

# 7 Practices of a Customer-Centric Organization





# Introduction

The 2013 IBM Report, “[The Customer-activated Enterprise](#),” centers on the evolving, empowered role of the customer in this new era of business. The role of social media and technology has transformed the way that the C-suite looks at the customer: a customer is no longer a slice of a market segment, but an individual with whom to develop a lasting, trust-centered relationship.

According to the study, “Outperforming enterprises are 54 percent more likely than underperforming enterprises to collaborate extensively with their customers... [and] deep collaboration is a universal ambition: nine out of ten CxOs foresee doing so in the near future.”

Many CEOs are even using customer feedback to drive business strategy, a tactic that would have been unheard of a decade ago. In fact, the CEOs in the study believe that customers have a stronger influence in their organizations than all other groups than the C-suite — a surprising revelation (albeit with a *hint* of self-preservation).

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In a business environment that now includes a social, vocal, and empowered customer base, companies are striving to catch up. However, companies evolving to customer-centricity gain an unexpected benefit: focusing on the interests of the customer also improves the employee experience.

In our [2011 Employee Engagement Trends report](#), we examined how an organization's approach to customer-centricity impacts employees. By collecting and analyzing employee feedback, we uncovered seven practices that differentiate customer-centric from company-centric companies. These seven practices are covered within this text.

As a note, customer-centric companies consistently follow these seven practices. They boast six times the number of Fully Engaged employees, and 12 times fewer Actively Disengaged employees than their company-centered counterparts. If your organization is interested in becoming customer-centric, these seven practices must be at the heart of your strategy. Additionally, leaders must exemplify to their employees that better customer experiences are imperative to the future growth and success of the company.

## Employee Engagement

### Company-Centric vs. Customer-Centric Companies

#### All Employees



#### Company-Centric



#### Customer-Centric



■ Actively Disengaged
 ■ On-the-Fence
 ■ Engaged
 ■ Fully Engaged

# Customer Experience Starts at the Top

## Practice 1: Make customers central to the mission.

The Ritz-Carlton Credo offers a strong example of how to write the customer into a mission statement. Yet it's safe to say The Ritz-Carlton is not the first company to write about its high levels of customer service.

Leaders within the company know that the Credo's power comes from the people who bring it to life. They empower employees to provide outstanding customer experiences. At Ritz-Carlton, the Credo is more than a forgotten piece of marketing collateral: it's a source of employee pride and something to rally around.

In our study, one Ritz-Carlton employee shared the following about their employer's mission: "Because the company truly believes [we should] 'Do the right thing, do whatever it takes, and have fun,' we literally do whatever it takes to make the customer happy."

To make customers part of your company mission, first, write the customer experience into key documents. Then using the remaining six practices to demonstrate a commitment to your goal of customer-centricity.

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### The Ritz-Carlton Credo\*

*The Ritz-Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission.*

*We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed, yet refined ambience.*

*The Ritz-Carlton experience enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of our guests.*

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\*The "Gold Standards" of The Ritz-Carlton Hotel Company, LLC, (which include The Credo) are available [on their site in full](#).

## Practice 2: Focus on highly loyal customers.

In our [Most Engaged Customer Experiences Study](#), the Cable & Satellite TV sector consistently claims the lowest percentage of engaged customers. This makes sense: this sector is one of the few that “punish” loyalty by raising prices the longer a customer stays with them.

How a company treats its loyal customers sends a strong message to employees about whether the focus is on better experiences or higher profits.

While long-time customers pay a premium for cable and television service, in contrast, customer-centric companies place a premium on their loyal customers.

**“People take pride in working for a company that does right by its customers and value being part of a company that allows them to build lasting relationships with loyal customers and clients.”**

In our study, an employee in the retail sector shared how customer service policies can affect employee work: “Customer service is what we pride ourselves on and is how we keep customers coming back. We are known in the retail industry for our exceptional service to our members and guests, and it makes us happy to make customers happy.”

Organizations that value loyal customers encourage employees to invest in personal relationships with customers. They create environments that focus on continued business. One employee in our study noted how this focus improves the employee experience: “People take pride in working for a company that does right by its customers and value being part of a company that allows them to build lasting relationships with loyal customers and clients.”

Building and sustaining customer loyalty starts at the top of an organization and involves constant communication. However, it’s important to note that this practice is centered on human relationships and ongoing trust. To encourage customer-centricity, your goal should not only be to encourage trust, but honor it over time.

# Caring Enough to Ask

## Practice 3: Invite customers to give feedback.

Gleanster is a company that benchmarks best practices in technology-enabled business initiatives. In their 2010 report titled “[Customer Feedback Management](#),” they focused on how top performing companies view their investment in customer feedback management.

One section of the report investigates how companies maximize the value of a customer feedback initiative. Respondents derived value from actions like sharing data and insights with the right people, or drawing actionable insights from customer feedback. But there was one clear area in which respondents saw value. 92% of respondents in the study cited the need to “instill an organizational focus on listening to the voice of the customer” as the most important value driver of their decision to collect customer feedback.

“When an organization internalizes this idea,” writes Gleanster, “it can drive cooperation across functional silos and empower front-line employees to question policies and processes that customers are telling them degrade their experience with the brand.”

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*Employees notice investment in collecting and acting on customer feedback. They see it as a sign of commitment to improve customer experiences.*

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One employee in our study echoed the Gleanster report, saying, “We spend time and money on client feedback to make sure we are doing the best we can. We implement changes to make sure excellent service is delivered.”

Verbal communication of your commitment to focusing on the customer is a key step that employees will notice. However, actions speak louder than words. You have to begin collecting customer feedback and responding to it. You can also bolster your commitment by investing in a [Voice of the Customer Program](#) that will allow customers to speak directly to your organization.

## Practice 4: Invite employees to share ideas for improving the customer experience.

“There is no [employee] feedback asked for,” wrote one respondent to our survey, “and when changes are made, our opinions or contributions due to experience (and knowing what works and what doesn’t) are not

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listened to.” The CBS show [Undercover Boss](#) illustrates how wide the gap can be between executive decisions and employee knowledge. The reality show invites CEOs to go “undercover” in their own companies to see how policies,

procedures, technology, and other factors impact the employee experience and delivering customer service. Each episode closes with the company leader revealing his identity and making changes based on what he learns from his frontline people.

Not many CEOs have the opportunity to gain such a unique perspective on how their company works, but by inviting employee feedback, they can achieve similar insights.

Employees often have deep understanding of what customers need most, how employees can provide it, and what’s currently

preventing employees from delivering it. Asking for employee feedback is integral to your ability to deliver a consistently great experience. As an added benefit, it also sends a powerful message to employees about the importance of their role in aligning the company around the customer.

The practice of collecting feedback is used consistently by customer-centric companies. For leadership, listening to the voice of customers and employees is a necessity in achieving customer-centricity.

**“There is no [employee] feedback asked for, and when changes are made, our opinions or contributions due to experience (and knowing what works and what doesn’t) are not listened to.”**

# The Role of Employees

## **Practice 5: Give employees the resources to solve customer problems.**

In our Employee Engagement Model, Resources is identified as one of the functional or extrinsic drivers of Engagement. Without the staff, technology, and support to succeed, people struggle to fully engage with their work. Employees in our study interpreted an investment in providing employees with proper resources as evidence that the company cares about customers and wants employees to do their best to take care of them.

It's easy to profess customer-centricity at the executive level and in marketing efforts, but failure to invest in appropriate resources immediately signals to employees that the message is superficial at best. The effect of this failure to follow through on employee morale was evident in our study. One employee wrote, "Upper management has just been looking at the financial numbers the last several years and has cut back so many people that we are not able to keep up the same level of customer service that we used to be so proud of."

## **Practice 6: Share customer feedback with employees.**

CEOs who are focused on getting closer to the customer will also see the value in bringing the customer closer to the employee. According to the 2013 IBM C-suite study, collaborating with customers is becoming a key part of business: 46% of C-suite executives plan on collaborating more with customers today, and 90% plan on collaborating more within the next three to five years. But collaboration between companies and their customers requires more than collecting customer feedback. It requires sharing that feedback with employees.

Employees who have access to customer feedback can better understand how their work impacts customers. Then they can adapt to interact with customers in meaningful ways.

Customer feedback also provides clear insight into what differentiates you in the eyes of your customer. This information, coupled with specific customer comments, can help every level of your company focus on that differentiation and delivery. It also tells a dynamic, ongoing story about the role employees are playing in creating better customer experiences.



## Practice 7: Tell employees when they do a good job serving customers.

Our research confirms the power of sharing positive recognition. We found that employees who receive recognition from customers are 4.5 times as likely to be engaged, compared to those who do not receive such feedback. Customer-centric companies make a habit of letting employees know when they have done right by a customer.

Adam Scott, a professor at the University of Pennsylvania's Wharton School of Business, labels this practice “[Outsourcing Inspiration](#),” because it embeds a sense of purpose in employee work. Recognizing customer-centric work not only reinforces that behavior, but also encourages greater connections between employees and customers. Put another way, employees find more meaning in their work because they're working for the customers, rather than the company.

Bruce Temkin's “[Employee Engagement Benchmark Study](#)” found that companies with good customer experiences have 2.5 times more engaged employees than companies with poor customer experiences. Is it any surprise then that the final three practices of customer-centric companies focus on supporting the work of employees? Customer-centric companies know that happy customers come from an environment that allows employees to do genuinely good work.

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## Further Information

If you are interested in learning more about our Voice of the Customer solution, please email us at [info@peoplemetrics.com](mailto:info@peoplemetrics.com).

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### About PeopleMetrics



PeopleMetrics guides clients on the journey to better customer experiences. Our Voice of the Customer solution can help clients put listening and responding at the heart of their business. We also offer a suite of other solutions that allow clients to improve customer experiences. Find us online at [www.peoplemetrics.com](http://www.peoplemetrics.com) to learn more.

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#### Are you ready to transform your customer experience?

Get in touch!



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