



# Organizing for Customer Experience

By Norm Smallwood, Anne-Marie Law, Joe Hanson

## Key Takeaways:

*A defined customer experience centers around the customer value proposition and firm brand promises.*

*Customer experience is enhanced by making deliberate choices about how employees are organized and developed to deliver on expectations at each touch point.*

*With the necessary investment of thought and resources, aligning the organization with firm brand promise and customer value proposition delivers customer, investor, and employee value.*

Over the last few years, many companies have sponsored initiatives to enhance customer and employee experience. Technology has evolved to support these initiatives, creating a growing effort across industries to enable experience

and provide predictive analytics. At conferences we hear from business leaders, technology vendors, and consulting firms about their successes. Often these case studies approach **customer experience** initiatives as just that—an initiative that exists in parallel with many competing initiatives and without the benefit of an organization designed to deliver the hoped-for customer experience. However, building the right customer experience culture requires clarity around and prioritization of the business brand identity. With a properly integrated brand identity, consideration of the customer experience shifts from an initiative to a natural next step. With the top priority identified—upholding the brand identity—businesses are able to properly use technology to create customer experience. The temptation of many businesses we see is to allow technology to lead the experience journey when

technology should enable the intentions promised by business brand identity.

## Defined Customer Experience

The authors share a common mentor, Herb Stoakes, who led Procter and Gamble's work in socio-technical systems design or self-managing teams during the 1970s and 80s. When Herb worked with clients or gave speeches, he often said: *"We are perfectly organized for the results we currently have."* Forty years later, Herb is still right.

We have found few businesses or leaders who have intentionally invested and organized in order to optimize customer experience. In one example we found a complete disconnect between firm brand and organization design. We were in a conversation with senior leaders of marketing who were sharing a brand position pitch.

When we asked what the organization was doing to equip partners and employees in support of the brand, the reply was: "This is simply a branding message, we don't really expect it to be implemented!" We walked away from the conversation thinking any investor who heard this would want to short the stock. To consistently deliver a defined customer experience, the customer and employee experience should be intentionally designed with the customer value proposition and firm brand promises. To succeed, the desired customer and employee experience must be enabled by supportive **technical** and cultural capabilities as well as consistent, proactive management of customer and employee touch points.

A high performing culture is the result of an organization that intentionally creates the conditions where customers and employees receive the desired experience at every interaction. High levels of engagement demand clarity about the desired firm brand promises. Strategy and organization levers can accelerate or create barriers. On the strategy side, leaders must clarify the experience they want customers to have and ensure employees are selected, developed and rewarded to deliver the desired experience at every customer touch point. Leaders need to know how to connect employees on the inside with customers on the outside. One of our clients spent millions advertising to customers that their business was more caring, without investing anything in employees or leaders to support the claims. While they were able to adjust quickly, rhetoric to customers about new promises without investments to make them real leads to distrust not loyalty. Well aligned **organization design choices** enable an optimal experience. Poor design choices can neutralize or hinder the targeted experience.

## Organization Impacts Customer Experience

After many years of guiding large scale organization transformation, it's clear that:

1. Any structure can work.
2. No structure is perfect.
3. Even poorly aligned organizations have informal relationships among people

and linking mechanisms that can overcome poor design choices.

However, some structures work better than others because they group employees together in ways that impact employees' view of the customer and their ability to respond in ways that are consistent with the firm brand promises the organization makes. These brand promises should be the drivers of both customer and employee experience. This means that decisions about structure and other elements of organization design— process, roles, governance, linking mechanisms, rewards, accountability systems, and resource allocation— should be made thoughtfully.

Customer and employee experience are enhanced by making deliberate choices about how employees are **organized** and developed to deliver the customer experience at each touch point. Design is a key enabler of how a business builds distinctive capabilities in targeted areas that their customers desire. Different businesses have different promises for customers and need different capabilities to deliver them. Walmart organizes to ensure that customers experience everyday low prices; Singapore Airlines organizes to ensure customers experience their stellar service; Apple organizes so that their customers can experience innovation across their products and Amazon organizes to achieve a fast and easy customer experience.

Great customer experience enables targeted capabilities through intentional and aligned organization design. Having distinctive capabilities is critical to attracting and retaining customers and employees. Over time, the business gets a reputation for these target capabilities in the eyes of their customers and employees. Ensuring that customers and employees have the desired experience around these capabilities is critical to high external stakeholder confidence in the future. Investors reward this with a higher price to earnings multiple which means a higher market value.

Nike has distinctive capabilities in the way they connect to customers and have organized to optimize that capability. Twenty years ago, Nike organized around their products- shoes, clothing and equipment. Since then, Nike has chosen to organize around sports categories like

Soccer, Football, Golf, Tennis, and Baseball. Support functions in HR, finance, sales, and legal support these sports categories. Just because they organize around sports categories does not mean they don't care about their products. The products are grouped within each sports category. Think of a tennis player wearing Nike shoes and clothes with a Nike racquet going to a Nike sponsored competition. This organization design ensures that Nike employee identity is focused on the customer sports categories in which they are grouped rather than a product or a function. Delivering optimal customer experience at Nike is enabled with this organization design because employees are organized to "see" the customer in a complete way.

Contrast this organization design with another common design choice: functions. Designing by function is when people are grouped together by expertise—Marketing, HR, R&D, Commercial, Operations, Quality, Finance, Legal and so on. Like any structure option, there are tradeoffs. Function optimizes professional expertise by grouping people together who share expertise, so it is easier to compare competence levels. But, functions can easily become silos that are too internally **focused on their own issues**. Finance is concerned about hitting quarterly earnings; operations is concerned with fulfillment; HR with hiring, developing and rewarding talent. In a functional organization, optimal customer experience is not achieved from within a function, but is the result of cross functional integration. The customers receive value as the organization works together as a seamless whole. Employees inside any particular function tend to glimpse only a piece of the customer experience. Functional organizations must work cross-functionally in order to provide effective customer experience.

In many industries functional organizations are considered best practice and the only viable choice. Organization design is described in terms of hardware and software. The hardware is the functional silo and the software are the decision rights and other mechanisms to make them work cohesively for customers or patients. In our experience, this is wrong. As we stated earlier, any structure can work but the choice of design determines

how employees perceive the challenges of their customers. How people are grouped strongly influences what they believe is important and what they optimize. Again, *"We are perfectly organized for the results we currently have."*

Consultants and leaders often argue that functional design for specialization is the "only" option for some industries because of standard industry operating models. However, a global rare disease biotech company has piloted an alternative to this dilemma by building a hybrid version of a functional organization aimed at improving line of sight to their patients.

### **Journey to Connect Organization and Customers**

The biotech company's leaders have targeted and invested to build distinctive technical and cultural capabilities in patient centricity, innovation, leadership, and as a rewarding place to work. They have dedicated resources to ensure these targeted capabilities are designed and aligned, not just hoped for.

After dipping their toes into employee experience in HR, they formed a cross-functional team of high potential leaders and did a deep dive into their patients' journey and experience. The process created enormous empathy for their patients' ecosystem (Patient, Payer, Provider) challenges as well as major insights that none of the leaders could have gleaned from their functional silo. The insights came

exclusively from the process of working on the patients' perspective and the difficult journey they encounter- not from the perspective of biotech company's products in the rare disease market.

The initial solution was to set up cross-functional teams. However, the high potential team decided to go further and recommended a permanent cross-functional front-end organization as a source of identifying ongoing patient ecosystem insights. This will enable the business to build innovative solutions and then distribute the work to the rest of the organization and add real customer centricity to their work. An additional benefit is that new acquisitions are integrated quickly and are commercially viable faster and better. In the past, no function had a holistic view of the newly acquired company. Acquisitions waited for full integration because no one knew how to connect the dots to deliver value to patients from a newly acquired disease state.

To embed this learning even further, they took an unprecedented step in their industry and merged this front-end patient facing organization with HR and IT to create a "Human Experience Organization." Human Experience means optimizing patient and employee experience including the full impact of utilizing digital technology. To create the desired accountability and levers for the experiences for patients and employees, they needed to manage and measure all the parts of experience together.

The business is in the early stages of this reinvention but all indications are that this approach has already changed what the biotech company's leaders and employees know about patients and how they can deliver value in eyes of their patient ecosystem. This knowledge connects the entire organization to greater insights and more value-added solutions.

### **Conclusion**

The example from the biotech industry demonstrates the importance of clear brand identity and a commitment to providing a targeted experience to their customers. Regardless of the industry, it is possible to align the organization with firm brand promise and customer value proposition. It's not easy or clear-cut, but when done well it delivers customer, employee, and investor value.

As you consider organizing for **customer centricity**, put RBL's experience and expertise to use. **Contact us** to get started on aligning to what you value most.

Visit our insights page to find more information related to the content of this paper.

Send us your thoughts or questions regarding the content of this paper.



[rblmail@rbl.net](mailto:rblmail@rbl.net)