



Applying a Customer-Centric Approach to Process Improvement

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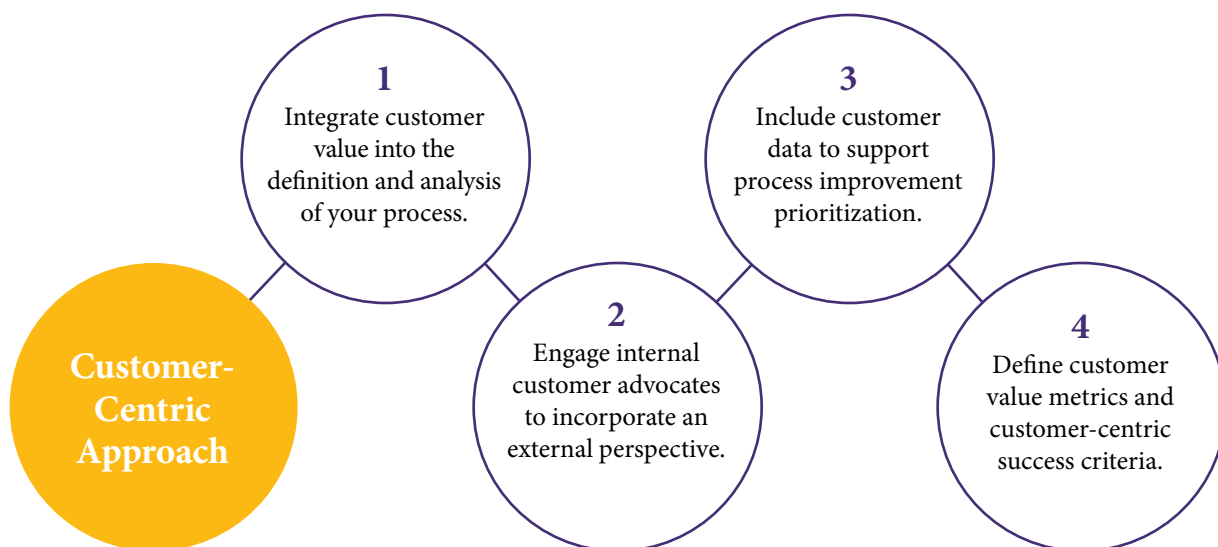
Companies today are continually raising the bar to create amazing customer experiences. This trend affects process-improvement professionals directly, because improvement initiatives are often prioritized by financially driven decisions that don't take into account the customer experience. But focusing only on the dollars and cents misses the additional improvement lift your business can gain by including a focus on the customer as well.

The following is a four-step guide to using a customer-focused approach when analyzing and prioritizing process-improvement opportunities:

1. Integrate customer value into the definition and analysis of your process;
2. Engage internal customer advocates to incorporate an external perspective;
3. Include customer data to support process-improvement priorities;
4. Define customer-value metrics and customer-centric success criteria.

Integrate customer value into the definition and analysis of your process

When engineering your process, bring in the customer perspective by examining where the process fits into the customer lifecycle. This enables you to identify the customer's needs during the relevant phases of the lifecycle and may help you draw new conclusions about what is value-added within your process. Customers may want choice when they're searching, but may value speed when paying a bill. Setting up processes to meet these core emotional



needs makes a difference. This perspective will enable you to analyze your existing process and define a new process, taking into account the customers' needs and preferences. Focus your attention on the key customer touch-points throughout the lifecycle. Define "moments of truth" when the process has a significant impact on the customer experience. For example, customers may say that the ability to search for a product is five times more important than receiving confirmation for paying an invoice. Seeing the "big picture" view of the customer lifecycle, and not just the specific process you are looking to change, further aligns your improvement efforts to the overall customer experience.

Consider both direct and indirect effects on the customer experience. In some cases, increasing efficiency or cutting costs through operational improvements could indirectly diminish the customer experience. Define how a customer engages with the process, including upstream and downstream interactions. Then note the effect of potential changes within the proposed change to your process.

This exercise is especially valuable when analyzing a process without a direct customer impact, or where changes should be transparent to the customer. It preserves the connection to the end customer and takes into account the functions and dependencies upstream and downstream from the process. From an operations standpoint, keeping a macro perspective on the customer experience ensures that operational improvements yield positive changes on the overall process, as well as the customer lifecycle.

Engage internal customer advocates to incorporate an external perspective

Customer experience departments are relatively new; many organizations do not have them at all. But every company has stakeholders who can champion the customer experience. To maintain a customer-centric approach, identify these customer advocates and involve them in the analysis and definition of potential process improvements. Leverage customer experience teams (if they exist), as well as stakeholders who interact directly with the customer and who can speak to specific customer experiences.

Sometimes, added complexity for the customer is an unintended consequence of a process change, even if the process has been streamlined. Perhaps collecting additional customer information can create internal efficiencies, but if it adds cumbersome steps to paying an invoice, for example, it would be a bad idea from an experience perspective. Ask customer advocates for feedback throughout process analysis and future state design to ensure the proposed process aligns with customer needs. In some cases, customer preferences may conflict with business needs. Customer experience advocates can help hone in on the parts of the process that are critical to maintaining the customer experience, without sacrificing needed changes and process improvements.

You likely already consider the level of impact, effort, and cost to determine which changes to make. But sometimes, the effect on the customer are not part

‘Your most unhappy customers are

of the decision-making process. Your internal customer advocates can help you understand how customers will perceive the changes or disruptions that may come with potential process improvements. These customer advocates may have visibility to other initiatives throughout the company that could magnify the significance of the timing for the proposed changes. This view is important not only for the effect on the quality of the customer experience, but also for estimating the level of internal effort required to make a customer-facing change. For example, you may need to develop a communication plan or workarounds. The external perspective will help prioritize the future-state roadmap and may be able to identify “quick wins,” in which a minor or easy-to-implement process change can significantly improve the customer experience.

Include customer data to support process improvement prioritization

Customer satisfaction data can be an informative way to align process improvements with customer experience improvements. To quote Bill Gates, “Your most unhappy customers are your greatest source of learning.” When analyzing customer data, identify the root cause of high and low scores to understand what is really driving customer satisfaction and retention/attrition. When prioritizing process improvements, this data will help you focus on eliminating what drives customer satisfaction scores down and capitalize on efforts that drive scores up. Ensure customer data points are included when setting goals and priorities before embarking on a process-improvement

project. These data points will also tie in during the final project prioritization, evaluating the impact of improvements against the level of effort and cost, to determine the future state roadmap.

In addition to customer satisfaction, customer segmentation data is also helpful for process-improvement prioritization. Customer segmentation data shows variations in customer needs, wants, and behaviors. Because not all customers have the same interactions and experience with your organization, they may not follow the same processes or want the same outcomes. And while the customer journey may be the same for multiple segments, the needs of each segment might be different for each step. Analyzing the process flow separately for each customer segment may support process improvements that accommodate the complexities of the customer base. Not all processes can be “one size fits all.” Likewise, process improvements may not reach every customer the same way. In addition, not all customers have the same value to the organization. Use segmentation data to prioritize and focus the scope of the process improvements to meet the needs of key customers. Incorporating this type of data will strategically align process improvements to improvements in the customer experience.

Define customer value metrics and customer-centric success criteria

Metrics are a sound way to monitor the process and measure success. Typically, process metrics focus on operational targets such as cost, quality, cycle time, and throughput. You may also think about how to

your greatest source of learning.’

Bill Gates

measure operational goals from the customer perspective. The answers to key thought questions can help you identify these metrics:

- In the eyes of the customer, will the future-state process add to or reduce complexity?
- How much will this process change directly affect the customer?
- Will the process improvement affect the customer in one channel or across all channels?
- How well will this process-improvement initiative scale or be replicated across the organization with customers in different segments/markets?

To bring the customer to the top of the priority list, consider measuring customer-centric criteria and benchmarks as well. New metrics are needed to monitor things like customer satisfaction and loyalty in a way that can tie those numbers to the process. For example, the Customer Effort Score can help you assess if process improvements have reduced a customer’s efforts to do business with your company. The Customer Advocacy metric assesses whether customers believe your company is making changes in the best interest of the customer or the company’s income statement. These metrics can help better understand how process improvements have affected the customer experience and add another dimension to measuring positive change. Lastly, consider referencing the Net Promoter Score™ to help identify the effect on a customer’s emotional loyalty. Though this is a global metric and doesn’t measure the process specifically, it can still be helpful to gauge the percent of customers who would recommend your company before and after the process improvements have been

implemented. Incorporating customer metrics can drive priorities, create better alignment, and measure the success of process-improvement initiatives over time.

Process improvements that also create a better customer experience drive better results. When we can analyze a process from both an internal and an external perspective, we have an advantage over those who have only considered the traditional process-improvement and operational angles. These tips can help you appreciate direct and indirect effects on the customer experience and how to incorporate customer-centric analysis and prioritization into your process initiatives. As organizations continue to put the customer first, process-improvement professionals must follow suit and include customer value in their pursuit to operate “better, faster, and cheaper.”

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