and usability lab tests.	Stakeholders who can't actively participate in research fieldtrips or usability lab sessions can see and hear real customers. Customer pain reaches a broader swath of the company.
Double-jack at the call center: Stakeholders plug in next to call center reps and listen to live customer service calls.	Stakeholders hear customers' actual problems, complaints, and questions — and the quality of customer service resolutions.
Turn executives into usability testers: Stakeholders attempt real user goals with a product or self-service channel.	By experiencing usability and design problems themselves, executives gain insight into what it feels like to be a customer.

Source: Forrester Research, Inc.

BUSINESS-CENTRIC DESIGN PROCESSES ENABLE SUCCESS

Once companies have a shared point of view on customer experience, they need processes that reinforce and support their goal of improving it (see Figure 6). Our interviewees said they:

- **Begin with setting business goals and end with measuring results.** Fidelity's online user interface design group starts projects by setting business goals like increasing customers' new account registration rates by 6%. This becomes the context for projects like redesigning a registration form to increase the number of users who successfully complete it. Projects end with an examination of performance against metrics established at the start. If results are less than expected, the group examines the reasons why and use what it learns to improve the next project.
- **Engage key players at the right moments.** In a large company, many people have legitimate input to design decisions that impact customer interactions (see Figure 7). The IVR design team at Orange has stakeholders from customer service, brand, marketing, usability, and technology. Using a structured process they've adopted from Voice Partners, key players contribute their expertise, commit to and deliver their piece of the experience, and sign off on decisions. By making contributions at specified points, they avoid killing projects by committee decisions.

- **Include appropriate design methodologies.** Design practitioners rely on a portfolio of proven tools. Experienced teams choose the right tools for a specific project by balancing methodological rigor against real-world constraints on schedule and budget. For example, usability engineers should always test channels for user experience flaws. But they might choose formal usability lab tests — which take longer and cost more but produce more reliable results — or less formal remote tests. Firms like BrownCo estimate that testing with users from early stages of the process and fixing flaws before they are coded — even when timelines are tight — has helped it save as much as 25% of development time.

Figure 6 Major Steps In A Business-Centric Design Process

Process step	Customer experience activity
1. Set business goals	<ul style="list-style-type: none"> • Identify business goals that relate to customer experience — such as increasing revenue, decreasing service costs, and building brand.
2. Identify target users — understand their goals and key attributes	<ul style="list-style-type: none"> • Examine existing data on customers and prospects. • Conduct additional primary (ethnographic) research to understand customers' behaviors and attitudes. • Identify patterns and create behavioral segments. • Specify the customers, prospects, or business partners who must be able to use the channel to achieve their goals.
3. Map user goals to business goals	<ul style="list-style-type: none"> • Identify target user goals most critical to business results. • Interview key stakeholders to uncover needs and constraints. • Resolve conflicts between business goals and user goals.
4. Create/distribute personas	<ul style="list-style-type: none"> • Build design personas. • Document user goals and scenarios that support business goals.
5. Develop concepts and high-level design	<ul style="list-style-type: none"> • Develop information architecture to support personas and their goals. • Identify content and function required to support scenarios. • Pinpoint specific business or technical constraints on scenarios. • Assess potential impact on related systems either within or across channels. • Prioritize scenarios based on persona and business goals.
6. Specify business success metrics	<ul style="list-style-type: none"> • Establish specific metrics for measuring success against business goals. For example, the percent increase in users finding order status through the IVR system. • Establish mechanisms for measuring results — such as analytics.
7. Iterative rounds of prototypes, business reviews, and user experience evaluations	<ul style="list-style-type: none"> • Create and iterate prototypes starting with nonworking versions and working up to versions with limited functionality. • Review prototypes for compliance with business goals, user goals, and technical capabilities. • Conduct expert evaluations and/or usability tests on prototypes.
8. Build and test system	<ul style="list-style-type: none"> • Build out fully functional system. • Conduct expert reviews, usability testing, and QA testing.
9. Launch and measure business results	<ul style="list-style-type: none"> • Measure results against goals for business success metrics. • Assess why project does or does not meet business goals.
10. Optimize	<ul style="list-style-type: none"> • Make and test iterative changes after system is live. • Measure results against business success metrics.

Source: Forrester Research, Inc.

Figure 7 Customer Experience Design Requires Diverse Competencies

	Role	Responsibilities
Management	Executive champion	Provide budget and clout. Require clearly articulated customer goals that tie explicitly to business goals and metrics.
	Project owner	Make tradeoffs between time, budget, and technology constraints based on the key business and user goals the project serves.
Stakeholder	Self-service channel manager	Identify opportunities to shift customer interactions from expensive human-supported channels to Web sites, IVRs, and kiosks.
	Marketer	Ensure that interactions are designed to consistently match brand attributes, regardless of channel.
	Call center manager	Identify opportunities for improved customer experience by understanding and communicating the issues that customers are contacting the company about.
	IT manager	Provide technology best-suited to support interactions that enable target users to complete the goals most important to business success.
Design practitioner	Business strategist	Prioritize business goals and the user goals that are best-suited to serve them. Prioritize user goals most critical to driving business goals and metrics.
	User researcher	Provide insight into underlying customer goals and attributes by mining existing data and conducting additional primary research like surveys and ethnographic field studies.
	Information architect	Organize and label information in a way that makes it easy for target users to find.
	Interaction designer	Apply principles like affordances, consistency, forgiveness, and perceived stability to create smooth, efficient interactions between a channel and its users.
	Interface designer	Define the presentation layer (or “skin”) of the channel to connect users to underlying content and functionality.
	Usability engineer	Uncover interface flaws that threaten business objectives by using analytics tools, conducting surveys, expert evaluations, or lab tests with target users.

Source: Forrester Research, Inc.

RECOMMENDATIONS

LEVERAGE THE BUSINESS VALUE OF DESIGN

Start building a design-centric culture and business-centric design processes:

- **Follow the money.** Many firms don't measure the ROI of improved customer experience even though the business impact can be significant.⁷ To measure the business results of design changes, connect the dots between business metrics, user goals, and design. For example, when a customer lead is worth \$15, a large manufacturer that increases the conversion rate on its Web site from 1.5% to 1.8% can expect a net benefit of \$850,000 after 12 months from a \$500,000 redesign project.⁸
- **Tap design agencies for a jump-start on culture and process.** Many companies turn to outside agencies for help designing self-service channels or products — but the more lasting value of the partnership is often the agency's ability to influence its client's culture and process. In addition to sharing their design methodologies, agencies can help clients navigate politically dangerous waters, get people in different organizations talking to each other, and break down barriers to conflict resolution.⁹ Seek out agencies — like Management Innovation Group — that actively aim to improve corporate culture and process through design projects.
- **If you already get customer experience, let design agencies know.** A number of in-demand design agencies have told us that they prefer to work with companies that already understand the value of customer experience — and even no-bid requests for proposals (RFPs) from companies that don't. The reason? These agencies are most successful when they don't *have* to drive massive cultural changes and can focus on delivering great design. To land the best design talent — and pull even further away from competitors — leading companies should make their commitment to customer experience clear in RFPs.
- **Dedicate physical space to design projects.** Dedicated design spaces help project teams work effectively — and provide a persistent reminder of the value of the design process. In Fidelity's "design labs," large posters outline the company's design principles and process — offering constant guidance for decisions and serving as the basis for group discussion. Overhead projectors and large-screen monitors allow project teams to compare different design options and competitors' sites side by side. DaimlerChrysler took this one step further by decorating and furnishing conference rooms to reflect the distinct personalities and preferences of their personas. Actively used as meeting spaces, the rooms help project teams quickly focus on the needs of target users.

SUPPLEMENTAL MATERIAL

Companies Interviewed For This Document

Agency.com	Levenger
Avenue A/Razorfish	Management Innovation Group
Business Objects	Molecular
Critical Mass	OgilvyOne
Deborah Mayhew and Associates	Orange
Design Continuum	Organic
Discover Financial Services	Procter & Gamble
E*TRADE FINANCIAL	Seagate Technology
Fidelity Investments	Smart Design
frog design	Sprint Nextel
Fry	VoicePartners
Hewlett-Packard	Xerox Federal Credit Union

ENDNOTES

- ¹ For Forrester's Q4 2005 Customer Experience Peer Research Panel Survey, we surveyed executives at 106 North American firms with revenues of \$200 million or more.
- ² Many firms know that design can increase sales and reduce costs, but they struggle to put a dollar value on these improvements. That's unfortunate, because members of our Customer Experience Peer Research Panel say that the overwhelming majority of their site design projects in 2005 were successful at achieving their business goals. See the March 17, 2006, Best Practices "[The ROI Of Web Redesigns Made Simple](#)."
- ³ Unfortunately, good customer experience remains an elusive target. Of the more than 700 Web sites that Forrester has reviewed, only 3% received passing grades on usefulness and usability. See the December 6, 2005, Best Practices "[Learning The Value Of Effective Site Design](#)."
- ⁴ We observed emerging persona best practices while evaluating personas from 12 vendors for our recent Forrester Wave™ evaluation of Web design agencies. See the November 18, 2005, Best Practices "[Persona Best Practices Of Web Design Agencies](#)."
- ⁵ T.J. Maxx tested an HTML version of its shopping cart against a Flash single-screen checkout process, and found that the Flash cart converted shoppers to a sale 50% more often than the HTML version. The retailer recently decided to shut down its eCommerce site — but this doesn't negate the proven power of its Flash

shopping cart and checkout process. See the February 23, 2005, Best Practices “[Flash Shopping Cart Boosts Conversion Rates](#).”

- ⁶ Liberum Research registered a total of 16,671 C-level management changes in 2005. Source: Liberum Research (<http://liberum.twst.com/>).
- ⁷ In Q3 2005, Forrester surveyed members of its Customer Experience Peer Research Panel. Of the 89 respondents to the question “Does your firm measure the financial return on investment (ROI) of design changes to its customer-facing Web site(s)?,” 40 respondents indicated that they only measured ROI for major changes, 31 indicated that they didn’t measure the ROI of design changes, and six indicated they didn’t know. Of the 77 respondents who didn’t measure ROI for all design changes, their top reasons were that they use soft metrics like customer satisfaction or that they didn’t have the necessary data. See the December 6, 2005, Best Practices “[Learning The Value Of Effective Site Design](#).”
- ⁸ Forrester constructed simplified models of the ROI provided by Web site design projects for a sample retailer, manufacturer, and financial services institution. See the March 17, 2006, Best Practices “[The ROI Of Web Redesigns Made Simple](#).”
- ⁹ Decades of cumulative experience across hundreds of projects has left today’s firms with sophisticated processes — continuously updated to keep pace with emerging best practices like persona creation. See the October 6, 2005, Tech Choices “[The Forrester Wave™: Web Design Agencies, Q3 2005](#).”

FORRESTER®

Helping Business Thrive On Technology Change

Headquarters

Forrester Research, Inc.
400 Technology Square
Cambridge, MA 02139 USA
Tel: +1 617/613-6000
Fax: +1 617/613-5000
Email: forrester@forrester.com
Nasdaq symbol: FORR
www.forrester.com

Research and Sales Offices

Australia	Israel
Brazil	Japan
Canada	Korea
Denmark	The Netherlands
France	Switzerland
Germany	United Kingdom
Hong Kong	United States
India	

*For a complete list of worldwide locations,
visit www.forrester.com/about.*

For information on hard-copy or electronic reprints, please contact the Client Resource Center at +1 866/367-7378, +1 617/617-5730, or resourcecenter@forrester.com. We offer quantity discounts and special pricing for academic and nonprofit institutions.

Forrester Research (Nasdaq: FORR) is an independent technology and market research company that provides pragmatic and forward-thinking advice about technology's impact on business and consumers. For 22 years, Forrester has been a thought leader and trusted advisor, helping global clients lead in their markets through its research, consulting, events, and peer-to-peer executive programs. For more information, visit www.forrester.com.