

Lucerne University of
Applied Sciences and Arts

**HOCHSCHULE
LUZERN**

Wirtschaft
Institut für Kommunikation
und Marketing IKM

Customer Centricity Score

Measuring customer centricity within organisations and
using a simple KPI to define actions for improvement.

www.hslu.ch/ccscore

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„We build the Starbucks brand first with our people, not with customers. We believe the best way to exceed the expectations of our customers is to hire and train great people”

Howard Schultz | CEO, Starbucks Corporation

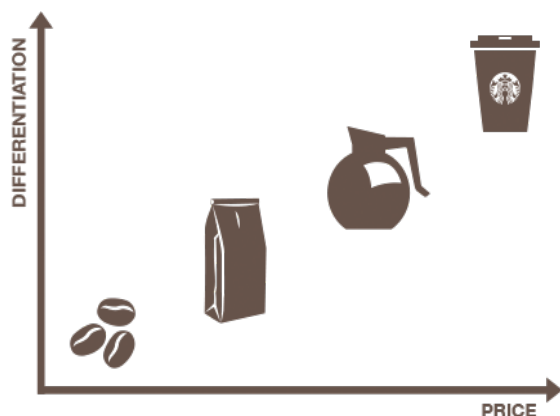


Putting the customer centre stage

Putting the customer at the centre of all activities will challenge groups as well as individuals, because each and everyone must contribute towards what eventually will become the customer's experience.

Changes in value creation

Globally we are increasingly shifting toward an economy in which the customer's experience is the primary product. Only if experiences are truly relevant for customers will organisations be able to differentiate their business from that of competitors and justify a premium price.



The quality and relevance of the customer experiences therefore directly determine the financial success and future growth of the business.

Customer Experience as the tip of the iceberg!

Customer experiences are only the tip of the iceberg. While many factors determine the quality of what the customer gets, it is ultimately the employees of successful organisations who create, shape and drive excellent experiences for the customer.

In the end, all activities within an organisation are part and parcel to what the customer experiences, regardless of whether they are performed by someone working in sales, IT or finance.

For organisations to succeed in the experience-economy they must stay fully focused on their customers in everything they do.



Yet they often lack such a holistic approach, disregarding crucial aspects and ignoring the important but hidden dimensions that shape the overall customer experience.

Customer Centricity as success factor

No business can exist without its customers, be they consumers (B2C), clients (B2B) or internal stakeholders.

Aspects of customer centricity

Businesses that focus solely on their customers' opinions and wishes are likely to fall into the trap of attempting to please everyone at any cost – reacting rather than anticipating, losing effectiveness as an organisation and negatively impacting the customer experience. They see themselves responsible for meeting the demands rather than addressing the real yet often hidden needs of customers, becoming preoccupied with the symptoms of a defunct customer experience. This is likely to result in higher churn, eroded loyalty and lost profits – signs of a preoccupation with customer retention, sales optimisation and short-term financial goals.

Authentic customer centricity

Customer-centred organisations holistically focus all their attention on the customer, without compromising a healthy, aware and self-critical identity. Customer-centred organisations not only anticipate customer needs but are able to design and deliver experiences in a way that is understood and executed by all employees in a coordinated fashion. At the same time they strike a healthy balance between what customers need and what their business requires, aligning the interests of both sides to best effect. This enables them to grow sustainably and build their business.

Indicators of customer centricity

Although most businesses would like to know where they stand in terms of customer centricity, they are generally unable to do so accurately because there is no indicator for gauging the dimensions in which they can improve. The Customer Centricity Score (CCScore) was developed as a tool with which organisations can efficiently identify opportunities for improving and releasing their full potential.



The Customer Centricity Score

The Customer Centricity Score (CCScore) is an empirically developed indicator that measures the level of customer centricity within organisations.

Development of the Score

The CCScore was developed during a pilot study at Swisscom in Switzerland in 2013. Researchers designed a questionnaire for measuring the extent to which customer centricity could be experienced across all organisational units. The pilot study identified the main drivers of customer centricity by means of factor analysis. The instrument was then further refined and thoroughly validated in other studies.

Drivers of customer centricity

The empirically identified factors of customer centricity form the basic building blocks for determining an organisation's CCScore and indicate the extent to which its activities are centred on customers. The factors are clustered into the categories of leadership, collaboration and implementation.

Leadership

Leadership captures the main parameters an organisation uses to focus on its customer holistically. The key factors include:

- Prioritisation
- Openness
- Enabling
- Commitment
- Incentives

Collaboration

Collaboration refers to a thoughtful, open and tolerant way of working across all organisational structures in order to develop a customer-centred approach. The key factors include:

- Tolerance
- Learning Culture
- Persistence
- Cross Functionality
- Alignment

Implementation

Deliberate implementation of customer-centred processes and systems makes it possible to deliver truly relevant and holistic customer experiences. The key factors include:

- System Support
- Customer Insight
- Experience Design
- Customer Integration
- Personal Responsiveness

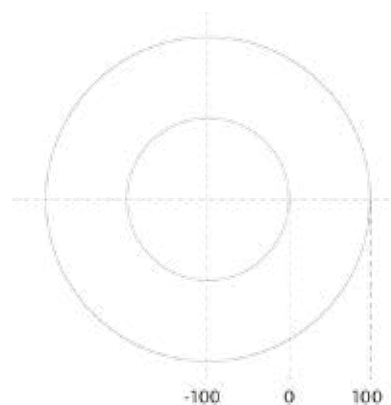
CCScore measurement

The CCScore is derived from an online self-assessment with specifically designed questions to address all the key factors. These questions are designed for all employees, and no special expertise is necessary. The assessment uses 15 questions, and additional ones can be added on request to evaluate further attributes that are specific to the organisation. The assessment takes less than six minutes to complete.

Analysis of the CCScore

The Customer Centricity Indicator

The overall score is calculated by subtracting the positive from the negative responses to all questions, producing a value between -100 (all responses negative) and +100 (all responses positive).



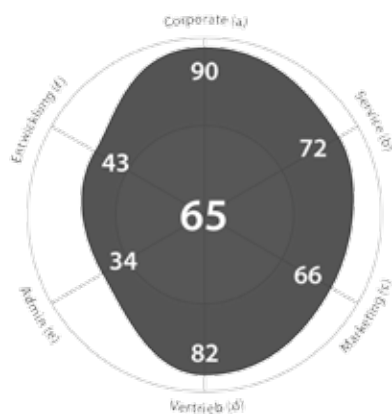
The CCScore Indicator

The score is then visualised as the Customer Centricity Indicator: a score of +100 corresponds to a fully shaded area, 0 to a half shaded one, and -100 to an area with no shading. This depicts the score clearly, making it easy to understand and to compare and benchmark the various sub-scores.



Visualisation of the CCScore

The score can also be used to visualise the three key factors, thus providing a detailed and analytical view of what determines the overall score and clearly showing the influence the various factors have on the overall level of customer centricity internally.



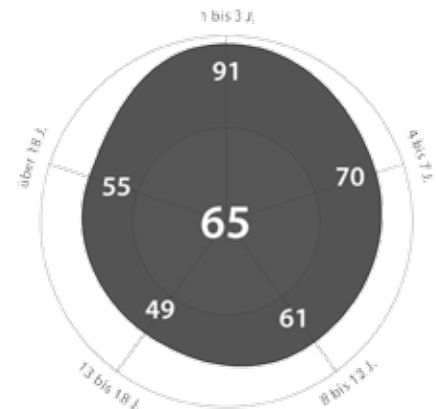
Visualisation of score for organisational units

Organisational Variables

The scores can be calculated in relation to a set of specific organisational and demographic variables, such as :

- organisational units
- roles and activities
- age
- gender
- job tenure

- managerial responsibility
- etc

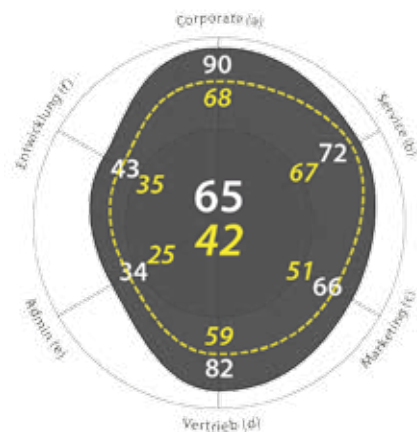


Visualisation of score period of employment

On request, further specific variables can be included for a more comprehensive CCScore.

Validation using the Bayesian Truth Serum (BTS)

Besides regular calculation of the score, it is also possible to apply the BTS in order to validate the outcome of the overall score. This statistical method makes it possible to detect the level of tactical survey behaviour in the form of purposeful 'whitewashing' or 'bashing', and to adjust the overall score accordingly.



Additional indication of the BTS-Values

Benchmarking

The increasing number of participating organisations makes it possible to conduct CCScore benchmarking studies in order to compare industries, regions and even competitors.

Customer Centricity Grid

<p>Leadership</p> <p>Leadership creates the enabling, fundamental conditions for an organisation to holistically centre on the customer.</p>	<p>Collaboration</p> <p>A reflective, open and tolerant way of working throughout all organisational structures allows for customer centred collaboration.</p>
<p>Incentives</p> <p>Management prioritize customer satisfaction goals as well as financial or technical goals (sales goals, sales targets, time-to-market, releases, etc.)</p>	<p>Alignment</p> <p>All business units are constantly in contact with customer touch points.</p>
<p>Commitment</p> <p>Management champion a customer focused approach by their actions.</p>	<p>Cross-functionality</p> <p>Teams work impartially across organizational boundaries. There is no silo mentality in the firm.</p>
<p>Enabling</p> <p>Management have given the employees the necessary tools to be customer focused on the job.</p>	<p>Persistence</p> <p>Once decisions are given the green light within the company, they are put in place.</p>
<p>Openness</p> <p>The company culture encourages employees to be innovative and independently come up with novel solutions. New ideas enrich the firm.</p>	<p>Learning Culture</p> <p>The firm is continuously developing its products. Customer and employee feedback are integrated through a continuous improvement system.</p>
<p>Prioritisation</p> <p>The employees are aware that customer orientation is important for the company. Customer orientation is perceived as top priority in the company.</p>	<p>Tolerance</p> <p>Employees can express their opinions freely and are encouraged to try out new things without any consequences.</p>

Implementation

Through the deliberate implementation of customer centred processes and systems truly relevant and holistic customer experiences can be delivered.

Personal Responsiveness

Employees can respond to customer feedback in real time with individual solutions ("moments of truth", "magic moments").

Customer Integration

Customer input is integrated in the development of new products and service solutions.

Experience Design

The desired customer experience is clearly defined from start to finish. The experience is in place and everyone is familiar with it. Everyone knows their role in the customer experience chain.

Customer Insight

The employees really understand the needs of the customers. Information on customer insights is available in the firm.

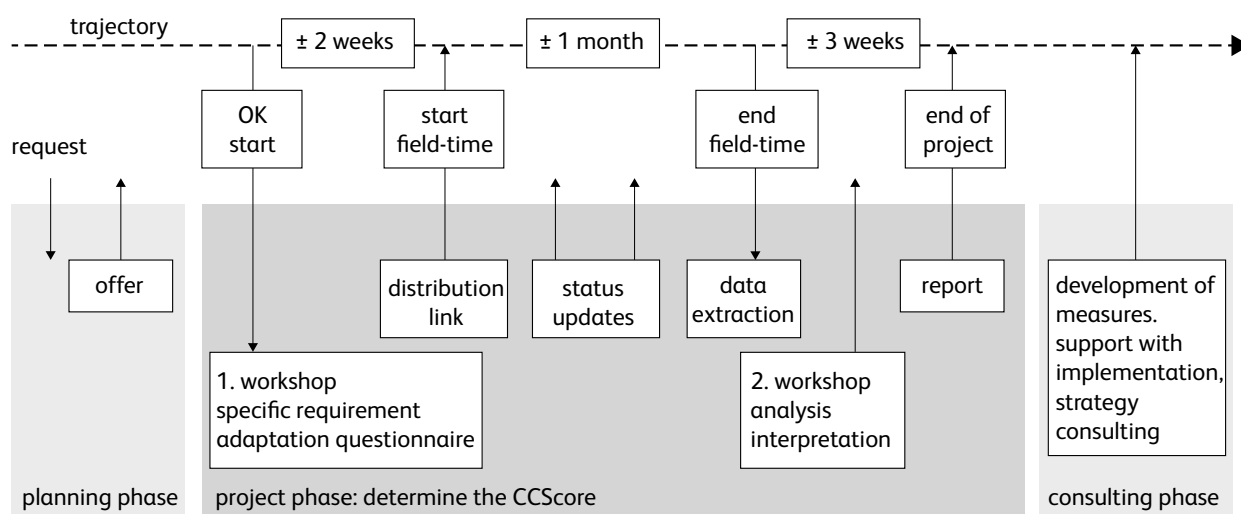
System Support

All systems, processes, and channels are designed to successfully support customer satisfaction.

How to conduct a CCScore assessment

Conducting a CCScore assessment is straightforward and simple. Our team will support organisations during the initial contact and throughout the measurement, analysis and report phases with a view to developing and implementing measures to increase customer centricity.

Project trajectory for an initial measurement



CCScore assessment process

Organisations interested in such a measurement can submit their specific requirements to the CCScore Team (mail@ccscore.com; www.ccscore.com).

On request, they will receive a specific project offer.

If the offer is accepted, their requirements will be integrated into the standard measurement tool. The next step involves agreeing on a schedule and planning how to distribute the assessment within the organisation. The distribution generally covers all organisational units so as to ensure a holistic 360° CCScore.

In addition to the standard set of questions, each organisation has the option of adding questions and introducing specific variables as needed. The adapted and personalised assessment tool will be sent to the organisation one week after the initial request by means of a web link.

Starting and conducting a measurement

The participating organisation can distribute the web link based on its preferences and requirements, generally by email. It is not necessary to provide account information and other sensitive data to the CCScore team. If the organisation decides to distribute the link to only some members, it must ensure that a representative sample of the organisation will participate in the assessment.

Employees access the link in order to complete the self-assessment, which takes approximately six minutes and requires only a web browser with internet access.

The survey lasts between two and four weeks on average. During this time the organisation will be informed about how many assessments have been completed, the dropout rate and the number of pending queries. The CCScore Team is available for questions about the assessment and provides continuous support via the technical helpline. Once the assessment period has ended, the data is extracted for validation, analysis and for compiling the report.

After the assessment

On completion of the assessment, the information is evaluated and analysed, which takes about two weeks. The project closes with the delivery of the final report, featuring the overall score results and the breakdown of the data by key factor.

Afterwards the CCScore Team is available for an interpretation session with the participating organisation, or for further analysis and consulting. Additionally, the CCScore team lends its support for developing improvement measures, formulating strategies and creating roadmaps for implementation that are specific to the organisation.

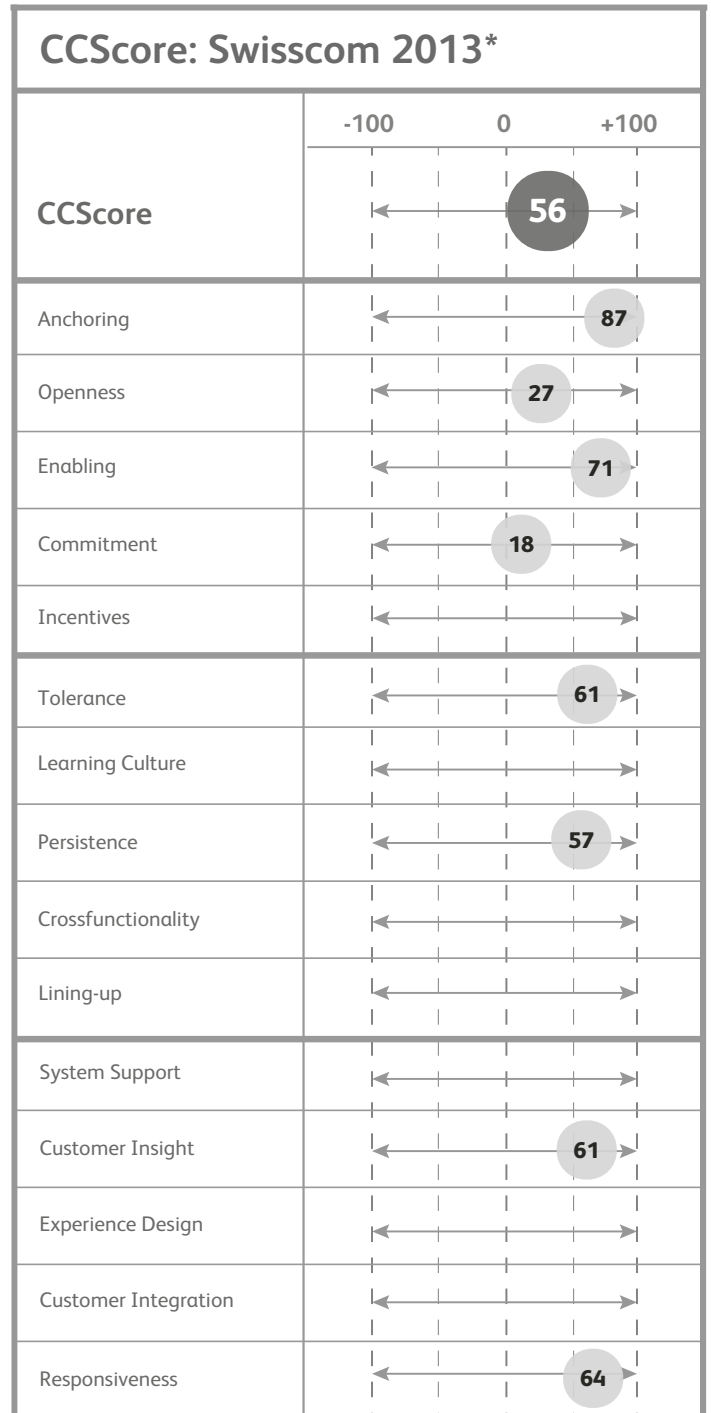
Deliverables of a CCScore measurement

All deliverables are designed clearly and comprehensible:

1. Presentation with all relevant score results
2. CCScore report with:
 - a. Description of the score methodology and drivers
 - b. Overall evaluation and score results for standard variables
 - c. Additional evaluation of specific variables
 - d. BTS-validation
 - e. Top-level interpretation of result
 - f. Indication of strengths and weaknesses

Please submit requests for score measurements to ccscore@hslu.ch

Example: Visualisation of a CCScore for Swisscom (2013)



* only 8 dimensionen were evaluated during the study from 2013.

Increasing Customer Centricity!

The *Reflection to Action Method*, based on actual CCScores, makes it possible to develop specific measures for improving customer centricity within organisations.

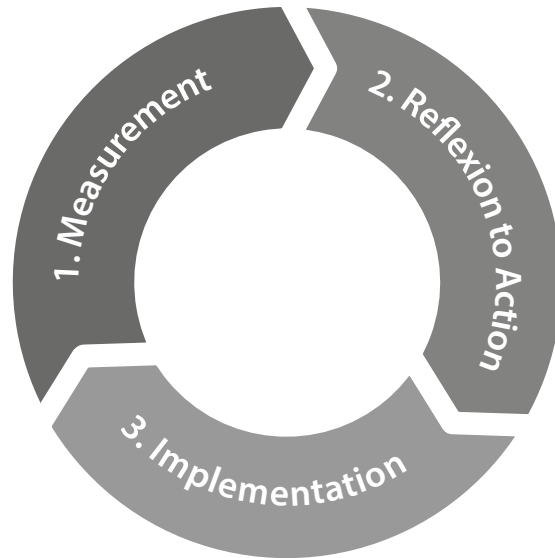
We have a CCScore: what's next?

The main reason for measuring customer centricity, besides deriving a KPI, is to develop hands-on measures for improving the level of customer centricity within the organisation. The CCScore values are the starting point for continuous improvement to sustainably increase customer centricity in organisations:

1. Assessment: measures customer centricity throughout the organisation and determines the CCScore(s)
2. Reflexion to Action: root-cause analysis and creation of improvement options, prioritisation of strategies and commitment to specific improvement measures
3. Implementation: turning the prioritised improvement measures into a continuous implementation plan

Reflexion to Action: creating improvement options

Based on a guided reflexion, the score results are analysed in order to provide specific and relevant improvement options. This reflexion can cover all levels of the score (overall



The Closed Loop System to improve customer centricity



Reflexion to Action: using a step by step approach, relevant actions can be derived.

score, organisation units, etc.) and involve various parts of the organisation (management team, department management, business units etc.).

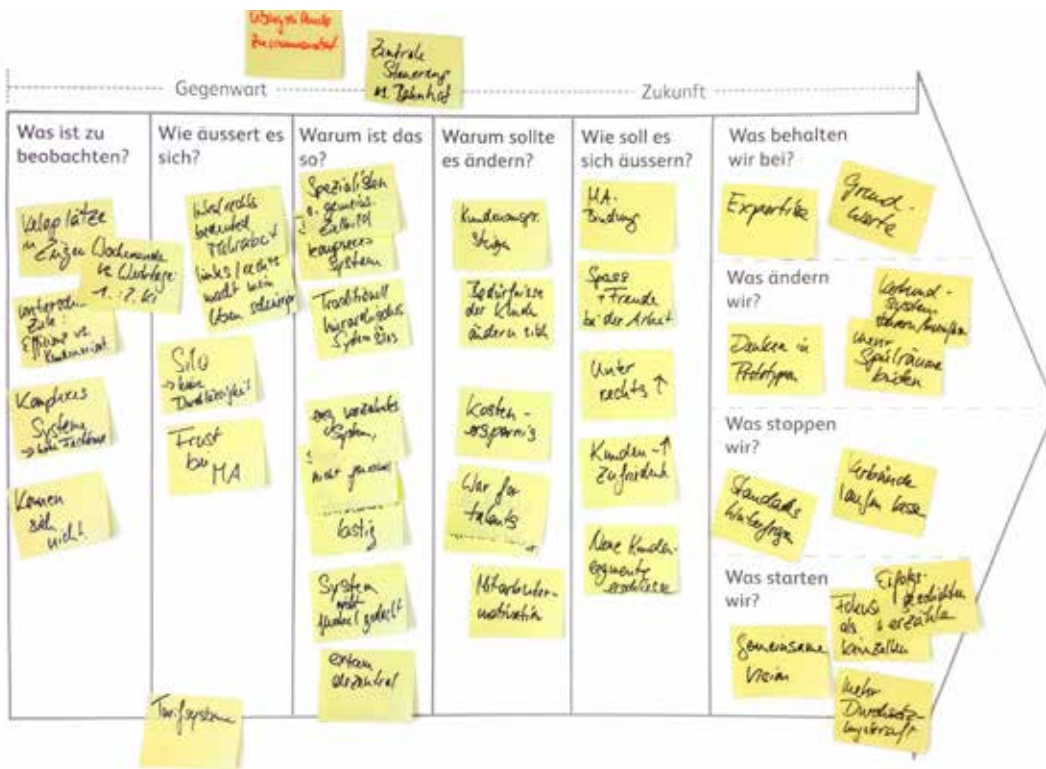
Prioritisation: define strategies and measurements

A huge benefit of the score is that it can be used as a KPI to drive organisational change. All defined improvement measures resulting from a Reflexion to Action session can be prioritised, strategized and then used for setting targets to improve the score further. Management can be incentivised to improve the KPIs, thus putting the focus on customer centricity even more strongly.

Implementation: defining an action-plan and managing progress

A strategy calls for a plan and the necessary commitment: putting ideas into action, monitoring progress and outcomes, and conducting measurements as part of the regular CCScore assessment. Such a closed-loop system allows for continuous improvements in customer centricity, making it actionable and easy to manage.

Example: Reflexion to Action workshop outcome



Increase Customer Centricity!

The CCScore team can help any organisation to improve its customer centricity by applying the CCScore and the resulting measures. It is our deliberate intention to not only help organisations measure their customer centricity

internally by means of the CCScore but also to enable them to make tangible improvements afterwards. We would be happy to share our expertise in designing and executing a dedicated Score Improvement Plan for your organisation.

Summary

Aspects of the CCScore:

1. **Measure maturity:** the CCScore reflects the level of customer centricity in organisations and monitors its development over time
2. **Identify root-causes:** the CCScore reveals pockets of excellence and areas that need improvement
3. **Derive measures:** a CCScore assessment delivers the basis for specific measures to include in an action-plan
4. **Define targets:** the CCScore sets up concrete targets and provides KPIs for continuous improvement
5. **Steer implementation:** score results can be referenced and used as internal and external benchmarks to drive improvement. The CCScore can support decision-making in organisational development

CCScore benefits For C-level executives

- Discover pockets of excellence and identify areas in need of improvement within your organisation
- Use the CCScore as basis for organisational development programmes
- Identify internal areas for improving customer centricity
- Monitor developments through regular tracking of CCScore results
- Review the performance of strategic programs and support functions
- Benchmark your CCScore against that of other organisations
- Rely on the CCScore as a dashboard for strategic decision making
- Use the CCScore as a performance metric for leadership and support functions

For specialists and support functions

- Rely on a strong and friendly tool for communicating the importance of customer centricity to C-level executives
- Use the CCScore for reporting on customer centricity development
- Clearly illustrate the need for programmes and initiatives to further increase customer centricity
- Identify development needs within specific departments
- Use the CCScore to correlate internal data with external metrics like NPS®, churn, brand awareness and customer satisfaction

The CCScore Team



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The Customer Centricity Score has been developed by Jan-Erik Baars, Andreas Brandenburg and Stephan Engl, who have created the maturity concept behind the CCScore for a pilot study at Swisscom and shaped it into a measurement tool. The resulting KPIs for customer centricity within organisations have been available to all

organisations since January 2014.

The Customer Centricity Score was first introduced to a professional audience at the Customer Experience Forum in November 2013. A video in German is available at vimeo.com/107615749

Imprint

Use of data

All the collected information is treated absolutely confidentially. The analysis is done anonymously, making it impossible to trace any individuals within the organisation. This also applies in the case of smaller sample sizes or small enterprises. Data privacy within organisations is guaranteed at all times.

Research

In order to further improve the instrument and methods of the CCScore, Lucerne University of Applied Sciences and Arts uses the information it collects also for research purposes, ensuring anonymity at all times.

Multiple Languages

The CCScore assessment can be conducted in English, German, French and Italian. Additional languages can be provided on request.

Customer Centricity Score

Measuring customer centricity within organisations and using a simple KPI to define actions for improvement.

More information under: www.ccscore.com

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