

EBOOK



# Creating a Customer Experience Strategy that Aligns to Business Metrics

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## Why Read This eBook

Creating the ideal experience at every point along each of your customers’ journeys requires a strategy, an integrated suite of digital experience (DX) delivery technologies, and the means to measure both. This eBook explores all of these.

## Key Takeaways

As a starting point for improving your organization’s customer experience, this eBook helps you understand how to think strategically and identify key business metrics that advises your organization of its progress, achievements, and impact.

This eBook informs CX leaders why and how to:

- › Develop a business value-based approach to **CX strategy**
- › Identify **Key Performance Indicators (KPIs)** that measure business impact
- › Connect strategy, KPIs and **business outcomes**

You’ll see how to connect boardroom barometers and C-level measures like earnings and customer lifetime value (CLV) to department level tactical metrics. You’ll also see an example of how using customer communication management (CCM) software from Topdown can positively impact KPIs.

Most importantly, after reading this eBook, you will understand that there is no single KPI that defines the totality of a successful CX strategy – it is a matrix of metrics and the carefully crafted CX strategy that brings them all together.

## Value-Based Approach to CX Strategy

Whether you have a tech-oriented role, are a digital product owner, or an enterprise architect—or you work directly with these roles—your digital experience (DX) technology architecture should be the end result, and not the starting point, of building a CX strategy.

The first step in understanding how customer engagement technologies like [customer communications management \(CCM\) software](#) and [content services APIs](#) will benefit your organization is to develop a strategic framework. Below, we explore three approaches to strategy.

### APPROACHES TO CX STRATEGY

One widely accepted business paradigm, **the Value Disciplines model**<sup>1</sup>, describes three essential areas that organizations should concentrate on to create competitive differentiation.

- › **Customer intimacy**

How customer-oriented are you?

- › **Product leadership**

Can you accurately predict and respond to customer demand?

- › **Operational excellence**

How well do you control your costs?

Which of these areas you should focus on depends upon your role (marketing, line of business, or IT) in your organization.

### Align Your Strategy to One of the Value Disciplines

The most iconic companies combine aspects of all three, but no organization can effectively execute on all three with equal intensity over time. The secret to refining your CX strategy begins with recognizing the value discipline that is your strength, building metrics to reinforce it, and then leveraging best practices to extend this behavior across all disciplines.

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<sup>1</sup> Created by Michael Treacy and Fred Wiersema describing three generic “value disciplines” companies can adhere to

## Identify Key Metrics to Measure

Once you know what to measure, you can demonstrate the initial success needed to create a sustained, ongoing, long-term implementation of your CX strategy. Here are some sample metrics to consider that can link KPIs to your strategy across key stakeholders:

- › Increasing shareholder value and earnings per share (EPS)
- › Revenue growth and cost reduction
- › Customer satisfaction (CSAT)
- › Customer lifetime value (CLV)
- › Customer Experience Index (CXI) ranking
- › Net Promoter Score (NPS)

These are all well-known stats but keep in mind, they are all **macro metrics**. In other words, they measure the net effects of a much larger set of **micro metrics** tracked deeper within the organization (think: handling times, conversion rates, etc.).

When developing a strategy to improve the customer experience of your digital business platform— i.e., how to attract and retain more customers or better serve constituents—leverage the Value Disciplines to align and connect these micro and macro metrics.

On the following page, we provide a sample metrics matrix, which aligns micro and macro metrics to the related Value Discipline. This is provided to stimulate your thoughts, and is not meant to define your particular strategy or KPIs. We then provide an example of how one of our customers was able to measure the value of using our CCM solution.

# Align Metrics Using the Value Disciplines

The Value Disciplines provide a good working model to focus what you need to measure and report on based on which of the three disciplines applies to your role and your type of organization.



## OPERATIONAL EXCELLENCE METRICS

To **reduce existing costs** or avoid adding costs to serve customers, you need operational excellence. However, saving money should not mean sacrificing the customer experience. Your enterprise architecture and approach to integrating applications and processes can **yield CX synergy as well as savings**. For example, add data and content integration and automation into the mix and you can increase personalization and relevance, in addition to saving money.

Consider showing expense reduction and revenue growth with these operational excellence metrics:

### Net Promoter Score, which you can link to:

- › Customer Satisfaction Score, and then to:
  - › Customer Effort Score
  - › First Call Resolution Rate
- › Average Time to Respond, then down to:
  - › Customer Complaint Volume
  - › Average Call Duration

### Customer Lifetime Value, which you can relate to:

- › Customer Retention Rate
- › Product/Service Upgrade Rate
- › Revenue Per Customer



## CUSTOMER INTIMACY METRICS

When you know your customers well, you are able to respond to their wants or to understand their needs better than your competitors. This creates a greater customer loyalty that leads to revenue growth through an increase in repeat purchases.

To improve customer intimacy, you must understand and **treat each customer individually** and not as a segment. You need to tailor offers and information during real-time engagements in any channel and reduce friction at every touch point using guided processes and recommendations. That means including predictive analytics and machine learning, among other technologies, in your DX architecture.

Consider these metrics for identifying revenue growth through increased customer intimacy:

### Net Promoter Score, which can be linked to:

- › Customer Retention Index
- › Service Accuracy Index
- › Customer Care Performance Index
- › Repeat Purchase Rate

### Customer Lifetime Value, which is influenced by:

- › Average Purchase Frequency
- › Average Order Size
- › Wallet Share Index
- › Lost Customer Index



## PRODUCT LEADERSHIP METRICS

The goal here is to **increase the speed of innovation** of and **revenue** derived from new product delivery. You may need to understand why customers are choosing competitor's products over yours. Have buying habits changed? If so, is your business model out of date or obsolete? At the very least, you need to **be more innovative** and **more responsive** to constantly changing customer requirements.

Consider tracking impact on income via these metrics for product leadership:

### Net Promoter Score, which is related to:

- › Time-to-Market Index
- › Feature Function Index
- › Configurability Index
- › Loyalty Program Enrollment

### Customer Lifetime Value, which encapsulates:

- › Channel Profitability Index
- › Product Portfolio Index
- › New Product Index
- › Renewal Rate



## Connecting Strategy, KPIs and Business Outcomes

Once you have outlined your strategy and have picked appropriate KPIs on which to focus, you may now consider the technology you use to deliver your customer experience. Rather than re-implement what you already have, seize upon the opportunity to do things better. Focus more on the art of the possible, and less on what already exists.

**Here is a sample of how CCM can move metrics.**



### OPERATIONAL EXCELLENCE

Since implementing the Topdown solution, agency employees now process 5.45 cases per hour versus 3.83 with the prior system, a 42% productivity increase. Plus, 80% of communications are now automatically generated; only the more complex 20% are individually created by the agency staff.

In the year since implementing the Topdown CCM solution, the agency saw an 8% increase in the number of claims it processed. The increase in productivity means the agency has not needed to add staff, thereby avoiding these costs.

### SCENARIO

A state government agency wanted to become more customer-centric, create a category-leading product, and become more operationally efficient. They decided that replacing a legacy customer communications system could help accomplish all three goals. They tapped Topdown to align their strategy, KPIs and technology to improve the customer experience and deliver tangible business outcomes.

### RESULTS

Topdown worked with project leads to link outcomes with key metrics aligned primarily to operational excellence, and secondarily to customer intimacy and product leadership that significantly improved and positively impacted the agency's communications with their customers.



### CUSTOMER INTIMACY

The agency had been limited to print only in terms of output channels. Now they send notifications and status updates via text, email and fax, in addition to printing case-related correspondence.

Government agencies are service providers, and customer (i.e., citizen) satisfaction is the cornerstone of any service organization. Expanding the number of communication channels greatly increased the transparency of processes, which improved customer satisfaction metrics. Citizen engagement metrics may be softer than operational efficiency measures.



### PRODUCT LEADERSHIP

The average citizen can now use the agency's web application to search for abandoned property, look up claim status, initiate transactions and submit documents.

The workflow and options presented in the web app are based on individual claim type and status, so the customer experience is completely customized for each user.

The agency is looking at implementing formal customer experience measurements in order to better quantify these secondary benefits.

# Conclusion

Spearheading a successful CX strategy requires taking a **holistic approach** that combines technology, processes, and people. You must have vision and develop a strategy that runs across your entire organization—from the customer to the CEO—and sew them together with key performance indicators. Once you identify the right macro metrics, you must work with individual departments, teams and tools in order to identify and connect the right micro metrics to the matrix. These front-line employees should not be viewed as individual contributors; they are important stakeholders in your customer experience.

After developing your strategy and KPIs, **consolidating your digital experience architecture around [future-oriented technology](#)** is the right next step. Content and communication management solutions from Topdown provide the foundational tools for an organization to create a friction-free customer experience. What had previously been unstructured and inaccessible content can now become a vital component in digital business applications to engage customers, automate business processes, enhance collaboration and govern and protect content throughout every touch point along the customer journey.

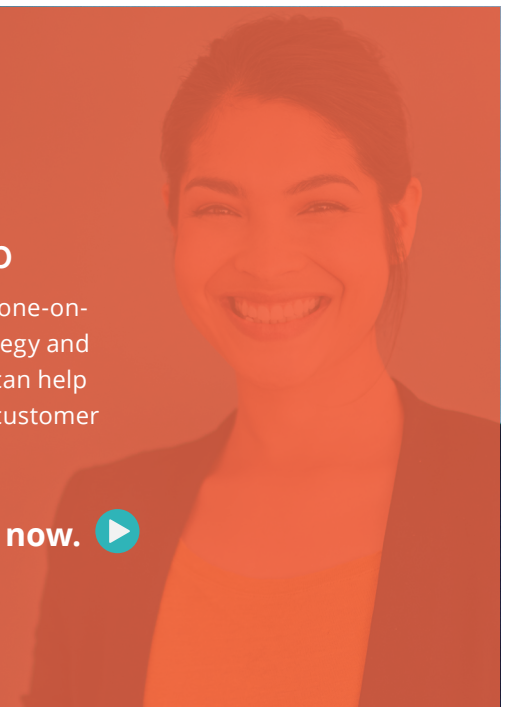
## CONTACT US

### Take the Next Step

Click or call to schedule a free, one-on-one discussion of your CX strategy and to explore how CCM software can help you achieve your operational, customer intimacy and product goals.

**Click here to schedule now.** 

**Call us: 800.361.1211**



## About Topdown

For nearly four decades, Top Down Systems Corporation—or Topdown®, for short—has been providing customer communication management (CCM) solutions to organizations committed to delivering exceptional customer experiences (CX). Companies of all sizes and across industries trust Topdown's software to generate personalized and contextualized communications during high-value customer journeys, such as on-boarding a new client or corresponding with a customer. We invite you to see for yourself why Forrester, Gartner, and other analyst firms have repeatedly recognized our customer communications management solutions.