Moments of Truth

Make every customer interaction a Profitable one

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14 pages

Focus

Successful Customer Outcomes
Moments of Truth
Breakpoints
Business Rules
Bridging the business IT divide
Innovation

Relevance

What you will Learn
The purpose of the Moments of Truth Tool Kit is to give you an actionable approach to making Customer Satisfaction work in your favor... to recast it as a positive, enabling effect rather than a negative, revenue-stealing one.

Recommendation
The BP Group provides a program built on 8 foundational methods, techniques and skills which help you to deliver triple crown benefits i.e. simultaneously reducing costs, improving revenues and enhancing service.

The steps are practical, sensible and focused on action. The approach provides direction to people who are responsible for organisation performance improvement, process realignment and ensuring ‘outside in’ thinking at all levels of business. If you fall into that category, the method and techniques will help you realize your performance and process objectives. The BP Group recommends this solid and proven approach to senior executives, managers and process performance professionals.

Summary

Customer Focus 10  Practical Use 10  Ease of Learning 9  Benefits to Company 10

Overview

Page |1 – Moments of Truth toolkit

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Customers

They are the heart and soul of every business. We spend enormous amounts of time, money and energy to better serve our customers. Yet even following our best efforts, instead of making the customer experience better, it often gets worse. And if we aren’t making it worse, at the very least we are making that customer experience unpredictable.

But what do our customers want? They want a predictable and satisfactory experience. They want us to meet their expectations each and every time they interact with us. They want us to do the work and then they want to get on with their lives.

So why does the customer satisfaction and experience inconsistency problem exist? If the customer doesn’t want that and we don’t want it either, then where is the disconnect happening? Certainly creating and propagating the problem is not our intent. Our intent is just the opposite. The problem isn’t how much effort we are putting out. We put out a lot of effort in connection with our customers and in improving the experience they have with us.

The problem is in how we are trying to improve the customer experience.

We are using the wrong tools, the wrong approach, even the wrong thinking and that is hitting us where it hurts... right on the bottom line.

How pervasive is this condition? Even the best product and finest service companies are losing customers everyday for lack of a simple understanding – the impact that Moments of Truth have on their customers.

Everyday customers touch your business... and leave dissatisfied. In most cases it’s not your product, your price, your selections or even your service. It’s something far more insidious, and it’s taking revenue away from you every single day – but it doesn’t have to.

It’s the customer experience and it’s not what you think it is nor is it what you want it to be. In fact, while you probably think your customer experience is solid, cohesive, reliable and predictable, the truth is it’s more like Swiss cheese – riddled with holes.

Those holes are called Moments of Truth and they affect your customers profoundly. They determine the experience of the customer and they dictate the degree of consistency – or inconsistency – of the experience you deliver. For most organizations they are a continual drain on resources and the number one reason for customer attrition.

The good news is that Moments of Truth are actually quite easy to identify; we only have to look for them. This Toolkit will show you how.

The other good news is that there are two direct actions you can take to make an immediate impact on stemming the tide of customer dissatisfaction.

Once we have learned how to identify Moments of Truth, the immediate action we can take is to look at what we have identified and challenge them. We do this by asking two simple questions:

Do our “processes” really need all of these Moments of Truth in them? Are there some...
Moments of Truth that we can immediately eliminate by taking one or more simple actions?

Are there ways we can improve Moments of Truth if they can’t be immediately eliminated?
What could we do to lessen the potential negative impact on our customers from them?

Chances are you will find many Moments of Truth that you can eliminate or improve immediately.

What are Moments of Truth?
Anytime a customer comes into contact with any aspect of the business, however remote, there exists a Moment of Truth.

Moments of Truth provide the means to understand what creates processes, how they operate and in fact how we can significantly improve performance by redefining Moments of Truth to better serve the customer, and accordingly generate revenue, remove cost and improve customer service.
In the SCO Toolkit we talked about Successful Customer Outcomes (SCOs), those things that we should seek out on behalf of our customers to ensure we deliver and exceed their expectations. If we align our organizations to SCOs (rather than industrial age silos) we become slicker, more agile, and indeed more profitable. In this toolkit we’ll explore how you, like the global corporations already delivering SCO’s can begin the process by understanding the very thing that creates and causes all work i.e. the customer interaction.

By putting Moments of Truth to work for us by firstly identifying them, then analyzing their impact and finally rationalizing them we consistently deliver the triple crown. Once we have ‘fixed’ our Moments of Truth then we have truly dealt with the Cause of Work, and in doing so can abandon the out of date, inside-out approaches which seek always to fix the effect (the symptom).

The organization is then in charge of its own destiny and not a slave to the complexity that less inside-out thinking has created. Customers can enjoy the experience and business can get on with managing and creating new expectations. Moments of Truth will put clear water between you and your nearest competitors, and as simplification is one of the benefits our organizations become more agile and innovative.

The Ins and Outs of Moments of Truth

There are five main types of Moments of Truth:
1. person to person
2. person to system
3. system to person
4. system to system
5. and person to product

(This last category may involve the direct interaction with a piece of machinery, say a vacuum cleaner or a car.)

Any contact with the Customer is a ‘Moment of Truth’ in so far as we have the opportunity to create a moment of magic, or conversely, a moment of misery.

Moments of Truth first really came onto the management radar screen in the early 1980’s due to Jan Carlzon’s noted leadership efforts in “turning around” Scandinavian Airlines (SAS) where within a year of his taking over the CEO position the company was back in the black and earned a reputation as one of the world’s best airlines. He accomplished this through a basic management of Moments of Truth.

Jan Carlzon spelled out his management and staff motivation philosophies in a best-selling book, Moments of Truth, which has since been translated into 18 languages.

Where do Moments of Truth occur? Everywhere. Examples of where Moments of Truth occur include:
- Respond to a query - For security reasons
The Five Steps to Winning the Triple Crown

Identify your Goal
Of course the overall goal is to improve customer satisfaction. But to achieve that goal we need to know what role we are acting within. This helps us know if we are educating, leading, directing or doing.

Describe your Target
The target is the “area” we are seeking to improve. Most often this would be thought of in terms of a “process” but there is no restriction on how we define the target areas we are working on.

Identify Moments of Truth
For the target area, all of the Moments of Truth that exist need to be identified. They also need to be described well enough that what was meant is easily recognizable to others or when we come back to our work at a later date.

“Blink” your Analysis
Judging the impact of Moments of Truth on Customer Satisfaction is a very subjective thing. It’s relatively easy for people to do, but very difficult to codify. It can best be done by looking at the Goal, the Target and the Moments of Truth all together. In most cases the Moments of Truth that are problematic will immediately become obvious.

Describe your Actions
Describing your actions is the way you build the direction, leadership vision or specific activities that need to be done for improvement to take place. Depending on what your Goal is, your Actions need to take the form that will help get the work you know needs doing, done.

It’s important to have a goal. If we don’t have a goal then it’s very hard to play the game to win! So in your MOT Plan you need a goal.

What is your goal?
While Improving Customer Satisfaction is the overall goal, the specific goals for people to help us achieve that are what is needed to get results.

Those specific goals could be several things depending on who you are and what you do. Let’s look at some examples and see how they change the nature of the MOT Plan goal.
Leadership Goals

Leaders
Perhaps you are a manager or executive. What you need to do is provide leadership and direction. You need to get people moving in the right direction. Is this a reasonable goal? You bet it is!

Giving people clear direction on how they can deliver against the organization’s goals is very important. Anytime you can concisely drive people into activities that directly support your goals the results will speak for themselves. So for leaders, the goal is:

Focus people on addressing the causes of Customer Dissatisfaction.

Managerial Goals

What if you have managerial or improvement results responsibility and accountability? Now you need people to address those issues that will create a direct and immediate positive impact on Customer Satisfaction.

Accountable Professionals

Accountable professionals have organizational metrics that are used to assess their performance. They have responsibility for delivering on organizational vision or mandates in a specific area of the company. Their goal is to focus activities on both the right places and the right actions.

Identify target areas for Customer Experience Improvement and determine Actions to be taken.

Some of us have a more direct responsibility. We are tasked with being the person who leads or does the work of improving the Customer Experience.

Process Professionals (business/IT)

Process professionals come from both business and IT roles. They have responsibility for selecting the “right thing to do” and then to “get it done.” Their goal is to zero in on the specific things that need to change and then craft the nature of that change!

Identify Actions to be taken and the specific intended outcome for each.

Possible Goals

So the goals could be:

Focus people on addressing the causes of Customer Dissatisfaction.
- This would be a Leadership Goal.

Identify target areas for Customer Experience Improvement and determine Actions to be taken.
- This would be a Managerial Goal.

Identify Actions to be taken and the specific intended outcome for each.
- This would be a Work Goal.

Or they may be your own interpretation of one of these.

But before you can make something good happen, you have to know what your goal is – and if the goal relies on others doing something - you have to give them clarity on what you expect from them (what their goal is) in order for them to produce the results you desire.
**Identifying Target Areas**

It is necessary to identify your Target Area first, and to do that we should think of our business as a set of activities that deliver a successful outcome for a customer.

The model for this thinking has the following components:

This example is derived from a Retail bank selling mortgages, and each target area represents part of the Customer Experience in the lifetime of the ‘product’. We need a target area because we need to know exactly what we are talking about when we are ready to make an improvement in the Customer Experience we deliver.

The actual target area provides a means to understand whether the resources of that area are aligned to achieving a successful outcome. More often before we apply ‘outside in’ thinking, there is very little alignment and in fact the resulting complexity is the cause of confusion, cost and customer failure. The fact that the majority of approaches to fixing this problem, Lean and Six Sigma for example, tend to apply to the effect and not the cause is another reason for failure. We end up trying to fix chairs on the deck rather steering the ship away from icebergs.

For the target area, identify each of the Moments of Truth that exist within it; then record them in a descriptive enough way that others (and you if you come back later) will immediately know what you mean.

Complete the MOT Target Area Analysis.
Also, make sure you write them in a descriptive enough way that you can come back a day, a week or a month later and know what each Moment of Truth is...

*You’ll be tempted to shortcut this – but DON’T.*

Moments of Truth are interactions with the Customer. That’s something we can all identify with because in our everyday lives we are all customers!

So as “THE CUSTOMER” in this experience, what raises the hair on the back of your neck? What triggers a negative response? What do you instinctively shy away from? Which of these Moments of Truth do you KNOW just shouldn’t be there?

Chances are you will find a number of these situations with the Moments of Truth for any experience you look at. It’s that simple. Don’t make it harder than it needs to be.

If you have trouble with this then you need to role-play the Moments of Truth. When you role-play, you’re now the customer. Take each of the Moments of Truth one at a time and picture yourself as the customer. What is likely to happen? Is this what you would like to experience as the customer? What could go wrong? Or better, from your own experience as a customer, what is likely to go wrong?

If you get into the role-play as the customer you’ll quickly realize where the customer experience is likely to be compromised. The more likely a Moment of Truth is to compromise the customer experience the more important it is to remove it.

For the Blink Analysis what we want to accomplish is to rank the importance of these Moments of Truth in a way that helps us know the ones we need to take action on.

**Here is a way you can rank Moments of Truth.**
In a blink of an eye. When you meet someone for the first time, or walk into a house you are thinking of buying, or read the first few sentences of a book, your mind takes about two seconds to jump to a series of conclusions.” Malcolm Gladwell, Blink

**The customer perspective**

<table>
<thead>
<tr>
<th>Likelihood of Customer Relative Importance in Dissatisfaction occurring at this MOT</th>
<th>Very Likely</th>
<th>Absolutely</th>
<th>Likely</th>
<th>Not Likely</th>
<th>Not necessary</th>
</tr>
</thead>
</table>

**The organisation perspective**

<table>
<thead>
<tr>
<th>Likelihood of Costs Increasing/Revenue Failing/Service Compromising if we fail at this MOT</th>
<th>Very Likely</th>
<th>Absolutely</th>
<th>Likely</th>
<th>Not Likely</th>
<th>Not necessary</th>
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This analysis shouldn’t take you long at all. It should be quite obvious once you have identified the Moments of Truth what is getting in the way of improving Customer Satisfaction.

As the understanding of Outside-In improves you will include other factors in your assessment such as Risk, Revenue Impacts, Service Satisfaction, Compliance, Strategic alignment, Impact on IT etc. In fact our program identified more than 20 such factors however the most important are those that help us consistently win the triple crown by reducing costs, improving revenues and enhancing service.

Based on the answers you found for the preceding questions you are now ready to craft the Actions that should be taken to best improve the Customer Experience the company delivers. The actions will vary based on how you are using this kit. Here are some examples:

There are two primary choices of Action
(a) **Remove the Moment of Truth**, (b) **Improve the Moment of Truth**.

The more ambitious will choose (a) and the route of total removal. In doing so they frequently conceive new ways of delivering service and product with whole processes apparently disappearing. This is the route for two types of organizations – those who have little alternative and are lying on the ground crashed and burning, and then interestingly those businesses who wish to innovate and lead their space. In the latter instance companies familiar with the removal strategy include Apple (think of the innovation around the iPhone), Virgin (and the constant innovation across more than 200 companies), Zara (and its rethink of what used to be referred to as the Supply Chain).

Going for (a) **always delivers significantly reduced costs, greatly enhanced service and ultimately substantive revenue growth and profitability**. (Triple Crown plus)

In some cases we may not have the remit to fully challenge all the dumb behaviours within a given target area (there may be political or scope constraints) and so we need to adopt more of approach (b) and set about improving Moments of Truth.

Either choice is valid however the greatest gain occurs from Removal. The problems go away. Improvement should be regarded as the stepping stone to make the case for (a) subsequently as this completely changes forever an organizations process and performance landscape.

It’s not hard. It’s not rocket science.

If you use the template and fill in the blanks you can immediately become focused on doing things that directly improve the Customer Experience.
Template - The Five Steps to Winning the Triple Crown

Identify your Goal
Of course the overall goal is to improve customer satisfaction. But to achieve that goal we need to know what role we are acting within. This helps us know if we are educating, leading, directing or doing.

"...keep things simple. People get lost when a systematic approach becomes overly complex and they lose sight of the actual goal."
Richard Branson
2007
Identify your Target Area

Describe your Target
The target is the “area” we are seeking to improve. It may encompass the complete customer experience, more often however it will be a specific target (due to political/budget or other scope constraints).
Identify Moments of Truth
For the target area, all of the Moments of Truth that exist need to be identified. They also need to be described well enough that what was meant is easily recognizable to others or when we come back to our work at a later date.

“Blink” your Analysis
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<table>
<thead>
<tr>
<th>ID</th>
<th>Moment of Truth (description)</th>
<th>Organisation Impact (H/M/L)</th>
<th>Customer Impact (H/M/L)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target Area: description</td>
<td>Cost</td>
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<td>Service</td>
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Conclusion

Although companies have been investing record amounts of money in traditional process improvement approaches, such as Six Sigma and Lean and in general service-quality improvements, most of these initiatives end in disappointment. What's regularly missing, in our experience, is the ‘outside-in’ perspective, that spark between the customer and frontline staff members—the spark that helps transform wary or skeptical people into strong and committed customers.

Utilising Moments of Truth to identify and reengineer all customer interactions produces immediate and sustainable benefits for all – the customer, the staff and the shareholders.

References

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www.cityprocessmanagement.com (testimonials)
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Connect with other ToolKits at www.bpgroup.org/Toolkits

Next Steps

If you would like to discuss your Customer-Driven strategy or related topics with either John Corr or Steve Towers - we would like to invite you to do so.

You can contact either John or Steve at:

John Corr - Mobile: +44 7703 437414    Email: john.corr@bpgroup.org
Steve Towers - Mobile: +44 7792 922695    Email: steve.towers@bpgroup.org