

using research to support strategic change initiatives

by Susan Abbott



Introduction

Business literature is filled with material on managing and leading major change programs. In the past, the goal was often to re-engineer processes to extract costs. Today, the drive to become more customer-centric is more typically the objective. The research contribution to successful change initiatives is sometimes given short shrift in this literature, which emphasizes motivation and management methods. But research is

particularly relevant to successful customer relationship management (CRM) implementations, because it helps the organization lead with marketing strategy instead of technology.

Since major change initiatives are usually challenging as well as costly, few companies start down this road without compelling reasons. The organization is often faced with multiple problems that have not responded to quick fixes, such as product campaigns or training blitzes.

Thoughtful use of marketing research methodologies can help define the problems in an actionable way: determining what changes are needed, setting priorities, motivating and mobilizing people, and finally, measuring the effectiveness of the change project.

Defining the Current State

Customer-related issues such as low sales growth or rising customer defections are usually the key drivers behind strategic change initiatives. The company may also be aware of other front-end challenges, such as problems in channel integration, employee concerns over systems or sales goals, or negative trends in operational metrics.

Defining the problems in an actionable way requires compiling good information about what is actually going on, by bringing together internal and external data to describe the current state of affairs. This information will not only help define what needs to change, it will ultimately provide the metrics that will define success.

Even more important, the researcher can provide the independent perspective that can assist management in getting past pet theories and anecdotal evidence about what is going on with

customers and front-line employees. Or as Jim Collins, in the bestselling book “Good to Great”, refers to it: “confronting the brutal facts”.

A review of existing customer research (industry tracking studies, customer satisfaction indices), and gathering key internal metrics such as cross-sell ratios and product penetration rates is a good place to start. This quantitative data needs to be supplemented by depth interviews and focus groups with key stakeholders, both management and non-management.

Getting Strategic Clarity

With the “brutal facts” in hand, getting alignment around the real customer strategy is key. Brand mapping tools can be useful in working through this process, using input from internal groups. When business leaders rate importance and performance of eight or 10 attributes on the company and its competitors, they have a basis for discussing differences in their vision. Some may see breadth of product offerings as providing competitive advantage, where others believe success rests on service attributes or innovative products. Comparing the brand mappings of executives

with their own sales personnel can also reveal important differences in how competitors are perceived.

For example, we have found that non-marketing executives tend to underestimate the importance of having one or two market leading offerings in triggering sales opportunities – but sales people don’t. Another area of disagreement often centres on how important specific technology or distribution channels are to achieving sustainable competitive advantage. Since no organization has unlimited resources, resource allocation must align with management’s view of achieving competitive advantage.

Defining the Customer Experience

Customer centric organizations provide a clearly defined service or product experience, with a well defined value exchange, for well defined groups of target customers, and they deliver this value proposition reliably and consistently.

Within the high level strategy, qualitative research is helpful in refining what the customer experience should look like for each target segment or value tier. The desired customer experience needs to be codified into service standards that describe clearly what is supposed to happen with customers at every interaction.

Customers can evaluate service experiences on three dimensions, all of which need to be considered in defining the customer experience:

- The basic economics of the exchange: What product or service did I get? How much did I pay? Was that a fair exchange of value?
- The process and procedures involved: How convenient was it? How time consuming was it? How confusing was it? Was the process fair and just?
- The social interaction: How was I treated as a human being? How did it feel? How did I evaluate the technical competence and the social competence

of the service staff?

Research has shown that service failures in one dimension cannot be readily solved by extra delivery in another dimension. By the same token, an organization needs to design the customer experience giving consideration to all dimensions.

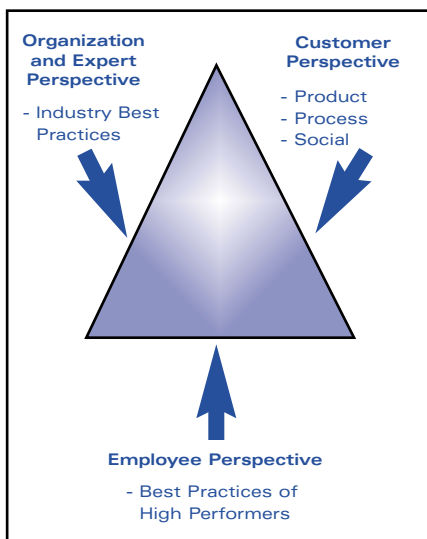
Defining the customer experience needs to include the perspectives of employees and experts as well as customers. While customers can explain in some detail what they like and don’t like, they are not necessarily the people who should design the new experience.

Benchmarking the process, approach and behaviors used by high-performing employees in the current system can usually provide significant insights into what’s working best and how this knowledge can be leveraged. For example, if certain individuals have a higher success rate on referrals to a specialist group, best practices interviews can reveal what activities are driving this result, and provide additional insight into the customer decision process.

Sharing the insights learned at this stage of the change initiative is often a powerful motivator for business executives: one executive described it to us as “drinking from the fire hose”. This is the research that provides the compelling stories that people will tell to mobilize others around the changes, and that make the strategy real. For CRM initiatives, this stage of the work provides needed refinement in approach that separates winning implementations from not-quite-right implementations.

Using this phase of the research as inputs, the organization can create service and interaction standards, training materials, coaching guidelines for supervisors and sales managers, and even job accountabilities. Where the strategy involves differential servicing of segments, the research can support articulation of the specific differences in customer experience that are targeted to each segment or value tier in each channel.

Articulating the Strategy: Defining the Customer Experience



Tracking Successful Implementation

Once the implementation phase is underway, research ensures that the planned changes are happening and making a difference. There are lots of tools to choose from:

- In a phased implementation, the opportunity may exist to fine-tune the program, based on pilot locations or prototypes. Metrics should include year-over-year types of comparisons, as well as comparisons with unchanged controls.

- Mystery shopping can provide an independent check on how well the new behaviors are taking hold, measured against the new service standards developed earlier in the project.

- Over time, customer satisfaction indices (CSI) will reflect the success of changes, but the timing and sampling methods used may not provide the rapid feedback needed to keep people motivated or to adjust the strategy on-the-fly. A better approach is to supplement the CSI with intercept or post-interaction research that targets those customers that have experienced the new approach. At this point in the project, it is helpful to have customer quantitative measures that supplement internal performance metrics such as sales results to validate the change program.

- Employee feedback tools can include interviews and questionnaires to ensure that communications are being handled well, new role designs are indeed working better, training is adequate, and that events are unrolling as planned.

Conclusion

Marketing research is an important tool to assist in designing, refining, implementing and evaluating customer-focused change programs. Many failed CRM technology implementations have been caused by inadequate planning and pie-in-the-sky objectives.

Thoughtful research can assist business leaders in implementing successful strategic change initiatives.

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Resources

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