



Successful Customer Outcomes

Turbo charge your business by aligning with successful outcomes

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11 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 Successful Customer Outcome Tool Kit is to give you an actionable approach to create successful, winning strategies for your business in the face of the customer-driven economy of the 21st Century.

You have to do the Right Thing to succeed these days, not just Do Things Right.

In this toolkit you will learn how to craft Successful Customer Outcomes using outside-in techniques and how to use these SCOs to create success in your organization.

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	Practical Use	Ease of Learning	Benefits to Company
10	9	7	9

Overview

At the height of the Industrial Age we didn't have to do the right things, we just needed to do things. Commercial success resulted for many who were able to organize a business and produce goods.

As the Industrial Age gave way in the 1960's to the Information Age competition started increasing. It was no longer good enough to do things, we had to do things right. This was the genesis of the management approaches (Industrial Engineering, TQM, Porter's Value Chain, Management by Objective, Six Sigma, Balanced Scorecard, Lean, etc.) in wide practice today.

However you won't find these approaches at the heart of most successful companies in the 21st Century because we've now moved past these inside-out management techniques.

We are now in a Customer-Driven Economy and the only way to excel here is through outside-in techniques that lead with the customer. Succeeding in the Customer-Driven Economy comes from doing the right things, and those right things are in fact Successful Customer Outcomes. This Toolkit is your guide to creating that all-important customer alignment through the use of Successful Customer Outcomes.

"A whole new mind"
Daniel Pink 2005

"Extreme Competition"
Peter Fingar 2006

Context

If you ask companies like Best Buy, Starbucks, Wal-Mart, Virgin, Zara, Apple, State Farm, Southwest Airlines, and Discount Tire what it's like competing in a customer-driven economy they'll say it's an opportunity to create a highly successful business where both customers and employees share a feeling of satisfaction, loyalty and personal empowerment.

If you ask their competitors they'll say it's difficult and dangerous - a mine field where one false step is the last step you'll ever take...

Both statements are true.

Why the difference in perspectives?

It occurs when an organization doesn't understand the concept of Successful Customer Outcomes and cannot therefore align to achieving them. And the difference between the two groups of organizations identified above is that regardless of what (if anything) they call them, the first group is clearly focused on delivering Successful Customer Outcomes and the second group is not.

But what are Successful Customer Outcomes and how are they the difference between success and failure; between being a winner or a loser?

Outcomes should be the output of high-level processes. Customer outcomes apply to processes covering a complete interaction with the customer. Successful Customer Outcomes add one more item into the mix. To be "successful" the outcome must deliver on the expectation the customer has and it must make the customer's life simpler and easier. Simpler, easier and more successful. That is the litmus test of an SCO.

What makes us successful? Taking us into the winner's circle?

We have to articulate the SCOs we desire to deliver, and they have to pass the SCO litmus test. We must prioritize our SCOs to our organization. They are the priority. Success comes from identifying real SCOs then tasking the organization to deliver on their promise as the top priority.

Without the proper priority those wonderful SCOs won't help. Circuit City and Kmart are great examples of this. As they say "talk is cheap, it's what you do that counts." Circuit City and Kmart had the talk, but Best Buy and Wal-Mart prioritized and delivered.

Successfully competing in a customer-driven economy is a one-two punch: Getting those SCOs right then delivering them as our top priority.

Successful Customer Outcomes, or SCOs, should be the goal of all of our processes. Those organizations that are successful in following this doctrine share a common trait; they are consistently successful regardless of the market they are in or the economic conditions that exist around them.

But what qualifies as a Successful Customer Outcome? We need to understand what successful customer outcomes are, what purpose they serve and how we go about creating them before we can put them to work for us.

The Nuts and Bolts

Processes have a Purpose, and that Purpose Determines the Competitive Potential of the Process!

We start by recognizing that every business process needs to have a purpose.

Please note – You don't have to use the term "process" in your organization to use this technique. So if there is a different way you prefer to describe the work your organization does then you can use that instead. Because "process" is the most common way to describe work in use today we use that term in this toolkit.

“..every business process needs to have a purpose.”

We call that purpose of the process the outcome but we don't stop there. In thinking about what processes should do there is a mind-shift that needs to be taken. We need to recognize that our processes are all meant to serve somebody, and that "somebody" is the customer of the process.

“..the outcome of any given process should be successful.”

Now, it doesn't take any great leap of understanding to recognize that the outcome of any given process should be successful. That's easy, however the definition of successful is where issues arise; otherwise every organization would be delivering SCOs with all of their customer-facing processes.

It's natural for us to think about processes from our personal perspective and in relationship to the people we work with. Most often, when we try to include the customer in our work, the perspective we use is very impersonal.

As a customer, do you expect a personal or impersonal experience from the organizations you do business with? Do you get what you expect?

Oh sure, there are lots of things that organizations do to include the "voice of the customer" with research and neat statements like "one call resolution," "one point of contact," and all kinds of statistical and analytical forms of "customer models."

Wearing the Shoes of the Customer

But put yourself in the shoes of the customer. Think about a situation where you are the customer and then think about what a Successful Customer Outcome would be for you.

Are the organizations you conduct business with making your life simpler, easier and more successful?

Most people working to make business improvements miss this even when attempting to align process to customer needs. For example, what good does one call resolution do if the customer doesn't get what they want?

“.. the place to start in creating exceptional customer success is in the creation of a Successful Customer Outcome.”

How about one point of contact? Does that mean anything to you? Doesn't it depend on what happens at that point of contact? While having a single point of contact for each customer may be part of delivering Successful Customer Outcomes, by itself it doesn't deliver anything.

So the place to start in creating exceptional customer success is in the creation of a Successful Customer Outcome. When we stand in the shoes of the customer and describe our successful customer outcome from this outside-in point of view we set a clear objective for the process that if met, will produce customer success (which in-turn produces business success).

Let's take a look at some examples.

Example 1 – An Insurance Provider

Problem: We have inconsistent application processing time and that is causing us to upset some of our customers and lose other customers because the wait is too long.

Objective A: We will increase the number of applications we can process by 20% without increasing the costs associated with application processing.

Objective B: We will process all of our customers' applications in 24 hours or less and we will get all of the applications RIGHT the first time.

Now, from a customer perspective can you see that Objective A may help satisfy our expectations (it's likely to decrease wait time to some degree), but that it is not focused on doing so?

This is inside-out thinking. The reasoning is that if we increase the number of applications we can process, then delays will be reduced (increased capacity). If we do so without increasing cost then our business will make even more profit. But that says nothing about actually getting applications processed in a way that the customer deems successful. If the customer judges the outcome to be unsuccessful then what are we left with but an empty bag?

Objective B, on the other hand, is directly connected to customer success.

That direct connection to customer success has a direct connection to customer retention and new customer acquisition which in turn has a direct connection to business success.

This is the reality of a customer-driven economy.

Example 2 – A Cellular Service Provider

Problem: People change service too frequently and we aren't making much profit.

One company found at least a partial answer to this problem with the following process objective.

Objective A: Create a customer acquisition process that encourages contracts that are profitable.

This objective will create a target market for the organization delivering this value proposition of people willing to accept this type of product. And product it is, because the contract is part of the package the customer is buying. It can work, but it carries enormous risk and places the company in an extremely unstable market position.

Now, before we give an alternative process objective, let's stop for a moment and think about this in the shoes of the customer. The real question is: Why are customers not satisfied? What are we doing that fails to keep them as our customers without contracts?

Objective B: We will deliver a fun, easy, no hassle, and no contract service and will make sure our customers feel successful in every interaction with us.

This objective is what Virgin Mobile USA delivers to their customers. Their results? An average

growth rate of 1 million customers per year since their launch in 2002 (and this without owning a single cellular service tower or piece of cellular service technology; leased from Sprint).

Virgin Mobile USA is focused on the creation and delivery of Successful Customer Outcomes. In their case, competitors have been forced to respond in kind while Virgin Mobile USA has not been forced to do anything by those same competitors.

Crafting Successful Customer Outcomes

- 1) Move yourself into the shoes of the customer
- 2) State what the successful outcome of the process would be as if you are the customer speaking.
- 3) Make sure each statement is actionable and meaningful.
- 4) Beware of weasel words! They sound nice but they don't have any real meaning.
- 5) Rephrase your SCO by starting it with "I," (speaking as the customer) and see how that changes it.
- 6) Bring one or more customers in and have THEM tell you what their SCO would be!
- 7) Make sure your SCO is making the customer's life easier, simpler and more successful.

This is the "acid test" of a good SCO. Get this right and your process objectives will immediately start driving your processes to become truly exceptional ones!

Going back to our examples, how might the customer phrase their Successful Customer Outcome for the insurance example? Perhaps they would say something like:

"I want to get the insurance I need as quickly and easily as possible – and at a fair price – so I can get on with other things I need to do."

Hmmm... is this an actionable SCO? Yes. The actionable elements are "insurance I need," "quickly and easily," and "fair price."

We can define what each of these are for our customers then take action in our organization to deliver against them... and we can measure them to make sure we are doing the right thing – right!

To help get this outside-in Successful Customer Outcome activity into clearer focus, there are five elements that should be considered (and tested) for any SCO that we create:

- 1) Our SCO is the reason for our process's existence.
- 2) Delivering our SCO is our number one priority.
- 3) Our SCO comes from the customer's perspective, from the outside-in perspective.
- 4) Our SCO is actionable and its performance is something we can monitor or measure.
- 5) Our SCO makes our customers' lives easier, simpler and more successful. This is the reason we are here and everything we do should be aligned to this goal.

These five elements will always be present when we get the SCO of a process nailed on the head. Sometimes this can seem to be very hard, and you may find yourself slipping back into the details (and complexity) of your organization. Yet SCOs are simple things and by keeping our focus we can avoid these pitfalls when crafting our SCOs.

Building Successful Customer Outcomes that Lead us to Success

Now, when we get down to actually creating our SCO it turns out that the best way to do this is by asking leading questions that can build context around the SCO. This is a way of leading us to the

“..there are five elements that should be considered for any SCO.”

SCO we seek.

The basic set of SCO questions is as follows:

- 1) Who is my customer?
- 2) What is my customer's current expectation?
- 3) What is the process that the customer is engaged in (from their point of view)?
- 4) How does what we do affect customer success?
- 5) The SCO (what does the customer really want from us)?

Let's look at an example so we can understand the importance of each of these questions.

Here we compare and contrast homeowner Insurance Claim processes from two companies in the US market offering homeowner insurance:

Company A

The claim process for Company A involves contacting the Insurer, opening a claim, identifying specific coverage limitations, validating the policy, assigning an assessor, scheduling the assessor, conducting the assessment, calculating the cost of damage, applying coverage rules to the damage cost, determining a final coverage amount and finally issuing a check to the customer.

As you might imagine this process takes anywhere from 2 to 4 weeks to complete. As you might guess the resulting coverage payment covers only a limited portion of the cost to make a repair. Payout limitations come from minimizing repair estimates based on the terms of the policy and the policy deductible.

Company B

The claim process for Company B involves the customer identifying who they wish to have make the repair, getting a quote, faxing the quote to the local office, issuing a check for the quote amount minus the deductible in 24 hours or less, and posting of the check to the customer.

Let's look at the SCO that would go with this process. We'll answer the SCO questions from the perspective of a company with a process like Company A in our example.

Who is my Target Customer?

Homeowners

What is their current expectation?

My insurance will pay for most of the repair cost but it will be a hassle making the claim and I won't get as much help as I expect to.

What process is the customer really in?

Quality of life. Protecting my assets. Making my home nice again. Protecting myself from

reoccurrence of the problem.

How does what we do affect customer success?

We help them get their fence fixed. It takes a long time to do so and they don't get as much help as the need.

What is the SCO?

- I want my home fixed.
- I want it to look as good as it did before it was damaged.
- I want it done right away.
- I don't want it to cost me a lot.
- I want the process to be easy. I have better things to do with my time!

From this SCO example we can see that Company A has a claim process that manages the risk of Company A. On the other hand Company B has a claim process that manages the emotional need of the customer and their risk.

Please Note – This example is very challenging for some people because at first glance it would appear that Company B is “giving” far more money to the customer than Company A.

That is of course true.

However, the cost of the process for Company B is a fraction of the process cost for Company A.

So Company B is giving customers this cost savings while building affinity, loyalty, expanding the customer relationship and creating word-of-mouth marketing.

This is the essence of successful strategy in a Customer-Driven Economy.

What do you need to know to put this strategy to work for you?

- 1) You need to know what product, service or customer interaction you are targeting for your strategy.
- 2) You need to build the SCO for your target
- 3) You need to identify which statements from the SCO you will deliver on to your customers
- 4) You need to identify how you will measure your success against each of the statements you have chosen to deliver on.

Step 1 – The Target

Describe your target product, service or customer interaction. This should not be difficult. These are the most important aspects of your business and they should not be difficult for you to identify.

You should avoid being overly specific. For example, you would not want to use as a target one product from what is for all practical purposes a family of products. The better target is the family of products.

You should go through each target area separately. They are unique strategic elements of your business and you should treat them as such.

Though you may choose a less critical target for your first use of the toolkit as a learning experience, as a general rule you should target the areas that are most important to your business's success first.

Step 2 – The SCO

For your target, answer the five SCO questions in order.

Note that you could have more than one Target Customer group. That's very possible and you should create a unique strategy for each in that case. However, be careful that you don't create more Target groups than necessary. The smaller the number of target groups the more successful your strategy will be.

Make sure you include everything in the SCO statement list that you feel the customer really wants; even if it is not something you feel you can or should

Step 3 – What we will DO

Choose the statements you know you must deliver on and the ones you know you can deliver on. If some of the statements are a "bridge too far" that's ok.

This is very important.

These SCO statements are your "Promise to your Customers." If you can't back your promises up you're better off not making them at all.

These statements need to be on the "lips" of everyone in the organization. It needs to be the first item of business on every agenda and the last item to get pushed back or delayed.

Customers won't respect a good effort (and they won't care), they will respect and care about your reliable delivery of your "promise."

So be certain you are ready to back up your commitment to delivering on the SCO statements you choose to be part of your delivering to your customers. If you aren't willing to stand firm on this with all of the people in your organization, you will open the door to the creation of Customer Dissatisfaction.

Step 4 – How we will Measure our Success

Not only should you know how you are going to measure success against your SCO statements, you should measure them.

If you don't measure them you can't know if you are fulfilling your promise and you send a signal to your organization that this "new stuff" isn't "that" important.

The leading customer-focused companies make these measures the top KPIs of their organizations, and drive compensation, performance reviews, and promotions by these measures.

Describe your target product, service or customer interaction –

The SCO Questions:

1) Who is your Target Customer? -

- 2) What is their Current Expectation? -
- 3) What “process” is your Customer Really Engaged in? -
- 4) How does what you do affect your Customers’ Success? –
The SCO
- 5) What is the SCO (what do your customers really want from you)? – a -b -c -d -e -f -g -
Which of the SCO Statements will you deliver on to your Customers and how will we measure your success?

Conclusion

Successful Customer Outcomes provide the most significant input to business strategy and operations since the creation of the computer. It is no less than a complete realignment of business thinking and practice to an outside-in perspective whereby everything an organisation does is progressively aligned to achieving customer success.

The endeavour in moving towards SCO’s removes complexity, reduces costs, grows revenues and improves service which are after all the key ingredients of business success.

References

- Successfuloutcomes.blogspot.com (articles)
- www.towersassociates.com (training services)
- www.cxman.com (consultancy services)
- www.cityprocessmanagement.com (testimonials)
- www.bpgroup.org (networking and information exchange)
- 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.

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