Temkin Group eBook

People-Centric Experience Design™

The Power of…

| PURPOSE | EMPATHY | MEMORIES |

From the *Customer Experience Matters®* blog

By **Bruce Temkin**
Customer Experience Transformist
& Managing Partner

March 2014

Temkin Group
info@temkingroup.com
(617) 916-2075
www.temkingroup.com

TEMK N
G R O U P
When *experience* matters

People-Centric Experience Design:
The Power of Purpose, Empathy & Memories

Although six out of ten large companies aspire to be customer experience leaders, only 7% of organizations actually earned excellent ratings in the 2014 Temkin Experience Ratings.[1] What makes it so hard to deliver great customer experience? People.

Experiences are all about people, from the customers who interact with your organization to the employees who shape those interactions. Unfortunately most companies fail to recognize the human-side of these interactions, and instead their approaches to customer experience—like voice of the customer programs and customer journey mapping—focus exclusively on the logical, left-brain elements of customer experience and fall short on the emotional, right-brain aspects.

To better understand the human dynamics of customer experience, we examined research from a diverse set of disciplines, such as leadership, design, organizational dynamics, and behavioral psychology. Our analysis uncovered three core insights:

- **Individuals** (customers and employees) want to affiliate with organizations that have a purpose they understand and believe in.

- **Employees** inherently want to please customers, but organizations tend to neutralize their natural empathy and reinforce self-centered behaviors.

- **Customers'** loyalty is determined by how they *remember* interactions rather than how they actually experience them.

Based on these findings, we developed a concept for enlisting the support of employees while uncovering and fulfilling the needs of customers. We call this concept "People-Centric Experience Design" (PCxD).
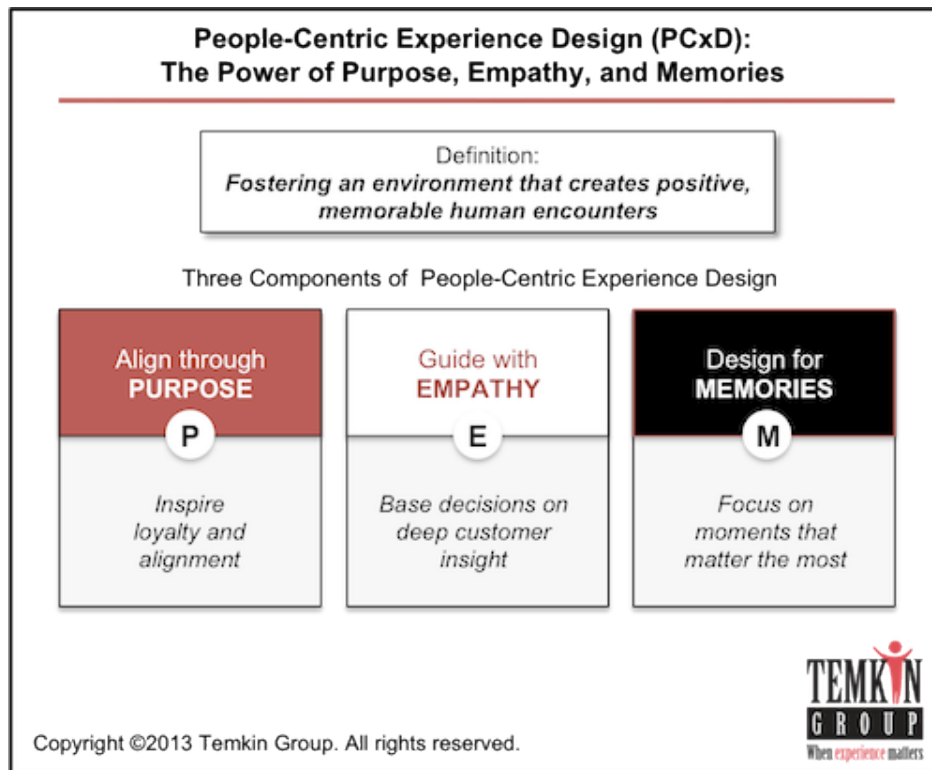
We define PCxD as an approach for:

Fostering an environment that creates positive, memorable human encounters

To achieve PCxD, organizations must master three principles:

1. **Align through Purpose**. Just about every large organization has vision and mission statements floating around their hallways. But when it comes to making decisions on a day-to-day basis, these documents are nowhere to be found. They play NO ROLE in how the company is actually run. However, customer experience leaders operate differently. Rather than making empty promises, they create and sustain a clear sense of purpose that inspires loyalty from customers and alignment from employees.

---

[1] See the Temkin Group report *2014 Temkin Experience Ratings* (March 2014)

People-Centric Experience Design (PCxD):
The Power of Purpose, Empathy, and Memories

Definition:
Fostering an environment that creates positive, memorable human encounters

Three Components of People-Centric Experience Design

Align through PURPOSE	Guide with EMPATHY	Design for MEMORIES
P	E	M
Inspire loyalty and alignment	Base decisions on deep customer insight	Focus on moments that matter the most

2. **Guide with Empathy**. People have a natural capacity for empathy. Unfortunately, companies often bring out people's more selfish tendencies and suppress their empathetic ones by playing into their personal biases and arranging the organizational structure to reward self-centered behavior. For instance, while a typical customer interaction cuts across many functional groups (a single purchase, for instance, may include contact with decisions by product management, sales, marketing, accounts payable, and legal organizations), companies push employees to stay focused solely on their own functional areas. This myopic view is often reinforced by incentives focused on narrow domains, which creates a chasm between empathy and personal success. Companies must elicit human empathy, not selfishness, by sharing a deeper understanding of customers and their needs.

3. **Design for Memories**. When it comes to loyalty, customer experience isn't very important. That's right, customer experience is not very important. What is important? Memories. People make decisions based on how they remember experiences, not on how they actually experienced them. This distinction is important because people don't remember experiences the way they actually occur. Rather, people construct memories as stories in their mind based on the fragments of their actual experiences. An improved understanding of how people truly remember things can help you focus on improving the most important moments.

The bottom line: Tap into the power of purpose, empathy, and memories.

Principle #1: Align Through Purpose

Just about every large organization has vision and mission statements floating around their hallways. But when it comes to making decisions on a day-to-day basis, these documents are nowhere to be found. They play NO ROLE in how the company is actually run. But customer experience leaders operate differently.

USAA earned industry-leading scores in credit cards and insurance in the 2011, 2012, and 2013 Temkin Experience Ratings. What makes USAA so special? Here's what Wayne Peacock, Executive Vice President of Member Experience at USAA, told us:

> "*We are a mission-driven organization. Everything we talk about is focused on helping military families with their financial security. Everyone in our organization has an intense focus on serving our members. It's our true "North Star" that allows us to do things differently.*"
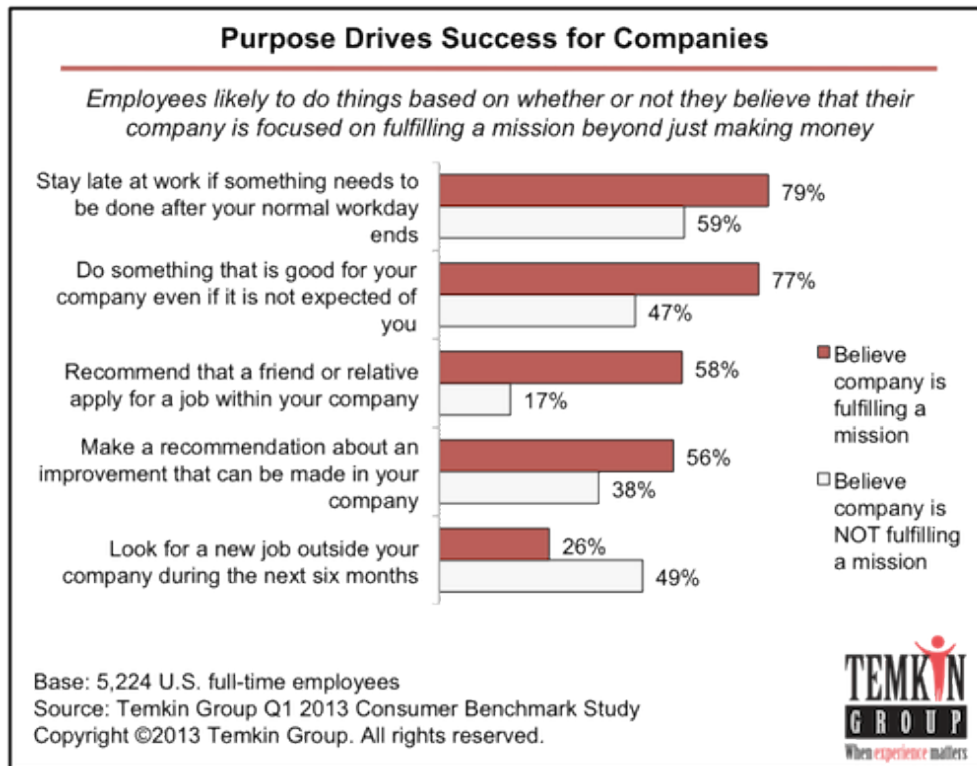
Southwest Airlines has also led its industry in the Temkin Experience Ratings for the previous two years. How does Herb Kelleher, Founder of Southwest Airlines, describe the company's secret to success?

> "*If you create an environment where the people truly participate, you don't need control. They know what needs to be done, and they do it. And the more that people will devote themselves to your cause on a voluntary basis, a willing basis, the fewer hierarchies and control mechanisms you need.*"

Southwest Airlines and USAA are excellent examples of companies that lead with purpose. Their leaders understand that human beings have a desire to affiliate with and be a part of something that they believe in. Temkin Group's recent study of more than 5,000 full-time U.S. employees found companies that focus on a mission beyond just making money are 80% more likely to be customer experience leaders, due in large part to the effort and commitment of their employees.

Here are some ways that companies can master this principle:

- **Lead with why**. Most corporate communications focus on the "what" and "how," only telling people what needs to be done and how to accomplish it. This command and control pattern may elicit short-term compliance, but it's efficacy decays quickly, and it loses value completely when situations change and the "how" no longer applies. Leaders need to earn buy-in from people by starting communications with "why," explaining the reason something is important to both the company and to the people who work on it. To fully empower people, share "why" a goal is important and explain "what" success looks like, and then leave it up to the individuals to figure out "how" to make it happen.

Purpose Drives Success for Companies

Employees likely to do things based on whether or not they believe that their company is focused on fulfilling a mission beyond just making money

Stay late at work if something needs to be done after your normal workday ends
- Believe company is fulfilling a mission: 79%
- Believe company is NOT fulfilling a mission: 59%

Do something that is good for your company even if it is not expected of you
- Believe company is fulfilling a mission: 77%
- Believe company is NOT fulfilling a mission: 47%

Recommend that a friend or relative apply for a job within your company
- Believe company is fulfilling a mission: 58%
- Believe company is NOT fulfilling a mission: 17%

Make a recommendation about an improvement that can be made in your company
- Believe company is fulfilling a mission: 56%
- Believe company is NOT fulfilling a mission: 38%

Look for a new job outside your company during the next six months
- Believe company is fulfilling a mission: 26%
- Believe company is NOT fulfilling a mission: 49%

Base: 5,224 U.S. full-time employees
Source: Temkin Group Q1 2013 Consumer Benchmark Study
Copyright ©2013 Temkin Group. All rights reserved.

TEMKIN GROUP
When experience matters

- **Make the mission personal and central to HR**. Companies with a highly engaged workforce often have very clear and well-known mission. To help an organization embrace its mission, it needs to be written out, thereby letting people know exactly what's expected and what's valued. Tony Hsieh, the CEO of Zappos, explained that the company's 10 core values—which start with "Deliver Wow Through Service" and end with "Be Humble"—constitute the cornerstone for how he runs the company. He expects leaders to hire, fire, and promote people based on how well they live up to and support those values. Every HR activity, from recruiting to releasing employees, must reinforce the organization's purpose.

- **Focus on intrinsic rewards**. Companies often try to force employees into doing things by slapping on metrics and measurements. While these types of extrinsic rewards can change some behaviors, they often cause conflicts and lead to unexpected consequences. When Staples instituted the goal of selling $200 of add-ons per computer sold, some store employees stopped selling computers to customers who didn't want to purchase add-ons. As it turns out, people tend to be more motivated by intrinsic rewards. Thus, to build commitment from employees, stop piling on extrinsic rewards and focus on providing them with a sense of meaningfulness, choice, competence, and progress. These types of rewards build an emotional—instead of a transactional—commitment from employees.

- **Translate your mission into brand promises**. True brands are more than just marketing campaigns and advertising slogans; rather, they reflect the promises that the company has committed to delivering to its stakeholders. If your company has a strong purpose, then it must translate that purpose into specific promises that it will make (and keep) to customers, employees, and to the communities in which it operates.

- **Act consistently**. Memos from the executive team and proclamations at quarterly meetings do not define what's important to an organization. An organization's true purpose consists of more than just words. It needs to show up in every decision that the company makes. Employees can tell what's really important to a company by looking at what decisions executives make and how they spend their time. To lead with purpose, execs must make sure that they act consistently with what they say is important. Corey Booker, Mayor of Newark, once shared this piece of advice he follows: "My mom used to say that who you are speaks so loudly that I can't hear what you say." Remember, you can't fake it.

The bottom line: **Inspire loyalty and alignment
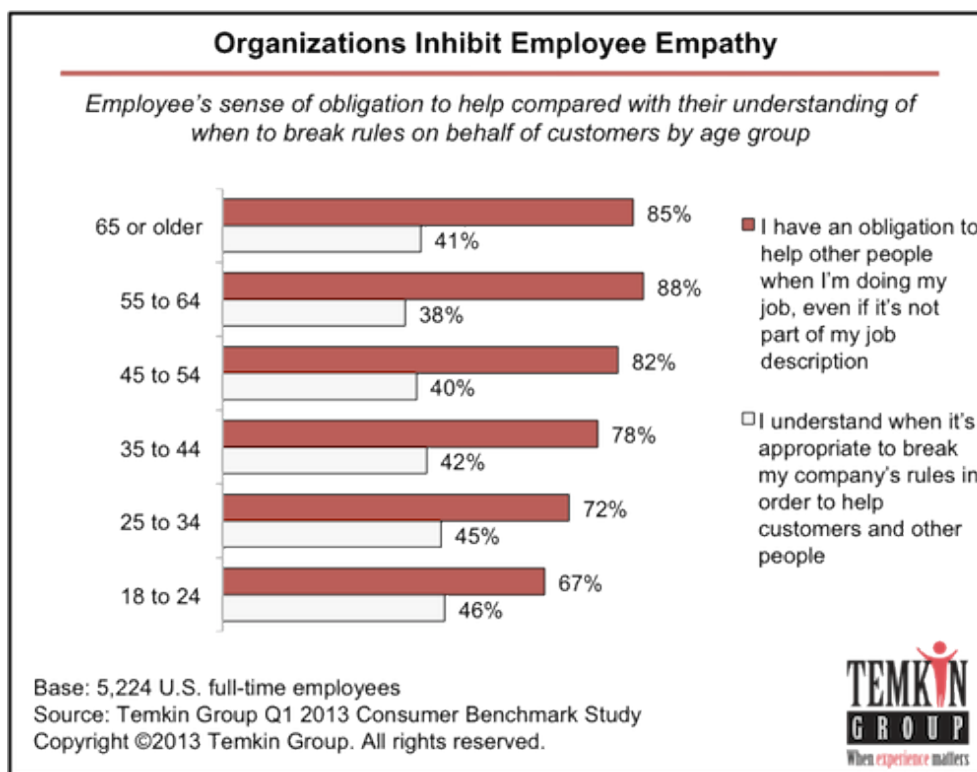by tapping into the power of purpose.**

Page 6

Principle #2: Guide with Empathy

The Merriam-Webster dictionary defines "empathy" as "the ability to imagine oneself in another's place and understand the other's feelings, desires, ideas, and actions." As it turns out, most people have an innate ability to be empathetic. However, while people may want to help others, they ultimately are—as we describe in the Six Laws of Customer Experience—self-centered, naturally viewing the world and making decisions based on their internal perspectives.

As insiders, employees naturally have a deeper understanding of their company's products, organizational structure, and operating processes than their customers. While this is generally a good thing, if employees aren't aware that their frame of reference differs from that of their customers, their decisions will be too insular, leading to products and interactions that don't meet the needs of the customers who lack the interest and the insight into these details of the company.

In addition to personal biases, organizational dynamics add another barrier to empathy. While a typical customer interaction cuts across many functional groups (a single purchase, for instance, may include contact with decisions by product management, sales, marketing, accounts payable, and legal organizations), companies push employees to stay focused solely on their own functional areas. Organizations reinforce this myopic view by creating incentives that focus exclusively on narrow domains, creating a chasm between empathy and personal success.

Organizations Inhibit Employee Empathy

Employee's sense of obligation to help compared with their understanding of when to break rules on behalf of customers by age group

Age group	I have an obligation to help	I understand when it's appropriate to break rules
65 or older	85%	41%
55 to 64	88%	38%
45 to 54	82%	40%
35 to 44	78%	42%
25 to 34	72%	45%
18 to 24	67%	46%

■ I have an obligation to help other people when I'm doing my job, even if it's not part of my job description

☐ I understand when it's appropriate to break my company's rules in order to help customers and other people

Base: 5,224 U.S. full-time employees
Source: Temkin Group Q1 2013 Consumer Benchmark Study
Copyright ©2013 Temkin Group. All rights reserved.

TEMKIN GROUP
When *experience* matters

Here are some ideas for guiding with empathy:

- **Refer to customers as people, not data**. Your data may show that your average customer is 57% female, has 1.7 children, owns 1.3 cars, and lives 62% in the suburbs, but that does not actually describe any real person. To spark empathy, it's important to talk about customers in a way that employees can relate to. Blue Cross Blue Shield of Michigan created three "Design Personas" (Mike, Grace, and Lisa) that provide a "face" to key customer segments. Using a self-guided layout and navigation, employees were taken through these customer persona scenarios, exposed to their pain points, and informed of new and ongoing improvement initiatives.

- **Examine your customers' journey**. To overcome siloed internal perspectives, envision how customers go about their lives and just happen to interact with you. This requires qualitative (often ethnographic) research of your target customers. Companies frequently use customer journey maps to capture this information. These tools can help employees from different roles and functions across the organization understand how customers perceive their company. Genworth Financial reviews customer journey maps as part of its new employee onboarding process.

- **Discuss customer feedback…often**. Don't just examine customer feedback on a monthly or quarterly basis; embed it into your day-to-day activities. Every day, prior to the start of their shift, Apple retail employees get together and review feedback from clients who had recently interacted with the store. This daily huddle keeps the customers' needs at the forefront of employees' minds.

- **Spread customers' actual words**. Hearing customers' opinions in their own words can humanize customers and motivate employees. Charles Schwab organizes verbatims by themes and topics and then puts them in the hands of the appropriate people across the company. The result: thousands of people read the verbatims, including every branch and every call-center team. Adobe created a Customer Listening Post—an immersive room where executives and employees from across the company can listen to live calls and review chats with customers.

- **Assume that customers will be confused**. After spending many hours per week discussing their company's products, processes, and structure at work, employees naturally tend to assume that customers possess that same level of understanding. They don't. This situation often leads to language and processes that customers find confusing. As a natural bias, this self-centered impulse can't be eliminated; however, it can be neutralized if employees get into the habit of asking the question: "Would our target customers fully understand this?" Cigna used this concept to drive its "Words We Use" campaign focused on eliminating confusing language in all of its customer communications.

- **Raise awareness of customers' emotional states**. You can raise empathy by encouraging employees to consider how they make customers feel. Every time a customer interacts with your company, they have a range of emotional reactions. We've identified five distinct emotions: angry, agitated, ambivalent, appreciative, and adoring. Why not encourage your frontline employees keep a checklist identifying which of the five emotions customers feel after an interaction? This exercise can be a valuable coaching tool.

- **Empower random acts of kindness**. Create an environment that encourages employees to go out of their way for customers. For example, Ritz-Carlton entrusts all staff members, without approval from their general manager, to spend up to $2,000 on a guest. Disney's "Take Five" program trains its cast members (employees) on how to take five minutes from their normal daily duties to do something special for their guests. The company calls it being "aggressively friendly."

**The bottom line: Unleash your employees' natural empathy.**

Principle #3: Design for Memories

When it comes to loyalty, customer experience isn't the driving factor. That's right, customer experience is not the key driver. What is important? Memories.

People make decisions based on how they remember experiences, not on how they actually experienced them. This distinction is important because it means people don't remember experiences in the way they actually occur. Rather, people construct memories as stories in their mind based on the fragments of their actual experiences. An improved understanding of how people truly remember things can help you focus on designing the most important moments better.

When examining the emotional reactions of people throughout an experience, it becomes apparent that five elements disproportionately drive memories:

- **Negative Spike**. A dramatic increase in negative emotion.
- **Positive Spike**. A dramatic increase in positive emotion.
- **Negative Peak**. The lowest moment of the overall experience.
- **Positive Peak**. The highest moment of the experience.
- **Ending**. How the experience finishes.

Five Elements of Experiences That Most Drive Memories
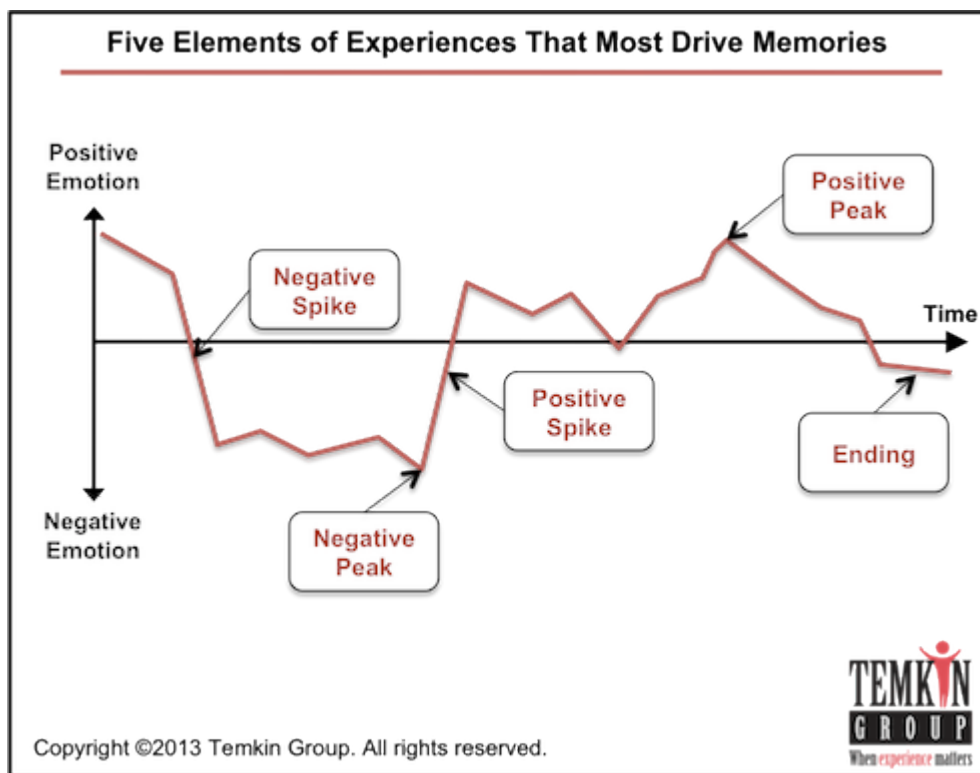
To create more positive memories, pay the most attention to these five elements of your customers' experience. With that in mind, here are some ideas for designing for memories:

- **Make every ending count**. The fastest way to increase positive memories is by improving how you end an experience. This includes the very end of a call with an agent, the thank-you screen after someone applies for a new product, or the interaction as someone leaves a store or branch.

- **Educate employees about moments that matter**. Memorial Hospital and Health System of South Bend sends employees through what it calls "Chief Moment Officer Training." This training teaches staff members about the importance of patient experience, what their role is in providing the experience, what influence they have on the experience, and the science behind creating exceptional experiences.

- **Smoothen transitions**. When a customer moves from one form of interaction to another (i.e. web to phone, online to agent, agent to agent, etc.), they tend to get concerned about the next step, and this apprehension causes negative spikes. To ease their anxiety, make sure that customers don't feel like they are repeating themselves with each transition. Sometimes just acknowledging the transition, such as a simple statement by an agent saying, "I see you've been online, how can I help you," can really help.

- **Recover quickly from mistakes**. When customers have a bad experience, they often become more upset over time—especially if they expend a lot of energy trying to fix the situation. If companies do not resolve the issue quickly, such experiences often create a very negative peak. On the other hand, a quick and solid recovery can provide a memorable positive spike. You're usually better off in the long-run (in terms of customer loyalty) resolving problems as soon as possible, even if that approach costs more in the short-term.

- **Dampen bad experiences**. Even if a bad experience can't be eliminated, you can still proactively lower the negative peak and eliminate any negative spikes. For instance, even if a contact-center is experiencing long call-wait times, customers will remember the experience more positively if a company appropriately sets their expectations or provides a call-back option.

- **Create happy surprises**. The largest positive spikes often come from unexpectedly good experiences. A thank-you present for a returning customer, a nice note in a package being shipped, or a warm welcome from the branch manager upon entering a bank a bank can go a long way toward creating positive spikes.

The bottom line: Focus your energy on creating positive memories.

Put PCxD To Use in Your Organization

Remember, experiences are all about people, from the customers who interact with your organization to the employees who shape those interactions. Build customer loyalty through employee activation by following these three principles of PCxD:

1. **Align through PURPOSE:** Inspire loyalty and alignment

2. **Guide with EMPATHY:** Base decisions on deep customer insight

3. **Design for MEMORIES:** Focus on moments that matter the most

If you want your organization to tap into the power of purpose, empathy, and memories, then widely share this eBook. But don't just share the words, think about how you can apply the ideas by addressing these questions:

- **How can our leaders be more purposeful?** Have your executive team discuss this topic and encourage individual leaders to develop plans for instilling a more explicit sense of purpose throughout their organization.

- **How can we better communicate our purpose to customers?** If you have a true purpose, then customers should hear about it. Examine your marketing plans and identify how you are making the organization's purpose evident to customers.

- **How can we raise the level of empathy across our organization?** Identify ongoing processes to raise the awareness of customers and their needs across the organization.

- **How can we deliver experiences that drive loyalty?** Teach employees how customers remember experiences, and incorporate this knowledge into all experience design discussions and all forums on improving customer experience.

The bottom line: Embrace PCxD to create experiences that are meaningful and memorable for employees and customers.

About the Author, Bruce Temkin

Bruce Temkin is a Customer Experience Transformist & Managing Partner of **Temkin Group**. He is also the co-founder and Chair of the **Customer Experience Professionals Association** (cxpa.org).

Bruce is widely viewed as a leading expert in how organizations build differentiation through customer experience. He has worked with hundreds of large organizations on the strategy, operational processes, organizational structures, leadership, user-centric design, and culture required to sustain superior customer relationships. He regularly coaches senior executives who are leading customer experience transformation efforts.

Bruce's research focuses on identifying current and emerging best practices. He has published seminal reports such as *The ROI of Customer Experience*, *The Future of Customer Experience*, and *The Four Customer Experience Core Competencies*. He uses this insight to advise companies on their customer experience journeys, identifying opportunities for sustainable breakthrough performance.

Bruce is the author of the popular blog *Customer Experience Matters*® where he regularly posts insights on topics such as customer experience, branding, leadership, and employee engagement. His eBook—*Six Laws of Customer Experience*—which is available for free on the blog, has been downloaded by tens of thousands of people around the world.[2]

Prior to forming Temkin Group, Bruce was Vice President & Principal Analyst with Forrester Research. During his 12 years with Forrester, he led the company's business-to-business, financial services, e-business, and customer experience practices. Bruce was Forrester's most-read analyst for 13 consecutive quarters and remains one of the most respected analysts in the industry.

Bruce authored several of Forrester's most popular research reports, including *Experience-Based Differentiation*, *The Customer Experience Journey*, and *Voice Of The Customer: The Next Generation*. He created Forrester's Customer Experience Index and Voice of the Customer Award and also led the creation and expansion of many of Forrester's experience evaluation methodologies and training workshops.

Prior to Forrester, Bruce co-founded and led a couple of Internet start-ups. He also held management positions with GE, Stratus Computers, and Fidelity Investments.

Bruce is widely quoted in the press and is a highly demanded public speaker who combines deep expertise with an engaging, entertaining style. He has delivered keynote speeches at hundreds of industry and corporate events and is often recognized as one of the top speakers.

Bruce holds a master's degree from the MIT Sloan School of Management, where he concentrated in business strategy and operations. He also holds an undergraduate degree in mechanical engineering.

---

[2] *Customer Experience Matters* is a registered trademark of Temkin Group.

TEMKIN

GROUP

When experience matters

Temkin Group is a leading customer experience (CX) research and consulting firm. We help many of the world's largest brands lead their transformational journeys towards customer-centricity and build loyalty by engaging the hearts and minds of their customers, employees, and partners.

48 White Oak Road
Waban, MA 02468

617/916-2075 tel
617/663-6124 fax

www.temkingroup.com

TEMKIN GROUP IS BASED ON FOUR CORE BELIEFS:

CX drives loyalty. Our research and work with clients demonstrates that interactions with customers influence both how much business they'll do with you in the future and how often they recommend you to others.
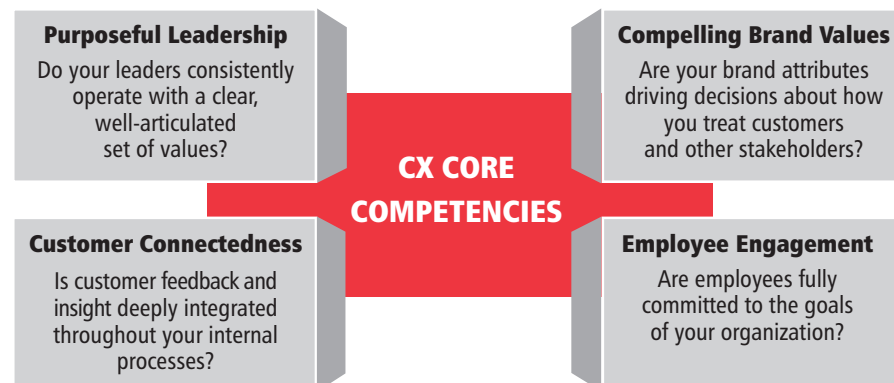
CX is a journey, not a project. Building the capabilities to consistently delight customers doesn't happen overnight. Companies need to plan for a multi-year change program.

Improvement requires systemic change. Companies can improve isolated customer interactions, but they can't gain a competitive advantage until customer experience is embedded into their operational processes and culture.

We can help you make a difference. Transformation isn't easy, but becoming more customer-centric is worth the effort. We help our clients accelerate their results and avoid many of the stumbling blocks along the way.

HOW WE ARE DIFFERENT:

Temkin Group combines thought leadership and benchmark data with a deep understanding of the dynamics of organizations, which enables us to accelerate customer experience results and help companies build the four competencies that are required to sustain long-term success.

Purposeful Leadership
Do your leaders consistently operate with a clear, well-articulated set of values?

Compelling Brand Values
Are your brand attributes driving decisions about how you treat customers and other stakeholders?

CX CORE COMPETENCIES

Customer Connectedness
Is customer feedback and insight deeply integrated throughout your internal processes?

Employee Engagement
Are employees fully committed to the goals of your organization?

HOW WE CAN HELP:

Temkin Group provides a number of different services including:

Research and Advisory Subscriptions. Access to all of our research on trends, best practices, and benchmark data as well as the option to ask questions or seek feedback on your efforts.

CX Planning and Innovating. We'll examine your organization's goals and make sure that you have the right plans and priorities for CX, whether you're just starting the journey or looking to take your CX efforts to a much higher level.

Engaging Workshops and Training. We deliver interactive workshops to help your organization understand the importance of CX and what it takes to achieve long-term success. We run workshops for executive teams, extended leadership groups, CX organizations, and broader sets of employees.

Compelling Speeches. If you're planning a meeting or an offsite event, we'll infuse compelling CX content into the event. We can engage your audience on a wide range of topics related to customer experience, focusing on elements of our four customer experience competencies.