Building a Customer-Centric Organization: THE ULTIMATE ANSWER

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AGENDA

1. Welcome
2. Research on Culture and Engagement 10 mins
3. Discussion: Fred Q&A “Bring your toughest challenges” 30 mins
Culture important to creating employee engagement...
Culture important to creating employee engagement...

But also ‘Fuzzy’
How do highly-engaged employees describe their company?

Culture (Beliefs)  Workplace Practices  Engagement  Satisfaction, Retention, Advocacy...

Customer Satisfaction, Loyalty
Identified 6 dimensions

Customer-centric Culture (Beliefs)

- High-trust
- Customer-oriented
- Learning-oriented
- Open communication
- Lives their values
- Action-oriented

Workplace Practices

Customer-centric Engagement

Satisfaction, Retention Advocacy...

Customer Satisfaction, Loyalty

RESEARCH
The world is full of bankrupt companies with world-class cultures

Ben Horowitz
Partner Andreessen-Horowitz
Venture Capitalist
Discovered: Aligning work practices is critical

- Leadership direction & support
- Goal clarity
- Resources & training
- Feedback – Customer, Employee
- Empowerment & accountability
- Team process/collaboration

Aligning culture and practices is key to achieving engagement & impact
Assessed impact of alignment

<table>
<thead>
<tr>
<th>Customer-centric Culture</th>
<th>Customer-centric Work Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 25%</td>
<td>Bottom 25%</td>
</tr>
<tr>
<td>1.3X</td>
<td>1.3X</td>
</tr>
<tr>
<td>2.3X (more engaged)</td>
<td>2.0X (Baseline engagement)</td>
</tr>
</tbody>
</table>

- **Employees:** 2.3X more engaged (compared to baseline)
- **Customer-centric Culture:** 1.3X
- **Customer-centric Work Practices:** 2.0X

- **Likely to recommend company:**
  - Bottom both 25%
  - Top 25%: 5.1X more

- **Likely to leave co. in next 6 months:**
  - Bottom both 25%
  - Top 25%: 5.0X less likely

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Misaligned practices have unintended consequences—like gaming.

Effects of tying compensation to CX scores:

- Compensation NOT tied to CX: Likelihood of Gaming = 1 (Baseline)
- Compensation tied to CX: Likelihood of Gaming = 1.9X

How likely are your teammates to prevent unhappy customers from replying to customer satisfaction surveys?
Questions?
Questions:
Your toughest challenges?
Thank You
Questions for Fred’s Q&A...

• One of the statements we use as an indicator of employee engagement is: “My team goes the extra mile to make sure customers are happy”. What does it look like when employees “go the extra mile for customers” and where have you seen this? (e.g. Ritz Carlton, Chik-fil-A, Apple, Nordstrom)

• In your experience, what one company best represents a customer-centric culture? How consistent is their culture with the core characteristics we identified: High-trust, Open communication, Lives its Values, Learning-oriented, Action-oriented…? (USAA- see notes)

• Our results suggest that customer-centric engagement can only happen when cultural values and workplace practices are aligned...
  ▪ How can employee feedback help to build alignment? (e.g., Huddle-up concepts)
  ▪ Have you seen examples of companies that have struggled to become customer-centric because some of their practices have not aligned with their desired culture? Where was alignment lacking, and what were the consequences? (e.g., Annual reports that claim company is cc)
  ▪ Have you seen an example of a customer that had lost its way a bit, and had to bring customer-focused culture back? What changes did they make that made a big difference? (e.g., Schwab)
…Questions for Fred

• How can companies tell when (and where) they’re out of alignment in their efforts to deliver a great customer experience? (e.g. role of employee feedback)

• Can you think of a company that changed something significant about its customer practices based on employee feedback from the frontline? What impact did it have? (e.g. Employees id bad profits, CLT, HuddleUp)

• What makes an employee feel like a valued member of a high-performing team? What companies do it well? Examples of how?

• Leadership direction/support and goal clarity, were two practices that seemed particularly important to employee engagement. What do some of the best companies do to get leaders onboard and committed to delighting customers? To support leaders?
Questions to prompt audience discussion

1. What workplace practices have been particularly valuable to building a customer-centric culture at your organization? What’s really moved the needle?

2. If we all believe a customer-centric culture is important, why don’t we see it more often?
   - Where do companies fall short in their efforts to build a customer-centric company?

3. What have leaders done at your company that have significantly improved engagement around CX?