

The CX Conundrum



Why transformation is imperative to business success

Transforming customer experience (CX) requires a fundamental change to business models and thinking. It can't be done half-heartedly, since effective CX needs a top-down alignment of connected technology, people and processes.

In other words, it takes real action and real investment, and that can be challenging.

But it's essential.

Customer journeys and lifecycles are more complex than ever. Digital disruptors are building their propositions based on their heightened ability to understand and adapt to them, delivering more personalised services and communications, at the right moments, to maximise revenue.

Traditional organisations must catch up

All but the newest disruptors in any industry must undergo some form of digital transformation to deliver CX which is differentiated enough to support long-term, sustainable growth. Whether it's investing in automated ERPs to streamline internal workflows, or using data better to boost revenue growth, you need strategic focus to ensure obstacles don't impede progress.

Successful transformations rely on a well-articulated vision and clear targets. This itself is difficult to achieve, particularly when leaders are busy handling the day-to-day running of operations, trying to provide accurate reporting and making mission-critical decisions. Economic conditions, as well as the prevailing impact of the pandemic, mean many businesses feel their time is better spent on guaranteeing survival than on future-focused projects. It can be hard to prioritise technological investments in the face of these external pressures.

Have you weighed up the costs of investment vs inaction?

Transformation projects come with some undeniable risks. Decision-makers understandably don't want to be burdened with a legacy of excessive costs, delays, downtime or failure to realise their project goals. Doing nothing and relying on the status quo can be attractive to a risk-averse organisation.

But passivity on CX represents its own risks: those of reduced competitive advantage, missed revenue, inability to retain or attract talent and stalled growth. Delaying investment has a cost that is just as real as the spend required to transform it. The longer you delay, the further behind you leave your business, risking long term customer churn, brand perception challenges and vulnerability to disruption by savvy digital competitors.

Every day at Xpedition we work closely with businesses and leaders who are wrestling with the challenge of how to take significant, actionable steps towards improving experiences. Many simply don't know where to start, or how to prioritise different steps.

This article will explore why these barriers exist, and how you can employ your resources and partnerships to build the momentum to effectively transform your CX.

¹ <https://www.mckinsey.com/business-functions/growth-marketing-and-sales/our-insights/what-matters-in-customer-experience-cx-transformations>

² <https://www.mckinsey.com/business-functions/growth-marketing-and-sales/our-insights/what-matters-in-customer-experience-cx-transformations>

³ <https://www.gartner.com/en/newsroom/press-releases/2020-02-10-gartner-says-nearly-90--of-organizations-now-have-a-c>

“Customer experience is an excellent starting point for a digital transformation because it places the emphasis on creating a happy customer and will also solve a lot of inherent inefficiencies.”

Fransje van der Marel, McKinsey

Why is it so difficult to start delivering on CX?

Organisations face a few core barriers to CX progress. From a lack of alignment on measurement to insufficient technology infrastructure, identifying and addressing these challenges will help your business drive serious improvements on CX.

Ownership and understanding

While most businesses implicitly understand the value of improving CX – and the internal systems and processes that underpin it – taking on the responsibility to own delivery can be overwhelming. Other priorities can feel more pressing and manageable, while our own experience indicates that tackling the first step of a transformation project remains one of the biggest hurdles. Before investment, it's easier for businesses to find reasons to postpone action on CX.

But can you afford to risk it?

Deferring these decisions is at best a short-term option. As your competitors build new CX capabilities, their capacity to disrupt your customer operations and limit your market share will grow. Eventually you will need to respond anyway, and without early investment in CX transformation you'll be playing catch up rather than leading the way. The sooner you decide to transform your CX, the greater the potential rewards will be.

Resistance to cultural change can also be a significant roadblock. Transformation requires new skills internally, plus new external relationships to realise value, which is a step some businesses struggle to accommodate into existing plans. Without clear ownership, departments can lack a shared understanding of what CX is – and of how CX strategy should be defined. This leads to misalignment of responsibilities which can hamper progress.

- Which partners should you work with who can effectively map your current processes and systems to help build a clear roadmap?
- Who is responsible for data sitting within disparate departments?
- Who ensures that your digital transformation remains aligned with how you want the business to grow?

Clearly defining project leadership and teams can help to ensure board advocacy and progression of your transformation objectives. But working with an external strategic partner who can advise your IT teams on best practice is equally important.





Focus

When commencing a transformation project, businesses may designate broad, generic aims which aren't tightly matched either to their strategic goals or with existing systems. Many also struggle to show how the project will deliver trackable ROI over time. Focus is needed in both these areas, to help build consensus around the value of CX investment, as well as to ensure that a project will progress according to a reasonable schedule.

One of the biggest tasks we help our clients to navigate ahead of transformation is to interpret a coherent picture of how value will be produced. This helps to ensure realistic timelines – and helps leaders to track progress against predefined milestones to support regular reporting to assuage anxieties about attaining firm ROI.

Legacy systems

You can't redesign your CX – particularly when it comes to digital journeys – without investment. Modern CX uses customer data to map preferences and behaviours, supported by AI and automation which deliver faster, smoother and more efficient processes. These technologies are essential to reduce costs and address your customers' needs better to contribute to growth.

But not every business is set up for intelligent back-office processes and operations right now. Legacy platforms and traditional data centres still dominate in many businesses, partly because they're so hard to shift. It feels like a long process to integrate new platforms, and wariness about downtime can make it difficult to build consensus at board level.

Businesses need to build the momentum to move critical infrastructure onto the cloud, and create a reliable, trusted foundation of clean data to support future technological investments. The building blocks of better data and insight will help to quickly show the value of AI and automation, increasing alignment and reinforcing the business case for further CX development.

Measurement and insight

Any transformation project should be able to prove its value to internal stakeholders and budget owners. You want to see a good return of investment – so you need to be able to measure value accurately and effectively over time. Organisations often struggle to set the right metrics to do this however. Linking your customer and revenue data together takes a concerted effort and reporting framework, which itself requires specific expertise.

Even if you know what you're looking for, unless you have the right insight in the first place you can't match your efforts accurately to the rewards of growth and revenue. Bringing in the right support and partners is key if you want to take full advantage of the data you have at your disposal and make decisions based on real insight.

Your business can't afford to fall short on CX

Ultimately, introducing new technologies that align better to the needs and preferences of customers is more opportunity than challenge.

Hesitation to invest in CX transformation is understandable. It takes time and resources which leaders may prefer to allocate towards immediate targets, like sales growth or efficiency drives.

But you can't afford to delay.

Dwindling customer loyalty has been a trend for over a decade. History tells us that businesses who prioritised customer service and experiences in the last recession realised 3 times the returns of those who did not. While customers who have excellent experiences have been shown to spend 140% more on services.

Customer experience is central to your ability to offer differentiated services which help your business to grow your share of a market where customer loyalty is in short supply. It doesn't only contribute to your competitive advantage – it is a competitive advantage.

When you transform your digital infrastructure and meet your CX goals you can shape experiences to increase cross-sell opportunities and directly grow revenue.

Let's take an example from the insurance sector. Consolidating customer and business data into a single place which can be accessed by every system – and person – in the organisation provides a platform for automated upselling and cross-selling when customers purchase a policy. A modern CX approach helps you align your growth goals with your customers' needs, using your business data as a reliable source of truth to inform your sales and marketing efforts.

Data governance is also about trust. If your teams can access the right data they can build a more realistic picture of your customers and operations. Meaning they can ask the right questions, and put the correct security steps in place. All of which help you continuously optimise your CX methodology and encourage greater engagement from your customers.

Making smart investments in platforms and strategies that support better CX are needed if organisations, from financial services to retail, want to build sustainable growth and acquire new customers.

65%
of financial services customers would use an app to pay a bill.⁷

⁴ <https://www.forbes.com/sites/glennllopis/2014/12/10/consumers-are-no-longer-brand-loyal/?sh=4c4517e32ae0>

⁵ <https://www.mckinsey.com/business-functions/growth-marketing-and-sales/our-insights/the-three-building-blocks-of-successful-customer-experience-transformations>

⁶ <https://www.forbes.com/sites/forbesbusinesscouncil/2021/04/27/cx-and-ex-why-nothing-is-more-crucial-to-your-companys-future/?sh=d0e89cb126c4>

⁷ <https://www.cmswire.com/customer-experience/financial-services-customer-experience-3-success-and-3-failures/>

How to deliver CX that brings your customers back for more

Avoiding or delaying your CX transformation isn't an option. As other businesses invest in data-led technologies, it's up to you to develop a robust strategy to deliver and stay competitive. There are several tasks you need to prioritise.

Build a single source of truth

Without a solid data platform that gives you accurate, real-time insight into your business and customers, you can't meet your CX goals. So investing in software which helps you use customer data is key. When IT and services teams can easily see and interpret business data, they can design products, services and communications that are tailored to customers' wants and delivered through their preferred channels. Getting the right software – which will help you to consolidate and interpret your business data – gives you the means to turn that information into action. You can make better-informed decisions about how to proactively communicate and sell to diverse customer sets, laying the basis of exceptional CX.

Define ownership and collaboration

Delivering new services which better align with your goals for CX and growth means redesigning your internal processes and systems. You need to ensure different internal teams are bought into the process, so getting them involved early and showing that their existing workflows are accounted for is key. It's important to create a roadmap for when legacy processes or systems will be migrated or replaced, to ensure downtime is low and the pace of transformation is communicated across your business.

Partner up

You can't expect to make one significant investment which will fix your CX. A modular, cloud-based solution is needed to create the scalable automation and insight required for profitable, differentiated experiences. Taking an incremental approach to developing a tailored roadmap for CX is key, helping you gradually show the value of investments and build momentum for further transformation.

There's light at the end of the funnel

The good news is that developing the CX you need to thrive is achievable. Despite the headwinds of higher prices, margin instability and reduced consumer confidence, business leaders are still invested in the power of brands to improve lives and experiences.

The willing is there, so a redoubling of focus on actionable planning towards digital transformation of CX must be backed-up with a clear methodology and the right partnerships.

⁸<https://hbr.org/2019/09/why-every-company-needs-a-chief-experience-officer>



75%
of executives say
improving CX is a high
or critical priority.⁸

The Xpedition way

Transforming customer experience is something that Xpedition helps businesses to achieve every day.

Our Revenue Operations (RevOps) approach is designed to help you get rid of internal silos and build momentum around CX, with a focus on maximising your revenue. We can help you to instil an understanding of CX responsibilities within your operations function, to adapt to the modern demands of digital, real-time experiences. Giving operations a remit to design and build better experiences will support a joined-up, 360-degree CX strategy, encompassing education, service development and growth.

Microsoft
Partner

Gold Data Platform
Gold Data Analytics
Gold Cloud Platform
Gold Enterprise Resource Planning
Gold Small and Midmarket Cloud Solutions

Microsoft Dynamics
Financial Services Partner

As a Microsoft partner of over 20 years, we help businesses harness the combined power of Dynamics 365 and the Azure Data Platform to align sales, marketing, customer service and finance efforts. We underpin these with a strong data strategy, allowing organisations to create a modern CX operating model that drives customer engagement, satisfaction and experiences to create key competitive differentiation.

We work with you to design a clear pathway to progress, so you can use your customer data better with a single, unified platform. And we help you align specific technologies with a broader solution design to help you improve and create more profitable experiences.

Ready to start your journey to CX-powered growth?

If you're interested in realising your growth goals through better CX, we want to hear from you. Give the Xpedition team a call on **+44 (0)20 7121 4705** or visit us at xpedition.co.uk.

We'll be happy to help.