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The New Heart of Your Brand: Transforming Your Business through Customer Experience

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The new heart of your brand:

Transforming your business through customer experience



by Carol Moore

Design matters. But design alone is not enough. In both the digital and 3-D worlds, value—and the resulting business success—is not in objects, but in the experience that surrounds objects. In this context, Carol Moore offers insights into the creation of powerful experiences: understand brand intent; engage customer emotions; invest in what is valued, not in what is possible; coordinate interactions to generate a seamless reality; and ensure consistency.



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First, the disclaimer: Information technology is great. It helps pay my salary. Still, time and again, I see otherwise thoughtful companies feverishly building state-of-the-art IT systems with little or no idea about what they're going to do with them when they're finished—but with the certainty that the superstructure is necessary to make or keep the business competitive.

In spite of the technology-stock bust and the world economic slowdown, IT spending continues to be massive. In the US, IT spending as a percentage of corporate capital budgets is forecast to increase more than 10 percent from 2000 to 2005, and nearly another 10 percent from 2005 to 2010. Worldwide, IT spending as a percentage of nominal

gross domestic product is predicted to increase from 3 to 5 percent from 1998 to 2004. We're talking gazillions of dollars here.

Especially hot: middleware for customer-relationship management (CRM) systems. CRM promises to integrate back-end legacy systems with interactive, front-end applications. (This, even though most customer data remains frustratingly isolated and unusable, stuck in "hermit" databases that don't talk to each other or anything else.)

The result of all this activity is that companies are creating infrastructures and middleware solutions so alike that IT itself is becoming less of a competitive differentiator.

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And while IT is indeed a powerful and irreplaceable enabler, it is still only an enabler. Its corporate impact varies widely and wildly—no matter how well it is developed, built, and operated—depending on the degree to which investments in strategy, processes, skills, and other vital functions are integrated with it. The

most-savvy businesses recognize this. That's why MIT Sloan School of Management, in its Information Technology and Business Transformation management track for an MBA, requires students to study three other disciplines besides IT: strategic planning and marketing; people, organiza-

tional design, and change management; and operations and business processes.¹

If not IT alone, what then will make your business competitive?

Past conventional wisdom held that competitive success lies primarily with the perceived incremental value of a company's products and services over the next guy's. The unmistakable trend toward commoditization, however, has made that answer—while not untrue—increasingly inadequate.

Commoditization is the result of the aforementioned IT homogeneity, ever-shorter lifecycles for products and services, and ever-rising expectations for quality. "Quality is only the qualifier," says Ronald Masini, vice president, product/program development for Avis Rent-A-Car Systems Inc. "Special is the differentiator"²—and galloping brand disintermediation.

In our increasingly networked and wireless society, brand disintermediation can only intensify. If your new, networked manse comes with a "smart" refrigerator that talks to your supermarket and manages to get the milk delivered, you're not likely to change that refrigerator. If your mobile phone comes preprogrammed with a content and services package, hey, that's what you'll be using. If the airlines ever provide the Web in-flight, you can bet you won't be surfing the whole Net—you'll jolly well surf the sites

they have the marketing arrangement with.

There is a strong and transforming ray of light in this dim tunnel. As products or services become commodities, write Lewis P. Carbone and Stephan H. Haeckel in *Marketing Management* magazine, "customer differentiation and preference migrate from the offerings themselves to the institutions that create the experiences associated with their acquisition, use and maintenance."³ Meaning: We are rediscovering that business success lies not only with the perceived incremental value of a business's products and services, but also with the perceived *value of the experience* the business gives its customers—whether those customers are defined as consumers, other businesses, employees, business partners, or other important stakeholders.

Experiences wanted

Nearly half a century ago, economist Lawrence Abbott wrote, "What people really desire are not products, but satisfying *experiences*. ... People want products because they want the experience-bringing services which they hope the products will render."⁴ Even before that, Alfred P. Sloan Jr., chairman of General Motors from 1937 to 1956, said, "The quickest way to profits—and the permanent assurance of such profits—is to serve the customer *in ways that the customer wants to be served*." (Italics mine—but note that Sloan didn't stop after "serve the customer." Here's a guy who so understood the value of customer experience that he linked it unhesitatingly to profit.)

Recent work by Dr. Gerald Zaltman, chair of Harvard Business School's Laboratory of the Mind, has confirmed that "*total customer experience is, in fact, more important* than product or service attributes in determining future customer behavior"—even more important than

1. For more information, see

<http://mitsloan.edu/mba/www/042c3.html>.

2. Ronald Masini, speaking on "Experience Exploration" at the IBM Advanced Business Institute seminar in Palisades, NY, May 10, 2001.

3. Lewis P. Carbone and Stephan H. Haeckel, "Engineering Customer Experiences," *Marketing Management*, Vol. 3, No. 3, Winter 1994, p. 17.

4. Lawrence Abbott, *Quality and Competition* (New York: Columbia University Press, 1955), p. 25.

That couch clashes!

For a few years, a story—maybe apocryphal—has circulated about a dot-com furniture business that trained its contracted delivery people in interior design—because customers were always asking the delivery guy where to situate the new sofa. That's a simple example of extending the customer experience through a contracted service; matters can quickly become more complex. For example, if research shows that customers want or need a single point of contact for a collection of related goods or services, and a convincing business case can be constructed, the business's strategy may be to outsource its customer interface. If that business has engineered its customer experiences, choosing that new business partner goes well beyond the consideration of which vendors are merely capable. Which one will be able to seamlessly ensure and enhance the customer experience? These "bet-your-business" alliances—extending from IT systems that work together to front-office recruiting and training—are critical branding decisions, if customers are to be retained.

price.⁵ Zaltman's research shows that people make up their minds based on the thoughts and feelings that lie below conscious awareness. These feelings are built from a *collection* of clues (the total of the rational and emotional impressions a customer gathers as he or she interacts with the company, over the short or long term), rather than on any single factor. So not even words are as important to a customer as the stew of intonation, mannerisms, gesture, intensity, and other nonverbal attributes he or she encounters—let alone the multitude of other clues he or she picks up from the surroundings.

A negative example will underscore the point: A classic piece of research at services companies shows that most customers (68 percent) who do not return to a company make the decision because of perceived indifference and lack of interest—*not because of any fault of the product or service itself*. Who uses this example today? Masini at Avis, where in 1995 he applied experience engineering to catapult Avis' Newark Airport office from last to first place in customer satisfaction in a survey of 60-plus airports.

The importance of the customer experience, then, cannot be underestimated. The experience is the ultimate conveyer of the business's value proposition. It influences future behavior more than anything else. Understanding more about it makes eminent sense, and actually *engineering* those customer experiences toward their desired result seems more and more like a logical—even necessary—strategy.

Businesses always give their customers a total experience, whether it's disastrous, exemplary or, more likely, somewhere in between. And, as

Richard B. Chase and Sriram Dasu write in the *Harvard Business Review*, "Ultimately, only one thing matters in a service encounter—the customer's perception of what occurred."⁶ They might have added that the perception is also the only element that will survive.

Just try dislodging these impressions—all gathered over two recent days in New York—from my mind, or telling me that they were inaccurate (you can make your own list in about five seconds, and you'll be surprised at how vivid your impressions are and how easy to remember).

- I venture into a US Post Office in Greenwich Village, faced with having to buy a box, pack it, and mail it. Uniformed postal worker asks how she can help and guides me personally through the whole thing.
- At JFK Airport, there's a line of food vendors in the new international departures terminal, with generic names over the stations: "salads," "sandwiches," "ribs," and so forth. The whole thing stretches for 30 meters. Upon buying a bottle of beer, I'm told, "The bottle opener is two stores down." I said, "You're joking." The reply? "Lady, just *walk!*"
- As the KLM flight taxied into the gate, this announcement: "Will the person who ordered the wheelchair please come to the front of the plane to claim it?" (I am not

5. Gerald Zaltman, speaking on "Experience Exploration" at an IBM Advanced Business Institute seminar in Palisades, N.Y., May 10, 2001.

6. Richard B. Chase and Sriram Dasu in *Harvard Business Review*, June 2001 (executive summary).

making this up.)

- It's 103 degrees Fahrenheit in New York City. When I need a taxi, the young doorman at my hotel, Sixty Thompson, tells me to stay in the air conditioning, goes out into the melting tar of the streets, all the way to the corner, and after 10 minutes gets a cab to turn into my block.

How do I feel about my neighborhood post office now? Where will I never eat again at JFK? Do I think more or less of KLM? Which hotel will I definitely choose again? Each of these experiences was very brief, and I wasn't thinking

about them in a "relationship" reference at the time, but two were ultimately very positive and reinforcing, one was neutral, and one was—forget about it.

Clearly, the post office employee and the hotel employee in my examples worked for businesses that had put some thought into the customer experiences they wanted to engender and the ones they wanted to avoid.

By understanding on some level why some customer experiences

are exceptional and others pedestrian (or worse), these businesses ultimately generated the kind of experiences that for me catapulted their brands beyond brand *recognition* ("There's the post office") and brand *acceptance* ("The post office is cheaper than UPS") to become my *brand of choice* ("and it was quick, easy, and pleasant")—the point at which customer loyalty is assured.

In this context, the planning that goes into the day- or days-long, intensely engineered, all-inclusive Disney experience becomes even more impressive. Disney has personified its brand in the Disneyland/Disney World experience. While the rest of us are probably not in the same business as Disney, we need to take the cue: In this age of commoditization, the brand must *be* the experience and the experience must *be* the brand.

Effective customer experience engineering is the real-time, three-dimensional, walk-through, compound-complex systemization of every part of every experience a customer has with your business

A little history

For most of us, the Web was the wake-up call in the realm of what was then called user experience. At www.ibm.com, which I ran from its beginning in 1994, through 1999, we quickly found out that the user who had problems buying a ThinkPad online transferred his discontent to everything IBM touched. His online problems seemed to be a more personal offense than, say, the problems he might encounter in a retail environment. Somehow, we thought, the online brand had a sort of incremental *oomph* powerful enough to make the user experience on a Web site into the user's perception of the brand. We had a tiger by the tail—or, at that point, the tiger actually had *us* by the tail.

In 1995, we conducted what now seems like laughably crude research to find out if we were right—that a Web site could "move the needle" (as we say at IBM) for the brand. Our research consultant found a valid number of Web users who were connected from home (this wasn't so easy in 1995!). We chose two other large IT companies, our competitors, with like-sized Web sites. We called the Web users and asked them a series of questions about their perceptions of IBM and our two competitors. Then we gave them the URLs of the three sites, and left them alone for a couple hours to surf. Calling them back, we asked them the same series of brand questions for all three companies.

What we found: The users' perception of IBM had gone up—a statistically significant amount—after surfing our site. The first competitive brand perception had stayed neutral after the exercise, and the second competitive brand perception had actually *decreased*. My department promptly asked for a mid-year budget increase.

Engineering customer experience

Today, the need to engineer customer experience goes far beyond the Web. In fact, the best way to think about customer-experience engineering is not to connect it with any one channel.

Experience engineering is more than adaptive marketing across multiple channels—though multi-channel integration is, of course, necessary. Effective customer experience engineering is the real-time, three-dimensional, walk-through, compound-complex systemization of every part of every experience a customer has

“One IBM” at ibm.com

a. ThinkPad 600: Pre-sale destination page



b. ThinkPad 600: Sale destination page



In spring 1999, user research at ibm.com showed that customers were primarily looking for information—specifically, while shopping for a computer, for actually buying it, and for post-sale support and services. (These things are usually much simpler than people with a stake in complexity would have you believe.)

But the IBM site was making it difficult to find any information at all. Suppose you wanted to find out about buying a then-current ThinkPad 600. There were three ways you could get to product information from the IBM home page: from Products, from ShopIBM (the online commerce site), and from Download.

Depending on where you started, you could get to:

- The ThinkPad presale page, owned by the pre-sale organization (figure a)

- The sale destination page, owned by the e-commerce organization (figure b)

- The post-sale destination page, owned by the post-sale support organization (figure c)

c. ThinkPad 600: Post-sale destination page



d. Single path architecture: ThinkPad 600 destination page



Obviously, we needed to supply a single-path information architecture.

We locked all 436 people from the three organizations responsible for these pages (Okay, but it's only a slight exaggeration) in a room for six weeks, and finally came up with a single page for the ThinkPad 600 (figure d).

Note the primary information architecture on the left of the page: Learn, Purchase, and Support. On the surface, it's simple, and the technology is transparent. The complexity is all underneath. (As we say at IBM, the swan glides along smoothly on the surface, but under the water it's paddling like hell.) And that's the way it should be with any marketing channel.

with your business.

You want to ensure that every experience will turn out your way. (Thus, your first step may well be to limit the number of possible experiences, just as manufacturers cut back on the number of models available as the first step in a quality program.) What happens to the customer online, in the store or branch office, in the mail, or over the phone in customer service—all of it is part of the total experience that you must—essentially—script so that the customer feels the way you intend after the experience.

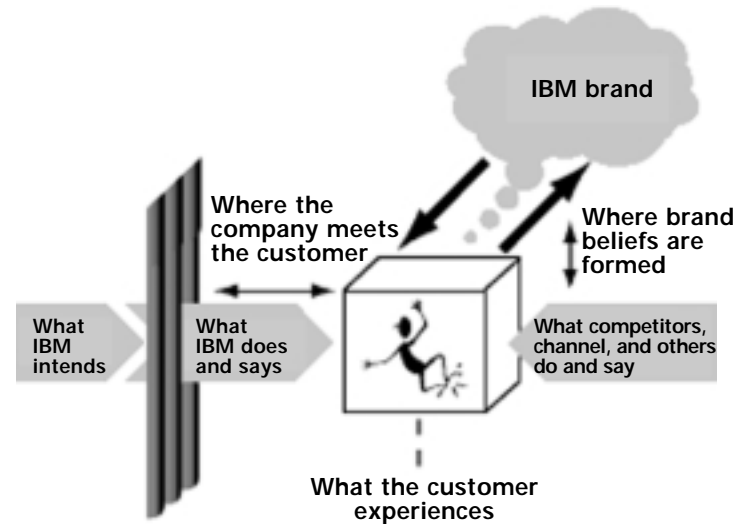
Clients I work with on customer experience often say, “My CEO may well accept the rationale for building customer experiences, but he’s going to roll his eyes at the ‘touchy-feely’ part.” Be warned: If your experience definition stops short of the emotional level, you will have left out the critical element that can set your business above its competition. The methodology of experience engineering (which is not treated in this article) is based solidly on neuroscience, which has shown conclusively that engineered experiences work when they touch customers’ hearts, as well as their brains.

Clients also ask, “Which business models does customer-experience engineering apply to? Does a B2C business selling through independent retailers or business partners have a prayer of building an experience based upon more than product?” I tell them yes, it does, but beyond marketing (attractive point of sale, easy and frequent sale points, cross-marketing, and multi-channel strategies), it’s difficult. However, because indirect B2C businesses increasingly *want* to provide that end-to-end experience as a competitive differentiator, I believe we will see much tighter alliances and arrangements between them and their middlemen—between manufacturers and distributors, generally—in the next few years.

Customer experience and brand

If you’ve done good branding work, you’ve already established what IBM calls *brand intent* (figure 1)—what you want your customers to experience and, in turn, think and feel about your business. Holding up the mirror of brand intent to parts of your business can, for example, help sharpen strategic focus, improve marketing effectiveness, and increase customer value. (Or

Figure 1. Brand intent is “behind the curtain.”



“Brand intent” is defined by what a company wants its customers to experience and, in turn, think and feel about its brand. As IBM defines brand intent, it is *internal*, or “behind the curtain.”

you may focus your branding work instead on defining your *value proposition*; the effect is the same. Either way, you’re working to personify your brand in a set of compelling experiences.)

At this stage, you’re already on your way toward engineering customer experience, and you’re beginning to realize what’s coming. To reach its full potential for your business, customer experience engineering must be no less than the next iteration of your overall branding strategy and brand management system.

Your brand must become your customer experience, and your customer experience must become your brand. As Carbone and Haeckel write, “Rather than ‘building the brand’ as a set of communications and images that *associate* a company and its products with emotional values—leading-edge firms will be focused on *delivering* the brand as an experience that incorporates them.”⁷

When you do this, you are likely to find yourself way beyond the boundaries of traditional branding. In fact, you may find yourself—literally and/or figuratively—driving the transformation of your entire business,

7. Lewis P. Carbone and Stephan H. Haeckel, “Experiences as Customer Value Propositions,” paper delivered at the IBM Advanced Business Institute Symposium on Customer Value, January 4, 2001.

because—taken to its logical conclusion—a business’s acceptance of customer experience engineering is tantamount to the acceptance of transformation. Here’s why that’s inevitable.

Let’s take airlines as an example. Before the events of September 11, 2001, tragically complicated the situation even more, a *Newsweek* poll found that 57 percent of air travelers thought the experience of flying had worsened over the past five years. On the business side, airlines had been steadily making less money per passenger for two decades, and for various reasons, they couldn’t fill more seats despite passenger growth. At the same time, competition discouraged fare increases—and anyway, most passengers in the poll said they were not willing to pay more for better service.

So, since airlines pretty uniformly have to focus on operational efficiency and cost control to maintain or increase profit, more and more began to concentrate on elements of customer experience for differentiation. The problem was, those efforts were generally isolated from the total experience the airline provided. Who really cared about the ability to check in to a flight via a mobile phone if the steward was surly, you had no room for your legs, and they didn’t have your vegetarian meal?

Come to think of it, why do bad customer experiences happen in the first place?

Disallowing for malicious intent, being a very young business, or simply not caring, one can assume that all businesses want to offer good experiences. (That’s part of the reason they’ve invested in all that technology—even if they haven’t been able to achieve optimal marketing or customer relationships.) However, every consultant sees long-established businesses that are in a kind of brand dislocation warp. Once market leaders, their brands haven’t adapted—let alone considered or coped with — any number of changes. Gradually, unwanted, inconsistent, and unpredicted events and effects outnumber—and then far outnumber — consistent, desirable, and predictable ones.

Now the dry rot sets in: uncertainty about the identity of the organization on the part of all its stakeholders. Employees might be the most critical stakeholders, but customers, business partners, and shareholders all eventually join in a great Group Mutter, before which CEOs everywhere quake.

The trick is to get the business/brand back to the point where the negative is the *exception* to the rule—back to the point where the company operates like a small business on the front end, propelled on the back end by robust, reliable, sophisticated, *invisible* technology. This is called e-business transformation.

Transforming your business

Transformation of any enterprise is about bringing the *total* reality into line with a vision. For just an inkling of what this means, think about creating the ideal customer experience on any one of your marketing channels. Then estimate how much you’re going to have to change internally, behind the scenes, to bring that experience into line with your brand intent. (Then figure that you don’t know the half of it. Maybe that’s a merciful thing.)

When a business commits itself to engineering its customer experiences, it is committing itself to tying up all the loose ends. The Gartner Group estimates—and IBM consultants see time and again—that up to 75 percent of “e-initiatives” fail because they are conceived and run as stand-alone projects, without any linkage to the business’s strategy, operations, or processes. Case in point: When IBM finally gathered up its own hundreds of e-business projects in 1997, we discovered that the company was spending upward of \$250 million annually for nobody-knew-what.

Tellingly, Carbone and Haeckel write, “The process of designing preference-creating experiences must be intimately related to the motivational, training, financial and operational business processes of a company. For example, if not reinforced by a complementary employee motivational scheme [read: your annual bonus], experience designs can easily become sterile signposts of an experience that exists only in the designers’ imaginations.”⁸ Nobody needs that—so let’s talk about the benefits that result when an experience engineering initiative is fully integrated with the entire business. As B. Joseph Pine and James Gilmore write in their book, *The Experience Economy*, the greatest benefit is the formation of a “learning relationship” between a business and a customer, which “grows, deep-

⁸ Carbone and Haeckel in *Marketing Management*, op cit., p. 14.

ens and becomes smarter over time. The more the customer teaches the company—the better it can provide exactly what he wants—and the more difficult it will be for competitors to lure him away. ... In this way, firms can keep their customers forever—literally—with two provisos. One, the company doesn't excessively hike up its prices or cut back on service once in a learning relationship, and two, it doesn't miss the next technology wave."⁹ Underlying a benefits discussion around customer experience engineering is the assumption that it costs far less to retain a customer than to recruit one (the accepted ratio is \$1/\$11). Following are some of the benefits that accrue when customer experience is aligned with brand intent.

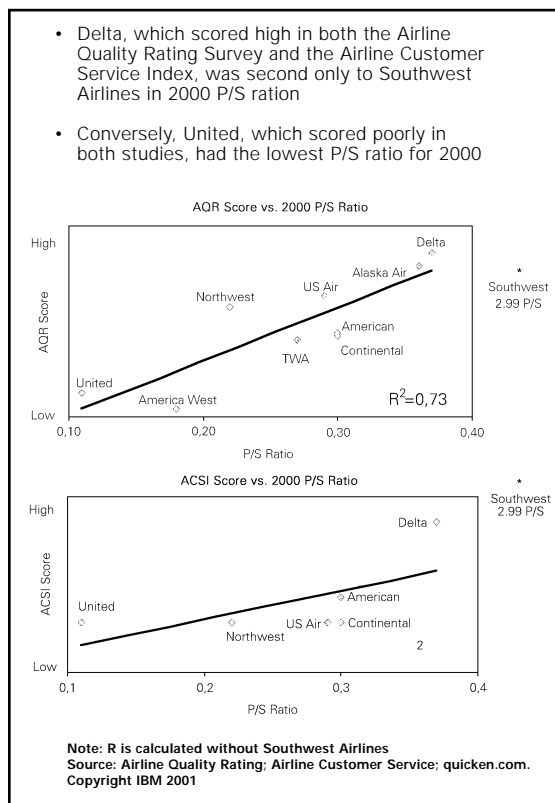
Customer benefits

- Consistently excellent experiences across channels and devices—whenever, however, wherever
- Consistent service on the transactional level, made possible by information consolidated in, and shared by, databases that work
- One-to-one marketing, made possible by the advanced segmentation capability of database technology
- Personally tailored solutions, made possible by solutions that are built as modules, and by common processes and systems throughout the business and its business partners

Business benefits—which translate to competitor disadvantages

- “Increased customer retention. The more each customer teaches you about his individual wants, needs and preferences, the more difficult it will be for him to obtain an equivalent level of value from a competitor.”¹⁰
- Lower cost of sales, as customer retention increases.
- “Higher number of customers (at lower acquisition costs). Because your customers find the experience so pleasing, they tell their friends and associates, many of whom will also want to do business with you.”¹¹
- Higher sales closing rate. Segmentation prequalifies customers; the marketing dollar stretches further.
- “Greater revenue per customer. Because you know more about each customer than any

Figure 2. Superior customer service may be closely linked to airline market valuation.



Superior customer service may be closely linked to market valuation, as this airline example shows.

competitor, they keep coming back to you every time they enter the market for what you offer.”¹²

- Increased marketshare.
- “Premium prices. Because your offerings are tailored precisely to customer needs, your customers receive greater value and, as a result, willingly pay a premium price.”¹³
- Possible enhanced market valuation. Superior customer service may be closely linked to market valuation (figure 2).

A word about timing and sequence: Ideally,

9. B. Joseph Pine II and James H. Gilmore, *The Experience Economy: Work Is Theatre and Every Business a Stage* (Boston: Harvard Business School Press, 1999), pp. 84-85.

10. Ibid, p. 85.

11. Ibid, p. 85.

12. Ibid, p. 85.

13. Ibid, p. 85.

experience engineering should be done before developing the business processes and selecting the supporting IT—that is, at the beginning of the transformation effort. Reality is never ideal, however, so most businesses have to retrofit experience engineering to at least some legacy operations and IT systems.

(If that turns out to be your situation, beware the CRM Monster. Make sure the experiences you're putting into place are based on customer needs as defined by primary research—not on the internal needs of your business to lower costs or make some convoluted legacy process work. David B. Polinchock, chief ideator, creative strategies, writing for Location Based Branding Inc., feels so strongly about this state of affairs that he has taken to calling CRM “PRM—profit relationship management”).¹⁴

Experience engineering as competitive advantage

The more thoroughly experience engineering is integrated into your business, the more your brand intent or brand value proposition is personified, and the more difficult it will be for competitors to duplicate the value you provide. Competitive intent is a perfectly acceptable motivation for experience engineering. For example, through customer research, a utility company might identify internally focused business processes as a critical competitive weakness of its rivals. As a result, the utility can build or leverage strength in the area of customer-managed processes when it builds its set of customer experiences.

Some months ago, I was advising a middle-size, middle-market fashion client about branding and business transformation. The client needed to differentiate itself in a market segment that had become increasingly cluttered, but how? The fashions were good, but no better than those of competitors. The business was responding to industry issues with the same good e-business solutions (IT commoditization) its competitors were using, so the client couldn't expect a miracle in that area either. We came to the conclusion that the company's differentiator had to be *the way it does business*. The way its wholesale and retail customers experienced my client had to be markedly better than the experience its competitors offered; the experience had to be branded with the same

care as the product line. This conclusion was a clear beginning for a branding update with a much larger mandate than the traditional branding program had ever claimed.

Ray Kroc successfully institutionalized his personal dedication to providing customers a uniform dining experience in a spotlessly clean environment. Kroc's view that McDonald's was in the business of selling experiences, not hamburgers, let him to orchestrate the specific experience he wanted his customers to have. He made the kitchen visible to customers to show off its cleanliness and positioned the beverage, French fry, and hamburger stations to choreograph employee movement and suggest speed—“fast” food.

This design was replicated in every one of his restaurants, in effect, mass-producing the McDonald's experience. To maintain the uniformity of this experience, he flew American potatoes to Paris every day to ensure that his “French” fries tasted the same on the Champs Elysees as they did on Main Street, USA.¹⁵

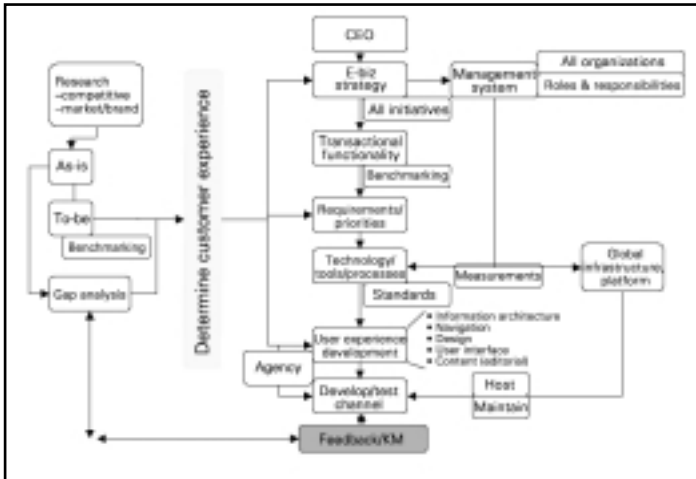
A traditional brand architecture program can be expected to develop the brand across each of the various channels. As the work progresses, the organization becomes accustomed to developing the brand intent and the functionality in each channel more or less at the same time. However, at this point it still cannot exploit the channels for differentiation; its activities are still largely reactive and piecemeal because the business itself may not yet have changed sufficiently. Management may not be aligned with e-commerce goals. Legacy middleware may not support the interactions needed to create customer experiences aligned with brand intent. The database architecture may not lend itself to harvesting customer information. And here the business stalls, unable to transform itself—until it becomes a holistic enterprise working toward agreed-upon customer experiences.

Like the essence of a good brand architecture, the essence of business transformation is consistency and strategic centralization. Transformation requires a holistic approach

¹⁴ David B. Polinchock, “Is CRM Destroying the Customer Service Experience (CRE)?” www.lbbinc.com/CRE.html, copyright 2001 Location Based Branding Inc.

¹⁵ *Marketing Management*, op cit., p. 15.

Figure 3. Strategic task-based e-business model



Note that the business strategy begins with the CEO, and that customer experience is the filter through which every internal decision has to pass.

and a spirit of cooperation beyond the corporate imagination of many chart-bound businesses.

In my experience coaching business leaders considering a transformation, two equally potent fears are at work: that they and their team will be left out, and that they *won't* be left out. To allay these fears, it helps if attention can be rerouted from the always-sensitive “roles and responsibilities” discussion to an objective look at the tasks that need to be accomplished for the transformation to occur.

Based on our work with IBM’s own transformation and by helping thousands of clients with theirs, I use the chart shown in figure 3 to illustrate how the various parts of businesses have to relate and come together. Almost always, the chart expands the scope of the work the clients originally conceived and heightens the appreciation of the change and cooperation that must occur for an e-business to succeed.

Read the chart top-to-bottom and left-to-right, and please note two main things: One, the e-business strategy stemmeth from the CEO, and from the strategy everything floweth. And two, the customer experience is the qualifier,

definer, and filter through which every internal decision has to pass. “Does it work with the customer experience we’ve agreed on?” becomes the gating factor for choosing applications, reengineering business processes, integrating marketing campaigns, and the thousands of other decisions needed for transformation. (Of course, we’re talking only about the *creation* of experiences. Setting up a management system to maintain and enhance them—experiences are living things, after all—is another effort.)

At *ibm.com*, we found that resistance to a consistent user experience melted away when opponents were shown customer research results (customers invariably prefer consistency). When the source and “filter” of transformation is no longer driven by the whim of various corporate functions, but rather by *customer wants and needs, as defined by research and personified by customer experience—in other words, the brand intent*—employees feel more motivated to unite behind transformation and the changes it requires.

Outside engineering customer experiences, many businesses have few real competitive options left. Ironically, in a world of overwhelming choice, there is little left to distinguish one from another. Competing only on price (the “commodity copout,” Carbone and Haeckel call it) is not an acceptable risk for most businesses, and most would be amazed if they knew how quickly that circumstance is approaching.

Reluctant? Get over it. Unless somebody comes up with a way to make capitalism succeed without being nice to people, we have no other choice. m Reprint # 02131MOO39

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