



KPMG Customer First Podcast Transcript

Value of CX



Julio

So, I'm really excited today to be here with several key professionals from KPMG who represent their customer practices in their country and [are] focused on customer experience. Today we have Jeff Mango. Jeff, can you just introduce yourself?

Jeff

Sure. Jeff Mango, I lead KPMG's US Customer Experience practice.

Julio

Perfect. Aditya?

Aditya

Hi, I'm Aditya Rath, partner with the customer practice from the Mumbai office.

Julio

And Tim?

Tim Knight

Tim Knight from the UK.

Julio

Fantastic. And Tim, you have a long history working on customer experience and focused on the customer agenda, no?

Tim

I have, yes. So, I joined KPMG five years ago when KPMG in the UK acquired Nunwood. And as part of that we'd been looking at customer experience best practice around the world for about five years. We're now, as a consequence of our global work, as you know Julio, were in our 10th year now. So, a long history not just of looking at best practice through specific client lenses, but also analyzing the market. Right, looking at who performs well, and why.

Julio

Fantastic. So that's why we're here today to celebrate the fact that we just released our 10th edition of the Customer Experience Excellence report. We covered multiple geographies around the world, 22 countries in total. And we're gearing up to do a new report in the new fiscal year with more than 25 countries, which is exciting. But in that what we find is that companies that are customer obsessed are really performing well. They're doing great in the marketplace, not only because they use customer experiences a differentiation and a point of differentiation. And they're stating this to us, they're saying this to other analysts around the patch, but because they're actually seeing benefits, economic returns from competing on customer experience. So I'd like to spend a little bit of time talking about that and what's behind that and helping our listeners understand our perspective and actually what's happening in the marketplace. So Aditya, what are you seeing with your clients is how they're using customer experience as a differentiator and the kind of economic returns that they're obtaining?

Aditya

Well, in a country like India, everything has to have an economic value. The reason it has to have an economic value is that because of the wide, diverse population group that we have. So what we've seen recently is that clients who are investing on customer experience, which has a meaningful sense for the customer, has better returns made on the investments that they're doing. So, for example, the whole euphoria of going and creating a mobile app, creating a mobile website, trying to be more digital. That's actually stabilizing – customers are asking what is the consumer who is actually consuming this product or service want to really appreciate are going to pay for and once they understand that, they then making those investments so I see a huge shift in from a knee jerk reaction to a far more informed decision. And those returns are starting to show. The other dimension is that in a diverse population, there is this whole top big cities, and there is a huge part of the country which is absolutely in the mainland. And I think it's important to understand that there is a leapfrog piece which is happening there. So, they're adapting to mobile faster. They're adapting to data consumption faster and adapting to content faster. So, companies are not just now looking at channels, but they're also looking at behaviors to be able to tie them back to returns. So, I think customer centricity and returns are now being talked and CX professionals are getting a boardroom, at least a voice if not a seat.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Throughout this document, "we", "KPMG", "us" and "our" refer to the network of independent member firms operating under the KPMG name and affiliated with KPMG International or to one or more of these firms or to KPMG International.

© 2020 KPMG International Cooperative ("KPMG International"). KPMG International provides no client services and is a Swiss entity with which the independent member firms of the KPMG network are affiliated. All rights reserved. Designed by CREATE | CRT112363R

Julio

Great. So it's safe to say, just playing it back, really understanding what the customer wants. Having a deep customer understanding, the insights, is really important here, and then really determining and prioritizing what experiences you want to deliver and then targeting the value that you want to capture by allowing any organization, it is really critical to do that. So, Jeff, and you know, you've got an interesting background, you spent many years in industry as a senior executive in charge of customer experience. And now you're in a management consultant and have been doing this for multiple years, lead the efforts in the US, how are you talking to your clients about aligning around customers, and giving them the juice, so to speak, to get their organization to make the pivot and make the investments?

Jeff

You know, I see two really major trends happening now that if you go back and say we've been in the age of the customer since Forrester declared it about a decade ago. You know, the US has seen some maturing and, in that maturing, there's become, really, two trends that have emerged. One of them is the fact that we may have tried this a few times before and not necessarily captured or seen the financial results. And so therefore, it makes it a little bit hard to think about that investment. And the other is, because so much has been learned in the last 10 years. How do we actually move faster and accelerate, potentially skipping some areas of where you may have seen others cut their teeth and learn so that we can move faster. So, as a specific example, I would say, organizations who are looking at what they need to deliver for their customers and where the opportunity is to grow also, the bottom line is a big focus right now in the US. And when they look at the bottom line and where they need to move the needle, it comes down to growth, and retention, and those areas of opportunity, and how they actually think about investing in the key moments of that customer's journey. Versus say, looking at the entire journey, and essentially being absorbed by, and overwhelmed by, that journey.

Julio

Good, got it. And so, you know, Tim, you know, we sit on – thanks to some early investments that you've made – a rich database of what great customer experiences look like. Ten years of facts based on the Six Pillars of Customers Experience and really unpacking what customer experiences and customer centricity and customer experience leaders do. How are you seeing your clients make the trade-offs around costs to serve and expectations of customers? How are they getting that balance right?

Tim

I think it's a really interesting to reflect on what Jeff's just shared with us which is v the practice of customer experience has been maturing rapidly since we entered the age of the customer. We've seen the practices of the tools and techniques of a profile of CX advance massively and the global Six Pillar research gives us a unique perspective on that, it allows us not only to decode what an outstanding experience is, but also look at those leaders, those CX pros, those organizations, those CEOs, that absolutely lead the fields globally, but also those who aren't. It's really interesting to look at those who aren't. In those instances what we have seen is that maturity that Jeff talks about from the point of view of CX practice, but a lack of maturity around economic discipline. And that for us really is the missing ingredient. That's the catalyst that CX needs in order to be seen as a credible business discipline. And increasingly when we look at those organizations that are leading the field, those that are using CX to drive growth and economic outcome, those are the ones who have made their CX practices CFO credible, they've stepped into a world where it is no longer just for preserve of journeys and emotional connection, but for preserved cost management, portfolio management and transformation oversight.

Julio

Right. So, Jeff, how do you respond to Tim's assertion that folks have become more mature, right? But they're also this emphasis on the financial returns and being "CFO ready".

Jeff

So, CFO ready, I think is a great thought process that CX professionals need to take up front because the biggest miss in CX planning is the fact that there isn't a very good baseline that's set. So when we're actually changing the experience, we never measured the previous experience. And I see organizations continue to, when we have a conversation with them, maybe that has been a major contributor to a failed effort prior, is that they really didn't set the stage for what was the current state of the financials before we went made the change and therefore not being able to understand how that reinvestment should be considered to continue to self-fund CX practice of improving customer experience consistently.

Julio

So really understanding the change in the drive and understand the baseline, understand the target and then measuring the progress, not only in experiential level being in a contact center with speed to answer or the amount of self-serve utilization, but also just in terms of the actual results of NPS scores or C SAT scores. Depending on the score and metric that a company is using. So, I like this idea of CFO ready – I have a hypothesis too though that CX professionals need to be CMO ready. And what I mean by that is we everyone is talking about the age of the customer. And they're talking about the age of rising expectations of customers. But I also think that expectations is a two-sided coin, a company, a CMO, a brand can set expectations, and the competitive landscape and competitive landscape can set expectations. And so, we know from our Six Pillars research, Tim, that you know, expectations management is a key component there. How do you see the CMO playing a role there around expectations?

Tim

It's really vital. Julio, and this is where the connectivity of business comes into play. But yes, absolutely, we need to be CMO credible, we've got to manage expectations and the marketing directorate has a key role in making that happen. But this is to do with the connection of the marketing promise and the operational reality. I think the challenge many organizations face in that regard is, the firstly there's not necessarily a joined up analytical view between marketing and operations. And, as Jeff alluded to just now, unless you've got that joined up analytical view, that baseline to refer to, it can be extraordinarily difficult. And then you've got to take a total journey view of how you're setting expectations and delivering against them. So, for instance, if I look at one of the financial clients I'm working with at the moment, one of their biggest inhibitors to success, something that was driving them down our rankings, was the fact that Expectations – one of the [Six] Pillars – was underperforming. Now that Expectation was actually being set by a marketing promise to turn around documents in a certain time. The back office process that was designed to fulfill upon that promise was fundamentally broken. Now that back office process did not sit in marketing, but only by taking a total journey view, looking at the connected teams and systems underneath that, and essentially reducing that point of failure, could you deliver on the marketing promise and therefore alleviate the challenged expectations.

Julio

So because you're talking about a bank, right, and financial services client, the expression that I would use for that is that the organization was writing checks that they weren't in a position to cash. So somebody in the front office was making a promise and they hadn't told somebody in the middle of the back office, 'hey, you need to be able to execute' or 'we need to be able to execute this'. So not only is the CX professional responsible for understanding the customer, and setting the expectations or architecting what the experience needs to be like, they need to be an orchestrator, ensuring the organization knows what needs to happen to be able to deliver on that promise, which is great. So Aditya, in a country of over a billion people like India, with such a diverse population and really kind of just ecosystems. How does one orchestrate an organization and get an organizational line to be able to deliver customer experience? Because you've got very urban areas and you've got very, very rural areas? How does a company think about that?

Aditya

That's a great question Julio. And I want to take an example to kind of give a response to this. So this is a customer that we've worked with, who's largely working with – and it's a b2b customer – so this complexity was in a b2b organization. CX professionals are not necessarily having the same weight in a b2c organization as compared to a b2c organization. So what the organization wanted to do is that they wanted to change the channel experience, because in a country like India, if you have to reach the heartland of India, you have to look at channel businesses, you can't really open a store or a store front in every nook and corner. It's a large country, it's got diverse population. So what they did was that to be able to transform the channel experience and then to be able to propagate the brand promise across the channel, they created what we call is an empathy layer or an empathy map. To say that what does it make a channel person happy? What will it take to make a child person happy to be able to serve the end consumer at the end of the channel? And it was a long process, a long journey. But the change actually reflected in multiple places. First, the tone at the top. And getting that right was very important. So that started with the promoter. Explaining why a change of this nature is warranted to a promoter is tough because they still make money without the changes to the CX landscape. The second is functional heads. And in the channel business supply chain, for example, plays a critical role. I think, I think there are certain capabilities that the CX professional started working with us to be able to look at, for example, responsive supply chain, centricity, the technology architecture. Now these would otherwise get missed if you just looked at CX, so there has to be a wider and a holistic lens. And then eventually, as I mentioned, the word Empathy at the beginning, eventually, what does Empathy mean? So you kind of have to break down that word and bring it to daily actionable, so things like listen, things like data transparency, things like trust on payments, things like visibility on where my product is, and returns, for example, making sure the payments are happening on time. So these action levels are across the organizational value chain. A program like this takes anywhere between 12 to 18 months. So one of the key things of making this change was also the patience and clarity of communication. I think the biggest takeaway for us when we did this is that we never looked at it as a project, but we looked at it as a program, which transcended across multiple elements. And it's a job to be done. And it's continuing, because it's never ending because there are next levels of changes that are coming.

Julio

It's interesting because you use the word transformation, right. And oftentimes people think that I have a beginning and end to a transformation. But what I think we all know is customer professional folks that are in the marketplace every day helping our clients is, the customer is not just going to transform once. And so if you're customer centric and your customer obsessed, and the target of your obsession is going to be transforming on a continuous basis, right, changing the way that they interact with brands, changing the way they interact with channels, changing with their expectations, that this transformation to be customer obsessed is probably not a "transformation", but rather a transformational journey, that you basically have to build certain skills. And around that, the concept, the economics that are being driven from it, the value case, the business case is oftentimes predicated on either I'm continuing to retain my customers, or I'm attracting new customers, or I'm aligning my operations so they're more efficient at being able to execute there. So as you think back, if you step back about our discussion today, about all the facets around customer obsession, and how clients are embracing it, what would be the one takeaway you would take to them and say, 'if you're going to drive value for your customer franchise, for your business, and your CX professional, you need to pay attention to this?' What would be the key takeaway, what would be the key north-star that you would give to them?

Aditya

So, for me, the key north-star to them is that, first and foremost, get the Board aligned to it before you get started. The first and the single most important thing is a Board. It's an ownership driven. It's a private, proprietary firm, it's a family owned business, irrespective of the holding structure of the leadership. You have to get them aligned and understand, what's the purpose? Why are we doing this? Do we want to just do it because everyone else in my industry is doing it? Do we want to do it because I'm pressurized for some revenue targets or costs? But get that clarity on the table. Unless you do that, I think the rest is mostly doing a lip service, which I don't think is going to work in the long term.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG International Cooperative ("KPMG International"). KPMG International provides no client services and is a Swiss entity with which the independent member firms of the KPMG network are affiliated. All rights reserved. Designed by CREATE | CRT112363R

Julio

So, what's interesting is we're talking about being customer obsessed, which is an outside in perspective, I'm getting aligned to the outside. And what you're saying is do not forget to get the inside aligned to the outside because otherwise, you may not be able to sustain the journey. Jeff, given your tenure and your experience, both on client side and as a management consultant, what would be your piece of advice?

Jeff

When you're looking at the customer's future state, make sure you have understood the financial levers of the current state that should be moving in that new redesign. And I think organizations while fast to act, will jump right into a future state experience, usually sometimes following a competitor or making a shift because of some economic pressures, but hasn't taken that few minutes to really assess what levers are we going to really move here? And how are we going to make sure that we understand the value that we're providing for our customers, and the value internally that we're providing to the business? And in many cases, what we haven't talked about is that third leg of the stool, which is the employee experience, because in these transformations that we all lead, we see significant benefits to the employee experience when you're balancing the portfolio correctly.

Julio

Right, right. So, really know the value levers you're going to pull, be explicit about how they're going to live and absolutely understand the role of the employee in moving some of those levers and enabling them to be able to deliver on that customer promise and customer experience. What would we would be your takeaway, Tim?

Tim

I think your point about continuous transformation is absolutely right. So, we do live in a world where organizations need to be in a state of almost perpetual revolution in order to be successful. The pace of change is just so frenetic, and we have to face into that. But if you look at all of our data, you look at the Six Pillar data from all of these markets, 10 years, 2,500+ brands, what we see is a very large number of organizations are struggling to start that transformation, are struggling start that revolution, whether that's in customer experience, employee experience, or both working in unison. And as we talked about in opening this economic discipline, this economic security is the catalyst that's missing. Now that can be very hard to start as we heard from Aditya, v the problems can be 18 months +. That's quite a long value horizon for most executives to face into. One of the key insights that I take from our work is that one of the most powerful ways to start that revolution is to start, yes with growth. And let's start with growth, aspiration, but also with cost. And if we're going to have a CFO credible conversation, let's use customer as a lens to understand what we need to invest in, but also what we can pause and slow down, and use that as a fuel to start the transformation.

Julio

You know, it's interesting, I mean, we have representation today, on the phone from Asia, from North America and from Europe. And many of the themes are the same. At the end of the day, I think I take away from this, you have to understand your customer. You need to be able to engineer experiences and design experiences. But what you talked about just a moment ago, Tim, is also you need to value engineer those experiences, you need to know where you're going for revenue versus where you're going for reduction of costs. You need to strike the right balance all the time being attuned to the fact that you need to be aligned the organization to be able to execute. This has been a fabulous conversation. I really appreciate you guys taking time for your schedule today just to chat and I look forward to talking to our audience again in the future. Thank you very much.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Throughout this document, "we", "KPMG", "us" and "our" refer to the network of independent member firms operating under the KPMG name and affiliated with KPMG International or to one or more of these firms or to KPMG International.

© 2020 KPMG International Cooperative ("KPMG International"). KPMG International provides no client services and is a Swiss entity with which the independent member firms of the KPMG network are affiliated. All rights reserved. Designed by CREATE | CRT112363R