The Operating Model For Customer Obsession

by Sharyn Leaver, Michelle Moorehead, and Sheryl Pattek
November 3, 2015 | Updated: April 12, 2016

Why Read This Report

We know and have proven that a better customer experience correlates with higher revenue growth. But what does it take to succeed in your quest for the level of customer obsession needed to drive these results? To find out, we analyzed the practices of over 30 companies at various stages in their customer-obsessed transformations. Through in-depth discussions with C-level executives at each of these firms, we teased out the common core for success. This report details the fundamental reset of day-to-day operations required to drive customer obsession.

Key Takeaways

Customer-Obsessed Firms Value Creativity And Speed Grounded In Customer Needs
They are customer-led, insights-driven, fast, and connected -- both internally across functions as well as with partners. These principles underpin every aspect of the way they operate.

Six Interdependent Operational Levers Drive Success
Customer-obsessed firms point to success factors within the structure, culture, talent, metrics, processes, and technologies that run their businesses. Pulling all of these operational levers in concert delivers the biggest impact.

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by Sharyn Leaver, Michelle Moorehead, and Sheryl Pattek
with Carrie Johnson, Amanda LeClair, and Rachel Birrell
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Forrester interviewed 19 vendor and user companies, including AARP, ACT, Brooks Sports, Cardinal Health, Central Technology Services, Dairy Farmers of America, Dominos, Federal Home Loan Bank, GrubHub, HCSC, JR Simplot, Kimberly-Clark, MasterCard, McDonald's, Neustar, PURE Insurance, TGI Friday's, TXU Energy, and Wiley. We also reviewed the practices of more than 11 other companies identified through prior research.

Related Research Documents

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Does Customer Experience Really Drive Business Success?

Top Technologies For Your BT Agenda

Winning In The Age Of The Customer

Customer Obsession Is Easier Said Than Done

In 2011, Forrester recognized fundamental changes in customer behavior and business strategy that led us to make the claim that the world has entered the age of the customer, which we define as:

A 20-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers.

Since then, the urgency for change has only increased.[1] Technology and economic forces have changed the world to such a great extent that an obsession with winning, serving, and retaining customers is the only possible response. We know and have proven that a better customer experience (CX) correlates with higher revenue growth — most dramatically in industries with customers who have many equally convenient and strongly differentiated choices, such as online retailers and investment firms.[2] But the best intentions do not a customer-obsessed enterprise make. Countless firms have fallen short as:

› **Reactive CX projects don't scale.** Improving customer experience is a top priority for most companies, spawning countless CX projects and programs. Unfortunately, too many of those initiatives are reactive efforts to address problems. In fact, over half of the companies we surveyed lack a CX program that has a clear vision and is truly embedded into the organization.[3] The result: Early quick-win CX improvements never scale to address more fundamental and wide-reaching opportunities.

› **Digital takes center stage.** It's impossible to be customer-obsessed without addressing the digital expectations of those customers. But too often, those efforts get swallowed by technical minutia and fall prey to a pursuit of digital for the sake of digital. One common example is the proliferation of new mobile apps created to attract customers but that go unused. Despite the more than 1.6 million apps available to Android users and 1.5 million apps available in Apple's App Store, customers still spend 84% of their time in just five of their favorite apps.[4] The result: lots of shiny new (digital) objects that your customers don't like or even care about.

› **People get in the way.** Customer obsession requires constant and comprehensive change — something that most people naturally resist. Unfortunately, too many firms underestimate this inertia and do too little to break through it. For example, 87% of marketers surveyed believe that a customer life-cycle approach is better than a sales and marketing funnel for representing a customer-obsessed point of view, yet only 7% of them have truly adopted the approach because of internal resistance to evolving their organizational structure.[5] The result: a constant uphill battle fought within a strained and divided culture.

Success Requires An Operational Reset

So what does it take to succeed in your quest for customer obsession? To find out, we analyzed the practices of over 30 companies at various stages in their customer-obsessed transformations. Through in-depth discussions with C-level executives at each of these firms, we teased out the common core

for success. Unsurprisingly, success requires a shift in your firm's strategy. But more importantly, it requires a fundamental reset of day-to-day operations. Our research shows that:

> *A customer-obsessed enterprise focuses its strategy, operations, and budget to enhance its knowledge of and engagement with customers.*

Let's start with the foundational elements:

› **An aligned leadership team.** It may sound cliché, but commitment from the top is essential. In fact, across our interviews and a review of 16 Forrester Customer Experience Index (CX Index™) leaders, we couldn't find a single case where a company successfully made the move to customer obsession without a clear CEO champion.[6] Customer obsession is broad, deep, and at times controversial, so executive leadership and conviction is a prerequisite.

For example, after a considerable dip on the American Customer Satisfaction Index (ACSI) and Forrester's CX Index, Delta Air Lines CEO Richard Anderson galvanized his organization to improve the most important customer touchpoints, including providing comfortable and productive preflight boarding areas; ensuring on-time arrivals and departures; and resolving travel issues from missed connections to lost baggage. By 2014, Delta's CX Index score had shot up to just two points below that of Southwest Airlines, and Delta regained recognition as a winner of J.D. Power Customer Satisfaction Awards.[7]

› **A simplified business model.** While this is not a hard and fast requirement, we'd be remiss if we didn't highlight how much easier customer obsession is without the added challenge of competing business units, services, and product lines. Jim Weber, CEO of Brooks Sports, noted that "our No. 1 advantage is our focus (on the runner)," and leaders at Domino's cited its singular focus on a singular line of business (pizza) under a single brand (Dominos) as key enablers. While some companies are blessed with this advantage, others can and do make the tougher choice to exit existing businesses.

Brooks Sports did this years ago, but we've seen more recent examples at General Electric (GE), Philips, and Johnson Controls.[8] The regulatory overhead of GE Capital led Jeffrey Immelt and the board to spin it off and focus on GE's industrial offerings. Philips shed its lighting business to focus its digital strategy around its healthcare offerings. And in the middle of a prolonged seven-year transformation, Johnson Controls made the call to cleave off its automotive offerings to focus on its industrial control business.

› **Interdependent operational levers.** Our research uncovered a long list of operational success factors that make or break the experience your customers have with your brand. These success factors span all aspects of the people, processes, and technologies that run your business. But it's pulling all of these operational levers in concert that delivers the biggest impact (see Figure 1). Given the collective reset required, it's no wonder newer entrants and disruptors with much less operational gravity often deliver better customer experiences — think JetBlue versus United or Amazon.com versus Wal-Mart. But executives at top traditional firms are also rising to the challenge.

Lisa Joy Rosner, CMO of Neustar, recognized the scale and scope of change that this kind of transformation required and has been passionate in helping the company tackle each piece, from organizational changes to marketing automation CRM and ERP overhauls to defining the right metrics. "You have to approach a transformation from a crawl, walk, run standpoint. To be customer-obsessed, you have to have the right team, systems, processes, and philosophy across the organization."

FIGURE 1 The Six Levers Of The Customer-Obsessed Operating Model
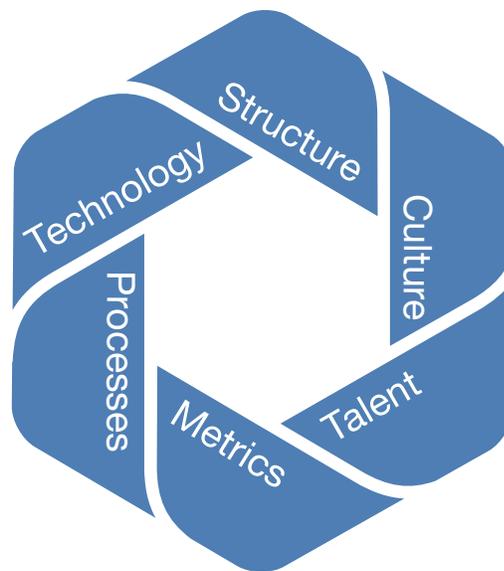
Structure	The structure of the organization
Culture	The shared values and beliefs that drive behavior
Talent	Hiring, development, and retention practices
Metrics	The strategic measurements that drive business decisions
Processes	The ways people work and make decisions
Technology	The systems and tools that enable processes

Shift Four Operating Principles To Embrace Design Thinking

In the age of the customer, the drivers of success change, requiring a fundamental reset of the principles on which firms operate. When manufacturing, logistics, and systems were sources of competitive advantage, firms valued efficiency and maximizing outcomes within known constraints. But in this new world, customer-obsessed firms value creativity and rapid prototyping grounded
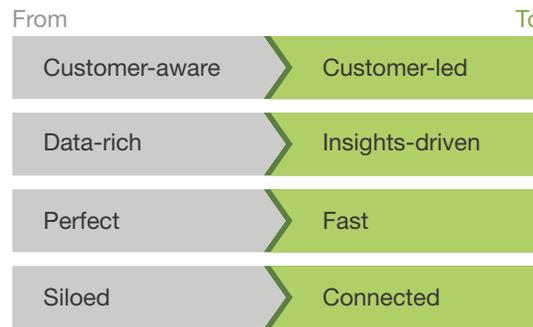
in customer needs. Some may recognize these values as the key principles of design thinking. Interestingly, none of our C-level interviewees used the "design thinking" label. But it's clear that top executives at customer-obsessed firms are linking arms to shift four important operating principles from a more traditional approach to one that embodies design thinking, moving (see Figure 2):
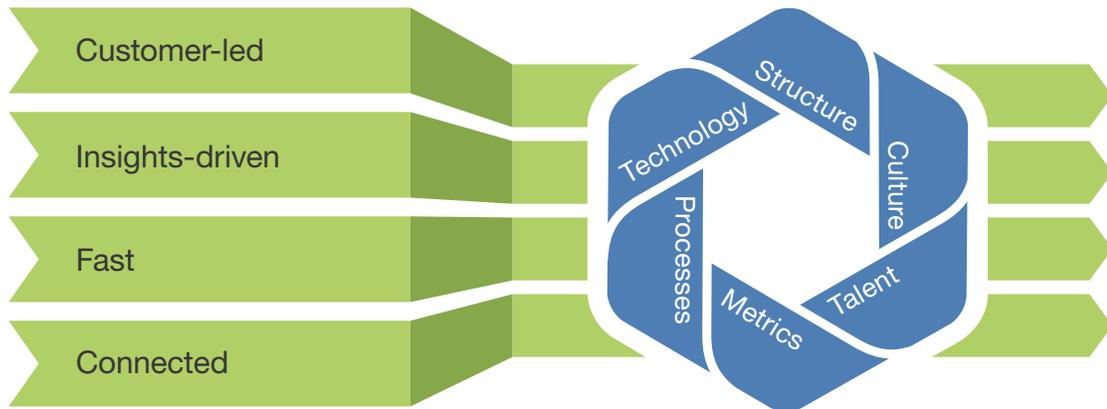
› **From customer-aware to customer-led.** Most companies collect information on their customers, but only 11% of marketers report centralizing structured and unstructured data to make informed marketing decisions.[9] Customer-obsessed organizations like The Lego Group have an integrated view of the customer.[10] They embrace more advanced techniques like ethnography that go beyond the "what" and "how" of customers' behavior to reveal the "why" by eliciting customers' deep-seated needs and motivations. This understanding informs their target segments (personas) and their customers' signature moments (key journeys).[11] They systematically share this customer insight across the organization and proactively engage with their customers to co-create solutions that truly meet their needs.

› **From data-rich to insights-driven.** Most firms are swimming in data, but they're only using about a third of it.[12] Worse, only 29% say they are good at translating the result of data and analytics into measurable business outcomes.[13] In their quest to become insights-driven, customer-obsessed firms work to master data enablement — specifically the processes and systems required to make data available, clear, and secure in their moment of need. How? Firms like MGM Resorts International merge the technical know-how of information architects and data scientists with the customer expertise of customer insights professionals to explore opportunities, craft offerings, predict their success rates, and optimize their targeting and business results.

› **From perfect to fast.** Despite having evolved over millions of years to be cautious about new things, more people are adopting more new product experiences more rapidly than ever before — a phenomenon we call hyperadoption.[14] The faster you execute, the more quickly you will win over these customers. Yet few leaders deliberately exploit their action-taking opportunities. Instead, they get lost in their own bureaucracy and preference for developing bulletproof solutions. To prosper, customer-obsessed firms like Coca-Cola instead use a bias for action to quickly test what the market thinks of an idea or premise.[15]

› **From siloed to connected.** Traditional command-and-control, siloed functional models can drive clear accountability and predictability. But they also drive long decision cycles and often result in competing and conflicting customer experiences. At customer-obsessed firms like HSN, many of these functional silos are giving way to cluster models where smaller, multidimensional teams of sales, marketing, service, product development, production, and technology staff focus on serving a single customer segment, journey, or desire.[16] These teams also often stretch beyond the firm's four walls to an ecosystem of partners that help meet customers' needs in their context.

FIGURE 2 The Four Operational Principles Of The Customer-Obsessed Operating Model

2-1	The four operational principles

From	To
Customer-aware	Customer-led
Data-rich	Insights-driven
Perfect	Fast
Siloed	Connected

2-2	The operational principles overlay the six operational levers

Customer-led

Insights-driven

Fast

Connected

Technology · Structure · Culture · Talent · Metrics · Processes

People: Pull Your Most Influential Operational Lever

The most influential operational lever you have at your disposal is your staff. In fact, our interviews uncovered much more heat around structure, talent management, and culture than any of the other operational areas. Customer-obsessed firms don't shy away from what others see as "soft" issues. They tackle structure and culture issues head-on in a relentless pursuit to fill their teams with customer-obsessed employees.

Structure Your Organization To Break Down Silos

Traditional rigid, functionally siloed, slow-moving organization structures no longer cut it. To be customer-obsessed, firms need to pay less attention to the "boxes and lines" of organizational structure and more to reinventing the way the organization does its work by adopting new attitudes and paradigms. Success will favor firms that break down functional silos in favor of a leaner, more agile structure that encourages cross-functional collaboration and teamwork on behalf of customers.

› **Empower a C-suite customer advocate.** Customer obsession starts with the CEO and requires all C-suite members to link arms. It also requires a C-suite customer advocate responsible for delivering exceptional experiences across the entire customer life cycle. Three prerequisites exist for this advocate: 1) This can't be a staff function; they must have direct responsibility for a meaningful portion of the customer experience; 2) they must have an established, direct dialogue with customers to bring insights back to the executive team; and 3) they must have the gravitas to work across marketing, product development, and operations to garner support and commitment. For example, Jeff Jones, Target's chief marketing officer, owns the architecture and delivery of a consistent guest experience across all channels and touchpoints.[17]

› **Organize by customer segment . . . somewhere.** There is no common top-line organizational construct for success and no obvious differences versus what you might see at a typical company. But there is a common theme deeper within customer-obsessed firms: Whether defined by demographic, psychographic, or behavioral characteristics, leading firms like USAA and disruptor GrubHub structure parts of their organizational model to serve the needs of customer segments. These teams rally cross-functional teams to collaboratively match their in-depth understanding of underlying customer needs and desires to products, services, and go-to-market strategy.

› **Expect digital savvy everywhere.** Customer-obsessed firms embed digital capabilities in every nook and cranny of the organization. Dominos, for example, has used digital technology to build trust with its customers in ways previously thought impossible. The depth of its digital skills enables it to push customer interactions to new heights with features like text-based ordering and to iterate quickly based on consumer feedback. This type of leadership has spurred 9.8% projected growth over the past two years.[18]

› **Embrace an ecosystem approach to capability development.** Customer-obsessed firms look outside their firms and become part of a set of collaborative partnerships that meet customers' needs in their context on their terms.[19] Digital natives such as Airbnb, Amazon, and Uber have mastered the art of ecosystem thinking, focusing on core capabilities that add customer value and building a network of partners to do the rest. Citi, a more traditional firm, partnered with IBM to create a next-generation cloud ecosystem that connects the customer with Citi services, such as payments and rewards points, via third-party, web-based services that they already use such as Facebook, OpenTable, and Yelp.[20]

Double Down On Customer-Obsessed Cultural Values

Customer-obsessed firms have woven the value of customer obsession into their culture — some thanks to long-standing, deeply rooted beliefs established by their founders; others through proactive culture-shaping work. Culture is one of those words that can mean different things to people. In fact, there's so much interest in it that Merriam-Webster named it "word of the year" for 2014. At Forrester, we have a very clear definition of culture:

> *A set of shared values and beliefs that drive behavior.*

Customer-obsessed firms value:

› **The customer above all else.** As you'd expect, customer-obsessed firms hold a deep and wide belief that customers are the key to success, and this shapes the way the organization works. As Zappos founder Tony Hsieh describes it, "We believe that customer service shouldn't be just a department; it should be the entire company."[21] To further shape and develop this cultural value, TXU Energy runs companywide quarterly challenges for employees to express their "X factor" — that thing they do to contribute to the customer's experience. Employees across the organization, including back-office staff, embrace the opportunity to be part of the company's mission. In fact, the revenue team won one of the challenges for its work to make it easier for credit-challenged customers to get service.

› **Openness to change, transparency, and collaboration.** Three other important values work to channel a strong focus on customers: 1) openness to change, 2) transparency, and 3) collaboration. Openness to change and moving from the status quo is the bedrock of being able to improve. Transparency then allows employees to have the visibility to make the best decisions and helps build trust. Lastly, collaboration across groups is the glue that helps them create integrated solutions for customers. Top companies like PURE Insurance express these values in their own way, with a strong sense of authenticity and relatability that makes them ring true to their employees (see Figure 3).

FIGURE 3 An Example Of Cultural Values: PURE Insurance

The **PURE** Principles

We are deeply committed to hiring, developing and rewarding exceptionally talented people. We will create and maintain an environment that allows our team to flourish and to be recognized. We appreciate all that our team members do for PURE and seek to provide them with a career that is part of a fulfilling life. In exchange, we ask all employees to uphold these principles:

Practice Membercentricity.
Seize every opportunity to create an exceptional member experience and reinforce an alignment of interests with the membership.

Use Empathy, Creativity, And Urgency To Be Exceptional.
Favor action over unnecessary bureaucracy. Put yourself in their shoes, asking "How?" instead of justifying "Why not?". Take risks that don't compromise our values or threaten the enterprise, and learn from mistakes.

Do The Right Thing.
Never compromise integrity or transparency for the sake of a shortcut. Make the membership, your team members, and our partners proud.

Be a Team Player. The One Who Is There When Needed the Most.
Emphasize collaboration, active listening, and respectful communication. Be proactive and give constructive feedback and receive it earnestly. Work toward the common goal of making our company the best it can be.

Be Obsessed With Getting Better.
Think big. Invest in yourself to enhance your expertise and create a better you. Seek out and advocate ways to create a better company, a better industry, and a better community.

Have Fun.
Bring passion to everything you do. Create joy for others around you.

Source: PURE Insurance website

Groom The Right Talent With A Customer Mindset

Many companies think about training and development on the "company way" when a new employee joins the organization. While hiring and onboarding is a perfect time to begin introducing your new staff to the concept of customer obsession, top firms don't stop there. They formalize initiatives to help employees understand exactly what they need to do in their role to operationalize customer obsession.

> › **Hire for mindset over skill set.** Most firms today screen employee candidates for more than just specific skills. They look for attributes like cultural fit and passion for the work. Customer-obsessed enterprises like Wiley take this one step further. They first hire candidates whose mindset embodies

their customer-obsessed cultural values. While you can develop skills with enough practice, a mindset comprises a person's beliefs, understandings, accepted norms, paradigms, and approach to life, making them who they are.

› **Invest in formal customer empathy and digital training.** Customer-obsessed firms like PURE Insurance push beyond more traditional training programs and invest heavily in raising customer empathy and emotional intelligence across the entire firm with formal training and development. And these leaders don't stop there. Because delivering on those customer needs inevitably also requires great digital experiences, companies like Kimberly-Clark invest in a variety of formal training programs to enhance the digital capabilities of their teams.

› **Create cross-functional development opportunities.** Customer-obsessed C-suite leaders encourage employees to step outside their comfort zone to broaden their skills, expand their organizational relationships, and adapt to changing business needs. When CMO Raja Rajamannar led MasterCard marketing's transformation toward being more of a business driver, the team needed new skills and capabilities to connect the dots more closely from marketing and customer engagement to commerce. Raja built a formal development program that offered rotational assignments to further expose resources to new areas across the firm, building both internal skills and a stronger understanding of MasterCard's overall business operations.

› **Eliminate blockers and recognize alignment.** Customer-obsessed organizations reward and recognize staff members who bring customer obsession to life while identifying and removing poor performers who slow progress. How many of your staff should you expect to lose? Our interviewees cited numbers from 5% to 30% across the entire organization.[22] Leadership is not immune: One firm switched out 70% of its technology leadership team. To really understand who is fit to make the shift, leaders like HCSC CMO Darren Rodgers matched the skills of employees to the newly redefined roles and responsibilities.

Design Incentives To Reward Improving The Customer's Experience

There's a reason for the cliché "What gets measured gets done." Organizations set goals for employees, and when those goals determine an employee's livelihood, they drive behavior. So it stands to reason that customer-obsessed firms include customer-centric metrics in their employees' goals, such as:

› **A shared customer-based outcome metric for senior leaders.** A shared metric among leaders that measures how the organization is serving the customer is critical. The actual choice of measurement varies — Net Promoter Score, J.D. Power, an internal customer satisfaction assessment, or even Forrester's CX Index — but its inclusion does not. For example, TXU Energy includes customer satisfaction as a key element of its corporate scorecard, which its leadership shares. Admittedly, these measures are outcome, or lagging, indicators; while they are an important first step, companies working to increase their sophistication will determine and include the relevant drivers.

› **Role-relevant adaptations cascaded throughout the organization.** Customer-obsessed firms show and goal every employee — not just the leadership team — on the aspect of their job that's most important to the overall experience of the consumer. Common metrics at this level won't work because an employee has to be able to influence a goal in order for it to drive behavior. And as you move through an organization, employees see less of a link between their day-to-day activities and that overall result. Hampton used this approach to distill a list of hotel manager behaviors and tasks to nine specific behaviors that correlate with higher guest satisfaction scores.[23]

Process: Consciously Choose A Different Way To Work Together

The best team in the world will still underperform if the organization doesn't have thoughtful ways to channel their energy. From the most customer-facing processes like sales, marketing, and service to more internal processes like budgeting, administration, and planning, customer-obsessed firms work in ways that are consistent with their values and lead to more innovative results. In the end, success happens through the everyday interactions of teams and individuals. Leaders in customer-obsessed organizations speak frankly about how they work — both personally as leaders and in how they guide their teams. The stand-out working habits of customer-obsessed companies are:

› **Top-to-top partnerships.** We repeatedly heard leaders talk about how it all starts with them — and a key peer. Fresh cross-functional relationships can ignite change, while ingrained working habits create true partnerships and sustained progress. Top leaders credit regularly scheduled and impromptu brainstorms, planning sessions, and even just general check-ins with their peers with solidifying a joint vision and setting the foundation for effective partnering at all levels.

› **Frequent cross-functional interactions.** While it starts at the top, tightly integrated work habits in the trenches make it happen. Leaders recognize that collaboration is critical, and they set expectations and processes to ensure that their teams are connecting with peers. Mukund Kaushik, VP, IT services, global marketing at Kimberly-Clark, regularly asks his team how many times they interacted with their peers each week as a way to underline this need. To help, firms like HCSC physically colocate cross-functional teams and invest in technology to bridge the distance where colocation is not feasible.

Tackle Decision-Making Processes First

Customer-obsessed firms place particular focus on decision-making processes. Why? These processes dictate the future state of any firm. Get them right and you're on a path to success. Get them wrong and you're on a much more challenging path. What do customer-obsessed decision processes look like? They:

› **Demand explicit voice of the customer inputs.** When customers matter, they become part of the decision process — at least in terms of a clear articulation of the impact a decision will have on them. At TGI Friday's, the second line item on formal business cases is an assessment of

the proposal's impact on the customer. And that impact should be based on real input from real customers. Amy Doherty, the CIO from AARP, notes that facts help its teams move beyond their personal experiences to what's important to the majority of their members.
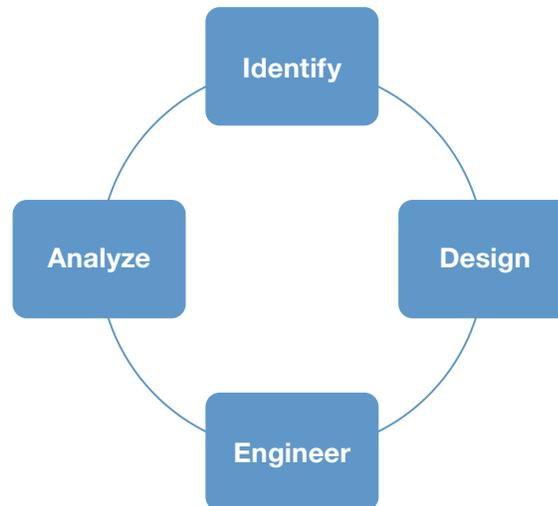
› **Make room for gut-driven experimentation.** Data helps customer-obsessed firms develop a common understanding and prioritize what's important. But leading companies also recognize that when you're building solutions to delight customers in new ways, you need to reserve some budget for more gut-driven, experimental projects. Kimberly-Clark encourages taking smart risks and failing fast while creating a seamless customer experience. It does impose constraints — for example, experiments with new technologies have to meet criteria that protect customer information.

› **Tap cross-functional decision teams.** Customer obsession involves all customer-facing functions and draws upon most, if not all, back-office functions, which inevitably support or execute behind the scenes. To prioritize and fund efforts that span all of these groups, customer-obsessed companies establish a clear governance process that includes critical stakeholders. For example, Barclaycard's US division holds a monthly meeting called the "Customer Accountability Forum" where the firm's top brass prioritizes CX improvement projects; it has impressive results, including a 28% decrease in customer attrition.[24]

Embrace A Common Approach To Experience Design

Functions throughout most businesses have adopted various methods to help create (often digital) customer experiences, such as persona development, journey mapping, Agile development, and innovation management. But how can you ensure that individuals using specialized methods are not working at cross-purposes and ultimately creating inconsistency and waste? Top customer-obsessed firms use a *common* approach — typically similar to Forrester's IDEA framework — that is designed to (see Figure 4):

› **Start and end with the customer.** Throughout the process, the focus is on what the customer needs, sometimes before they even know they need it. Early on, this involves understanding the customer and their context by walking in their shoes; observing their actions through ethnographic research, focus groups, and journey mapping; and analyzing site and mobile traffic. Later, it's about collecting customer feedback on experiences and products so that you can quickly adjust and improve them.

› **Connect ideation, design, and development.** The common approach brings customers, businesspeople, designers, and developers together to decide exactly how to match customers' motivations and needs to your business goals. Key methods like customer-led ideation or journey mapping can quickly turn into Agile development for new or improved functionality.

› **Drive rapid iteration.** Importantly, this is not a linear process designed to create bulletproof experiences or products out of the gate. It is a continuous cycle approach designed to quickly deliver prototypes and minimally viable products and rapidly iterate based on customer input.

FIGURE 4 Forrester's IDEA Cycle

```
                    ┌──────────┐
                    │ Identify │
                    └──────────┘

    ┌──────────┐                  ┌──────────┐
    │ Analyze  │                  │  Design  │
    └──────────┘                  └──────────┘

                    ┌──────────┐
                    │ Engineer │
                    └──────────┘
```

Technology: Prioritize The Business Technology Agenda

Customer-obsessed organizations approach digital technologies in a very different way. They heavily invest in business technology (BT) — the technology, systems, and processes to win, serve, and retain customers — and adopt new architectural and software development approaches that allow them to quickly shift and innovate as customer expectations continue to rise.

› **Compose — don't buy — customer-facing software.** While packaged and custom software co-exist in most firms, customer-obsessed firms have a much more thoughtful mix, with custom development and orchestration dominating their systems of engagement portfolio. Dominos has three strategic areas of technology that it custom-builds and maintains internally to create differentiation: eCommerce, point of sale, and data platforms. Not all firms will be able to swallow the budget and talent requirements of that approach. But thanks to the rise of openly available services fronted by APIs, service-rich platforms, open source software, and new deployment technologies, more and more firms can quickly assemble high-quality solutions that may tap some packaged functionality but ultimately deliver differentiated customer experiences.

› **Embrace Zero Trust security.** Customer-obsessed organizations live everywhere that their customers are. As they extend into the cloud, form new digital ecosystems, and digitize stores, branches, and products with sensors, the perimeter of their internal trusted network erodes. With privacy concerns at an all-time high and placing customer trust in jeopardy, firms like WestJet Airlines now apply a Zero Trust approach to security that: 1) never assumes trust but continuously assesses it though a risk-based analysis of all available information; 2) fundamentally shifts the focus from the perimeter to the data itself; and 3) marshals the functions of many security domains, such as network, identity, and application, in a unified approach to data protection.[25]

› **Architect for systems of engagement.** Systems of engagement are the mobile and web applications that your customers touch or your agents or salespeople touch on behalf of your customers. They are the heart of your digital customer experience, which means traditional technology architectures just won't do. Systems of engagement require a loosely coupled, four-tier architecture to resolve an experience paradox: Internet scale and digital speed.[26] Digital native firms like Amazon and Netflix were among the first to adopt this new loosely coupled approach, but more traditional customer-obsessed firms like Starbucks and Nordstrom are following suit.[27]

› **Support with insights platforms.** Customer-obsessed technology leaders extend their existing data management and business intelligence investments to assemble a portfolio of big data and analytics technology to securely gather and manage data, discover and implement insights, and capture results.[28] These platforms deliver insights into customer behavior and context that allow systems of engagement like enterprise marketing, commerce, and customer service software to properly anticipate and address customers' needs. Firms like McCormick & Company use these technologies to understand customer behavior and drive continuous cycles of customer interactions across appropriate touchpoints.[29]

Recommendations

Start Your Journey With A Shared Vision And Clear Ownership

With close to 70% of organizational change initiatives failing, a high degree of leadership competence is required to avoid the heavy human and economic toll of failed efforts.[30] Customer-obsessed organizations avoid this fate by establishing a future vision shared across the C-suite and identifying clear ownership for building consensus on the action plan to get there. Done well, customer obsession promises to help your organization win, serve, and retain customers with a differentiated customer experience. Start your journey by:

› **Shoring up your C-suite's commitment to change.** Customer obsession is a journey and a process that requires significant organizational change and unwavering leadership from your entire executive leadership team. If your CEO has already embraced customer obsession, it's likely that the rest of the C-suite has or will follow suit. If not, show the boss and your peers that it's worth it. How? Start with Forrester's analysis of the relationship between superior customer experience and growth.[31] You can also do more customized analysis by comparing your firm's growth with that of your competitors with much higher (or lower) CX Index, J.D. Power, and/or ACSI scores.

› **Picking your C-suite customer advocate.** Naming your customer advocate requires careful consideration to ensure you tap the right person with the right experiences to lead your change management efforts. Your champion must demonstrate a unique mix of CX operational expertise along with the leadership talents to inspire and garner the support of the organization for the journey

ahead. To succeed, your customer advocate must articulate a customer-obsessed vision and strategy — and then partner with executive peers to provide training, goal setting, and success metrics that empower each team member to operationalize customer obsession in their specific role.

› **Assessing your organizational strengths and weaknesses.** Evaluate your organization's current state against the operating principles required for customer obsession. Incorporate the point of view of every member of the C-suite before moving forward. But don't stop there: Gain feedback from throughout the organization. Then, build a new operational map by developing competency profiles and identifying existing gaps that you need to address. Lead the organization forward as a change agent, putting plans in place to develop needed skills and attract and train new types of talent. Craft a personal development plan for each member of the C-suite to further expand their own knowledge and support.

› **Crafting a 12- to 24-month plan.** Your firm's journey to customer obsession cannot be the responsibility of just one function. It requires commitment from every part of the organization. And while the detail of your action plan will vary based on the results of your organizational assessment, your success depends on each member of the C-suite signing up to do their part. Start by uniting all organization functions around the key operational levers and principles required for customer obsession. Then, partner with your chief human resources officer to align objectives, targets, rewards, and recognition with these principles as you lead the organization to a new destination.

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Supplemental Material

Survey Methodology

The Forrester/ANA Q1 2015 Customer Life-Cycle Marketing Online Survey collected data from 61 marketing professionals sourced from the ANA's marketing leader database. Forrester screened responses to include only those respondents from firms that sell to businesses and/or consumers, who work at companies with 50 employees or more, and who have budget or management responsibility at their firms. For quality assurance, we required respondents to answer basic questions about their firm's revenues, industry, and job title/role.

Forrester's Q3 2015 Global State Of Strategic Planning, Enterprise Architecture, And PMO Online Survey was fielded to 170 technology management professionals involved in or familiar with EA from our ongoing technology management research panel and readers who have demonstrated an interest in EA research. The panel consists of volunteers who join on the basis of interest and familiarity with specific technology management topics. For quality assurance, panelists are required to provide contact information and answer basic questions about their firms' revenue and budgets. Forrester fielded the survey from June to August 2015. Respondent incentives included a complimentary webinar that discusses the survey results. Exact sample sizes are provided in this report on a question-by-question basis. Panels are not guaranteed to be representative of the population. Unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes.

Companies Interviewed For This Report

AARP	JR Simplot
ACT	Kimberly-Clark
Brooks Sports	MasterCard
Cardinal Health	McDonald's
Central Technology Services	Neustar
Dairy Farmers of America	PURE Insurance
Dominos	TGI Friday's
Federal Home Loan Bank	TXU Energy
GrubHub	Wiley
HCSC	

Endnotes

[1] The age of the customer is here. To prove this, we analyzed recent economic and survey data and reviewed the practices of over a dozen companies that have made customer-focused transformations. We found that customers are now more mobile, consume more reviews, and buy more online than ever before. Companies must respond by becoming customer-obsessed and adopting four mutually reinforcing market imperatives: 1) Get a quick start by embracing the mobile mind shift, 2) attain maximum customer intelligence by turning big data into business insights, 3) seek a broad impact by transforming their customer experience, and 4) become more effective by accelerating their digital business. See the "Winning In The Age Of The Customer" Forrester report.

[2] Armed with financial data culled from annual reports and SEC filings like Forms 10-K and 10-Q, we isolated the revenue streams for specific lines of business within large corporations and calculated the compound annual growth rate (CAGR) of their revenue from 2010 to 2014. This allowed us to compare direct competitors and determine whether or not customer experience actually correlates with growth. Companies with customers who have many equally convenient and strongly differentiated choices — like online retailers and investment firms — see major revenue upside from superior CX. Companies with trapped customers, like health insurers, or little CX differentiation among direct competitors, like traditional retailers, will see less impact on their revenue growth. See the "Does Customer Experience Really Drive Business Success?" Forrester report.

[3] Forrester surveyed 126 CX professionals to find out how their firms manage CX and how diligently they apply best practices. We also asked how effectively CX programs have improved customer experience quality and delivered financial results. See the "The State Of Customer Experience Maturity, Q4 2014" Forrester report.

[4] This excludes native email and messaging apps. The base was 1,680 US online smartphone owners (18+). Source: Forrester's US Consumer Technographics® Behavioral Study, May 2014 to July 2014.

Source: "Number of apps available in leading app stores as of July 2015," Statistica (http://www.statista.com/statistics/276623/number-of-apps-available-in-leading-app-stores/).

[5] Like most marketers, Forrester believes that the customer life cycle is the best way to represent a customer-obsessed point of view. Adopting a customer-life-cycle-based approach across the enterprise demands changes to marketing strategy, organizational alignment, analytics, measurement, and marketing technology. See the "Use the Customer Life Cycle To Power Your Transformation To Customer Obsession" Forrester report.

[6] Transforming cultures to be customer-centric is one of the toughest challenges that CX professionals face. That's because changing the culture of an organization requires the successful orchestration of many initiatives. See the "Seven Steps To Create And Sustain A Customer-Centric Culture" Forrester report.

[7] Every year, Forrester uses the results of its Customer Experience Index (CX Index) benchmark to see which firms made big strides in the race for customer experience excellence. In our 2014 data, we saw Delta Air Lines' CX Index score go up by 13 points, making it one of the big upward movers of the year. In this followup report, we reveal how the legacy airline went from the middle of the pack in its industry to a virtual tie with top-rated Southwest Airlines, and we highlight what other companies can learn from Delta's success. See the "Case Study: How Delta Air Lines Soared In The Customer Experience Index" Forrester report.

[8] Forrester believes that as digital continues its relentless advance and development, most companies will make significant changes to their organizational structure. Divestitures are one move, but we also believe we'll see evolutions in partnerships and changing internal structures. See the "Brief: The Great Digital Reorganization" Forrester report.

[9] Source: Forrester/ANA Q1 2015 Customer Life-Cycle Marketing Online Survey.

[10] As The Lego Group moved away from its core markets of North America and Europe, it invested in a form of research it had never undertaken before: deep ethnographic research on how kids around the world really interact with their products. Although children were the primary focus of the studies, observations of children playing with Legos revealed valuable insights into the parent-child relationship and how these relationships differed significantly between cultures. See the "Brief: Use An Ethnographic Approach To Enrich Personas For Local Markets" Forrester report.

[11] Successful companies identify the 10 to 15 most important journeys — and focus their time and efforts on optimizing them.

[12] This is an estimate based on ranges given by global data and analytics technology decision-makers for the percent of structured, semistructured, and unstructured data used for business intelligence at their firm. Source: Forrester's Global Business Technographics Data And Analytics Survey, 2015.

[13] Using a 5-point scale, we asked respondents to indicate their level of agreement or disagreement with the following statement: "We consistently measure the results of insights-driven action and learn what works." Source: Forrester's Q3 2015 Global State Of Strategic Planning, Enterprise Architecture, And PMO Online Survey.

[14] We define hyperadoption as the rapid and simultaneous uptake of unprecedented behaviors. New technologies from drones to wearables and the services that they afford us will be in common use — in many cases, by the hundreds of millions, and in a few cases, by the billions — by 2025. See the "Will People Really Do That?" Forrester report.

[15] At Coca-Cola, 20% of its marketing investments goes to "new" — emerging trends that are starting to gain traction; 10% goes to "next" — ideas that are completely untested. It then starts small and scales fast. Source: Josh Leibowitz, "Invest to innovate: Coke's 70/20/10 rule," LinkedIn, February 13, 2013. (https://www.linkedin.com/pulse/20130213130531-12921524-invest-to-innovate-coke-s-70-20-10-rule).

[16] Forrester believes that firms will make three broad organizational shifts to prosper in the digital era: 1) They will look to partner with other firms to speed innovation and deliver nonstrategic services; 2) they will sell off the parts of the business or the product lines that add complexity with little differentiation; and 3) they will replace old, siloed org charts with smaller, multifunction clusters focused on a specific customer need or segment. See the "Brief: The Great Digital Reorganization" Forrester report.

[17] A key component of this initiative was the creation of a guest center of excellence, designed to bring a greater sense of advocacy and empathy for the guest to all of Target's business decisions. Source: "Target Announces New Leadership Roles, Creates Centers of Excellence in Data and Analytics, Business Intelligence and Guest Insights," Target press release, December 17, 2014 (http://pressroom.target.com/news/target-announces-new-leadership-roles-creates-centers-of-excellence-in-data-and-analytics-business-intelligence-and-guest-insights).

[18] We calculated this growth rate from Dominos' 2014 annual revenue and 2015 revenue estimates. Source: Quarterly Earnings, Dominos Investor Relations (http://phx.corporate-ir.net/phoenix.zhtml?c=135383&p=quart erlyearnings) and "Analyst Estimates: Domino's Pizza, Inc. (DPZ)," Yahoo Finance (http://finance.yahoo.com/q/ ae?s=DPZ+Analyst+Estimates).

[19] Leading organizations are making it effortless for customers to pick from a menu of everything they need in what Forrester calls a "dynamic ecosystem of value." See the "The Future Of Business Is Digital" Forrester report.

[20] Leading digital businesses are building dynamic ecosystems of value — made up of digitally connected products and services that combine to meet customer needs and deliver more value than the sum of their parts. But many of today's so-called "digital" ecosystems are built on older technology architectures that fail to support modern requirements for speed, flexibility, and many-to-many collaboration. These older ecosystem architectures are brittle, expensive to support, and cumbersome to scale. Companies that want to get it right are increasingly building these dynamic ecosystems of value on cloud solutions. This report discusses the shift to the cloud that is already underway, including drivers and results from first movers that are recasting their digital ecosystem with cloud. See the "Recast Your Digital Ecosystem With Cloud" Forrester report.

[21] Source: Vala Afshar, "100 Tweetable Business Culture Quotes From Brilliant Executives," The Huffington Post, September 9, 2013 (http://www.huffingtonpost.com/vala-afshar/100-tweetable-business-cu_b_3575595.html).

[22] Exact percentages are difficult to pinpoint due to normal attrition and the restructurings/layoffs that accompany major transformations.

[23] Effective CX measurement programs succeed because they engage employees around the most important CX issues and provide insight into what to do about those issues. But employees are often indifferent to using available CX

metrics — they fail to see them as relevant or actionable and sometimes find them too hard to access or understand. Forrester researched CX programs to identify the top 10 tactics that CX professionals can use to rally internal stakeholders around CX metrics by making them more relevant, specific, easy to use, and appealing. For more details, see the "Top 10 Ways To Rally Your Organization Around Customer Experience Metrics" Forrester report.

[24] For more details of Barclay's activities and governance best practices, see the "Customer Experience Maturity Defined" Forrester report.

[25] Zero Trust eliminates the idea of an internal trusted network and an untrusted external network. Instead, security becomes ubiquitous throughout the digital business ecosystem. S&R leaders invest in threat intelligence and vulnerability management, and develop robust detection, incident response, and forensic capabilities. See the "Defend Your Digital Business From Cyberattacks Using Forrester's Zero Trust Model" Forrester report.

[26] Companies that want to improve customer experience will increasingly rely on technology to close gaps in performance, convenience, personalization, and trust. Forrester has created a catalog showing which technologies can help close each of these four gaps. This report, originally written for CIOs, includes content relevant to CX professionals. And here's why: We have created a framework to help CX professionals and technology managers align around a common business technology agenda. The framework will help CX professionals ensure that their company assembles the right agile technology culture and funds the next generation of customer-enabling systems. See the "Close The Experience Gaps With The Right Business Technology" Forrester report.

[27] Amazon.com and its web-native cousins are the envy of many traditional organizations feeling pressure from competitors that innovate more rapidly. What's the critical enabler for rapid software releases? They require loose coupling of components and services, both within and between applications. While rapid prototyping, visualization, and Agile software development practices can help, without loose coupling of fine-grained services, the sustained customer-visible innovation that emerges from rapid application delivery remains elusive. See the "Brief: Software Innovation Requires A Loosely-Coupled Application Architecture" Forrester report.

[28] A robust insights platform is far from a packaged solution; it is a mesh of old and new components — such as data warehouses, API management tools, and cloud-based Hadoop, to name just a few — with many evolving technologies that will drive new business capabilities and applications over the next five years. See the "Digital Insights Are The New Currency Of Business" Forrester report.

[29] McCormick & Company's FlavorPrint engages customers through everyday interactions built on key insights into customer preferences, context, and behavior. The FlavorPrint site has a simple promise: Tell it what you like, what ingredients you have, and what cooking equipment you have, and it recommends recipes. Those recommendations become finely tuned to your context as you continue to interact with the site. See the "The Power Of Customer Context" Forrester report.

[30] Not since the Industrial Revolution have the stakes of dealing with change been so high. Despite some individual successes, however, change remains difficult to pull off, and few companies manage the process as well as they would like. Most of the new initiatives — installing new technology, downsizing, restructuring, or trying to change corporate culture — have had low success rates. The brutal fact is that about 70% of all change initiatives fail. Source: Nitin Nohria and Michael Beer, "Cracking the Code of Change," Harvard Business Review, May-June 2000 (http://hbr.org/2000/05/cracking-the-code-of-change/ar/1) and David Leonard and Claude Coltea, "Most Change Initiatives Fail -- But They Don't Have To," Gallup, May 24, 2013 (http://businessjournal.gallup.com/content/162707/change-initiatives-fail-don.aspx).

[31] It's the age of the customer, when technology and economic forces have changed the world to such a great extent that an obsession with winning, serving, and retaining customers is the only possible response. Transforming the customer experience is one of four critical market imperatives required for shifting companies toward customer obsession. But how can CX professionals prove that to their executives? Not by pointing to the stock market gains that accrue to CX leaders because there's too much noise in the data. Instead, the proof lies in comparing the revenue growth of companies with superior customer experience to that of their direct competitors with comparatively inferior customer experience. See the "Does Customer Experience Really Drive Business Success?" Forrester report.

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