

# **Asking the "tough questions" in choosing a partner to conduct Customer Experience Measurement and Management (CEM) programs for Your Company**

A whitepaper by  
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We encourage the use of these questions by companies considering hiring a Partner to assist them in conducting Experience Management programs. In having your prospective partners answer these Questions, we believe you can optimize your ability to choose the best partner.

Our answers to the questions are provided for you.

*1. Why should we spend money on Customer Experience Management in this Economy? --- What should we expect to get for the investment?*

- Better business performance that you can (and must) measure
- The financial success shared by Customer Focused companies <sup>1</sup>
- Loyal, retained customers who buy more
- Positive word of mouth that drive referrals and brand strength
- Vision and alignment with customer and market needs vs. internal perspectives
- Better internal quality standards—based on customer needs and requirements
- A high multiple ROI on the CEM program investment

*2. Can CEM really help us improve customer focused internal operations?*

Yes. A customer service/support and sales transaction assessment will provide significant direction on internal standards in process areas where customers interface. From these external quality measures it is important to align internal quality measures. The internal measures should be set based on customer expectations.

In addition, a customer relationship assessment provides a full 360 degree view of all of your customer touchpoints and perceptions which are a critical requirement to understand your current brand and marketplace health as a basis to effectively drive a positive customer experience, improved market position and outstanding financial performance.

*3. Why can't we do this ourselves?*

Perhaps you can, or have tried.

Waypoint Group offers you the opportunity to get started quicker, avoid pitfalls, eliminate “re-creating the wheel” and most importantly, give you a much higher chance of success with your program.

These programs have a lot of moving parts. They can easily get out of balance and lose focus on the real purpose: Delivering the Customer Voice accurately to drive better decisions, enact operational and strategic programs to better acquire and secure customer revenue and profits...in such a way that the program yields an ROI of many multiples.

We provide knowledge transfer to you along with a program process and discipline which is the result of over 30 years of applied experience. Our methods have been tested and perfected through the execution of hundreds of projects.

Our most successful clients are often those who have managed programs on their own, finding they are not satisfied with the end results in the terms we just described.

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<sup>1</sup> For a rich set of case examples, see “The Ultimate Question: Driving Good Profits and True Growth”, Fred Reichheld, Harvard Business School Press, 2006

#### *4. How much should a CEM program cost?*

We think the amounts of money companies are paying for their CEM programs are criminal: not only in terms of what is being paid for data collection, supporting software and “consulting” services, but also in terms of the substandard ROI these programs typically produce.

Properly designed CEM programs should easily return 10:1 ROI on the vendor/partner investment alone.

This means if you are paying \$100,000 in such fees, you should be able to link that expenditure to \$1,000,000 (a million dollars!) in financial returns. If you can't, we think your program, and perhaps your job, are at risk in these tough economic times.

If this is the case, you are not alone. We routinely talk to companies which are spending hundreds of thousands of dollars in CEM fees annually and cannot link these costs to a single quantifiable financial return.

#### *5. How are you priced compared to other companies?*

Our market model is to provide a foundational and powerful CEM discipline, with associated data collection, software platform, program management, knowledge transfer and identified ROI for under \$100,000 in year one, and less than \$25,000 for the following year. After that, we believe that if we've been successful, you should be able to go on without us.

#### *6. What should I look for in a CEM firm...what kind of company?*

CEM firms seem to be coming “out of the woodworks” these days: You should explore the background and key business focus of the partners you consider:

**Market Research Firms:** Old school product and advertising research firms that are trying to ride the CEM wave but have mainly tactical research focus and few resources to work inside client organizations to drive data into action. Often are laden with in-house, expensive phone centers which they promote. Focus is typically on deep statistical analysis beyond what decision makers can understand, digest or utilize. This often creates suspicion of the deliveries at the C-levels in client organizations. Ability to support change management is usually very limited.

**Customer Contact Center Consultants:** Experienced with service and sales center software support systems, internal measures and agent training. Provide methods for collecting surveys and presenting data to agents and supervisors but lack experience in how to interpret that data into decision support to improve processes and strategies beyond the call center across all functional areas to drive customer success.

**Software Companies:** Often “SaaS” providers who have software which supports data gathering online. Usually very survey focused, without adequate analysis and reporting structures to support better decision making or the complex communication, governance, and knowledge transfer required to support change management or a reasonable ROI. These companies are usually very inexpensive, leaving you to “roll

your own” or very expensive, due to outdated software development that is expensive to customize and maintain. It’s not unusual for the latter to charge upwards of \$100,000 for a one year software license and an equal amount the first year to customize and implement the software.

In addition to these, you’ll find combinations of the above types of companies: the Big Five Consulting Companies, University Professors, Black Belt Six Sigma Consultants, Ma and Pa shops etc.

### *7. What makes (YOUR COMPANY) different from other companies who provide Customer Satisfaction Measurement?*

- CEM is all we do: We deliver management systems and customer focused disciplines not simply research projects
- Data Collection: We don’t own a phone center or employ interviewers. We are agnostic about data collection companies and data collection methods: We recommend **the best methods at the lowest cost** for quality as we recognize that Data Collection is now a commodity.
- Software: We don’t write code. We are agnostic about data collection and reporting software has recently become a commodity as a result better, faster, cheaper software platforms are constantly becoming available at very reasonable costs.
- Consulting: We don’t consider ourselves consultants. We are highly experienced CEM practitioners who transfer our knowledge to our clients to complement and dovetail with their knowledge and resources to accelerate program development, avoid mistakes, support customer focused change initiatives, and produce a strong ROI from the process.

### *8. With whom will we actually work?*

What you see is what you get: the persons who initially engage with you will do the work. There is no bait and switch to junior players

The Partners you meet will manage your program. We have advanced degrees and 15-20 years of applied experience. We will personally conduct the qualitative and quantitative phases of the program and develop and deliver the reports. We manage the "day to day" development of the project, closely monitor the data collection and analysis processes and report distribution processes. We facilitate processes required to improve customer focused decisions and enact operational, procedural, organization and strategic operations to improve customer experiences and achieve the financial benefits that accrue.

### *9. Have you had experience with the (\_\_\_\_\_) industry?*

Our combined client experience over the past 20 years includes over 100 different clients. Our broad industry experience means our ability to apply what we know about CEM to new industries has been proven time and time again. We will never know as much about your industry as you do and you will never know as much about CEM as we do - - your team and our partnership brings our respective expertise together for a successful process.

### *10. Should we do exploratory research?*

Unless you have recently conducted CEM type qualitative researches with managers, employees and customers we would not recommend that you initiate a measurement phase without exploratory research.

Internal exploratory research helps provide a better understanding of the business environment, strategies, processes, system and attitudes towards customers necessary to determine how internal quality is measured. Customer exploratory research helps to identify the proper language to communicate with customers, helps to see the client organization through the customer's eyes and identifies key customer issues to be explored in the questionnaire.

### *11. What happens after the first baseline is completed?*

The customer relationship assessment will identify critical improvement areas. Those areas should be monitored on an on- going basis to determine the impact of your quality improvement efforts and to maintain a status report on your most vulnerable areas. After the baseline is set, the results should be communicated to appropriate employee groups - i.e. quality teams, training dept., all levels of employees, etc. The data should be analyzed to determine changes that might need to be made in training activities, reward and recognition plans, marketing strategies, etc.

### *12. How often should we measure?*

This depends on the market segments and the results of your customer relationship assessment. Overall, management frequency is determined by the areas identified for change and the speed in which change can be implemented.

Competition should be considered as well. Markets where you are at a dead heat with competition and particularly vulnerable will probably want to measure more frequently particularly as you shift resources to those areas.

With the advent of the internet and on-line surveys, which are virtually cost free, you should consider the possibility of continuous surveying.

### *13. Is "satisfaction" the right thing to be measuring?*

Our experience shows that there is not a strong correlation between satisfaction and market behavior.

Performance ratings and resulting perceptions of Quality and Value are better indicators of purchase intentions. Customers' quality expectations of a company are higher than satisfaction expectations. Satisfaction levels are more a reflection of minimum requirements. Quality is more a reflection of value-enhancing attributes. As a result, quality is a better measure of performance because simply meeting requirements will not provide the client with the customer relationship necessary to predict customer intentions to continue or enhance their relationship with the supplier.

We support simple, powerful overall measures of the Customer Relationship, such as *Net Promoter* as well as others. We are suspicious about complex "indexes", particularly those which are proprietary and cannot be easily assessed and understood by management and those who may be evaluated based on them.

*14. Should we ask "what's important?"*

Understanding what is important to your customer and simply asking it are two different things.

When asked what's important, respondents will give you a rational answer which is rarely the basis on which they choose or reject your services. Importance data doesn't provide the level of discrimination necessary to determine focused improvement activities.

Key driver analysis which accurately “derives” (calculates) importance better identifies market differentiators and has become a proven, accepted methodology over the past decade. It is also often abused in the absence of appropriate statistical analysis which produces misleading results, when based on simple correlation analysis, for example.

*15. What customer group should we begin with?*

Ideally the relationship assessment should include all customers that interact with the client's organization. However, if due to investment reasons, a customer or multiple customer segments must be selected over the exclusion of others then the client may want to look at issues like volume, profit contribution, competitive vulnerability, mature vs. growth markets, market position, flat vs. declining vs. growing segments and decide which sets of clients would yield the most important strategic information.

*16. How do you determine what to measure?*

The exploratory phase of the project will include customer focus groups or, customer one-on-one interviews or telephone interviews that will help determine the attributes customers think are important for the relationship. Key manager interviews and employee focus groups will also provide verification of the customers input.

*18. What services do you offer after the basic program is successful?*

Waypoint Group provides deployment and integration support and advisory services. This includes assistance in developing communications plans to disseminate the insights produced by our process, identification of training considerations, facilitation of action planning at all process levels, and a wide variety of support services to ensure that our client's investment in customer satisfaction measurement and management programs is returned in growth and profits.

*We hope this is helpful to you. Should you have any questions, please feel free to contact us at [info@waypointgroup.ORG](mailto:info@waypointgroup.ORG), or*

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### ***About Waypoint Group:***

#### ***What we do:***

We employ precise customer feedback to allow our clients to make better decisions, be more customer centric, drive and manage change in the enterprise:

- Operationally: Procedural, short term wins, customer retention and acquisition
- Strategically: Structural Improvements in services, products, market position and Brand.
- Financially: High returns on program investment in the form of revenue from increased customer retention and loyalty, up-sales, cross-sales, word of mouth referrals and Brand strength

#### ***How we do it:***

- Precision in data collection (mostly web, can do phone, mail, in person)
- Sensible but appropriately powerful analysis, simply displayed (avoiding paralysis)
- Role based report distribution (right reports, right person, and right time.. typically to the desktop)
- Software "platform" to manage the information collection and distribution processes
- Deployment of the process with attention to the forms of cross functional communication, governance, and program management that will support decisions and actions that improve the customer experience

The tactical key to change management in this discipline is executed primarily through improved dialogs with customers in major touchpoints such as

- Service follow up
- Sales/Account management follow up
- Internal and external communication programs

Our Management of the discipline of this process provides for insight into operational, structural, and strategic opportunities for which we support processes for making decisions and taking actions along the priorities that best support desired customer outcomes and associated financial benefits.

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