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THE 6 LAWS OF CUSTOMER EXPERIENCE

THE FUNDAMENTAL TRUTHS THAT DEFINE
HOW ORGANIZATIONS TREAT CUSTOMERS

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Introducing The 6 Laws Of Customer Experience

Just like the three laws that govern all of physics, there are a set of fundamental truths about how customer experience operates. And here they are, the 6 laws of customer experience (CxP):

- 1) **Every interaction creates a personal reaction.**
- 2) **People are instinctively self-centered.**
- 3) **Customer familiarity breeds alignment.**
- 4) **Unengaged employees don't create engaged customers.**
- 5) **Employees do what is measured, incented, and celebrated.**
- 6) **You can't fake it.**

Jack Welch has said:

"Deal with the world as it is, not how you'd like it to be."

When it comes to customer experience, these 6 laws describe how it is.

While some isolated situations may not follow these 6 laws, they accurately describe the dynamics of customer experience for large organizations. Anyone looking to improve customer experience must understand and comply with these underlying realities. And in case you're wondering, Experience-Based Differentiation is 100% compliant!

I'll take a closer look at each of these laws in later posts. For now, just get acquainted with them.

THE BOTTOM LINE: WHEN IT COMES TO THE 6 LAWS OF CUSTOMER EXPERIENCE, IGNORANCE IS NOT A VALID DEFENSE.

CxP Law #1: Every Interaction Creates A Personal Reaction

This is the most fundamental customer experience (CxP) law of them all. Simply put, experiences are totally in the eyes of the beholder. The same exact experience can be good for one person and bad for another. As a matter of fact, it can be good for someone at one point in time and then bad for that same person at another point in time. That's why we often say "experiences designed for everyone satisfy noone."

Here are some implications of this law:

- **Experiences need to be designed for individuals.** While it may not be possible to individualize every interaction, focusing on narrow segments (like Personas) is critical.
- **Customer segments must be prioritized.** Since you need to design for specific types of people, experiences will be optimized for a set of customers. That will require companies to have a very clear picture of their important (and not so important) customers.
- **Customer feedback needs to be the key metric.** Internal measurements may provide a sense of how the business operates, but they don't give a true evaluation of customer experience. That's why companies need to establish a Voice of the Customer (VoC) program; letting customer input drive priorities, decisions, and investments.
- **Employees need to be empowered.** Since every situation can be somewhat different, the needs of customers can vary across interactions. That's why front-line employees need to have the latitude to accommodate the needs of key customers.

THE BOTTOM LINE: YOU NEED TO UNDERSTAND
YOUR CUSTOMERS, PERSONALLY.

CxP Law #2: People Are Instinctively Self-Centered

Everyone has their own frame of reference, which heavily influences what they do and how they do it. Customers, for instance, care intensely about their own needs and desires but they don't generally know or care as much about how companies are organized.

Employees also have their individual frames of reference; which often includes a deeper understanding of products, company organization, and subject matter. If left unchecked, decisions made inside of companies will often reflect the frame of reference of employees, not customers. We sometimes call this problem self-referential design.

Here are some implications of this law:

- **You know more than your customers; deal with it.** You can't eliminate your biases, but it helps to acknowledge them. Recognize that customers may not understand things like product names, acronyms, and process steps that you regularly discuss at work. So there's a natural bias for making experiences too complicated for customers. Get in the habit of asking yourself: "Would our target customers fully understand this?"
- **Don't sell things, help customers buy them.** Whenever you're thinking about a customer experience, always try and frame it from the customer's point of view. Look at all interactions as an opportunity to help customers to do something. How can you institutionalize this? Infuse the voice of the customer within your processes.
- **Don't let company organization drive experiences.** Just because you have separate organizations running your Website, retail stores, and call center does not permit you to make customers jump through hoops. Customers shouldn't have to know (and they certainly don't care) how you are organized. Here's a key symptom to look for: Any front-line employee that needs to explain to a customer how your company is organized.

THE BOTTOM LINE: MAKE THE SHIFT FROM SELF-CENTEREDNESS TO CUSTOMER-CENTEREDNESS.

CxP Law #3: Customer Familiarity Breeds Alignment

Not many people wake up in the morning and say "today, I want to make life miserable for our customers." Yet every day, lots of employees (from front-liners to senior execs) make decisions that end up frustrating, annoying, or downright upsetting their customers. But it's often not individual actions that cause the problems. Often times, the issues come down to a lack of cooperation or coordination across people and organizations.

Given that most people want their company to better serve customers, a clear view of what customers need, want, and dislike can align decisions and actions. If everyone shared a vivid view of the target customers and had visibility into customer feedback, then there would be less disagreement about what to do for them. While it may be difficult to agree on overall priorities and strategies, it's much easier to agree on the best way to treat customers.

Here are some implications of this law:

- **Don't wait for organizational alignment.** No organizational structure is perfect; they all have some flaws. And it takes a long time to make major organizational changes. So rather than waiting for a structural change to create alignment, use a clear focus on customer needs as a way to align the decisions and actions of individuals -- even if the organizations remain out of alignment.
- **Broadly share customer insight.** While we all know that front-line employees affect customer experience, almost everyone in the company also has some impact on how customers are treated. Think of your company as a large production crew making the stars (front-line employees) shine on stage (during customer interactions). Since many of the decisions that impact customers aren't debated or discussed, they just happen, it helps for as many people as possible to understand customers. Think of this as a silent alignment process.
- **Talk about customer needs, not personal preferences.** Disagreements are somewhat natural when people debate things from their own points of view. Instead of discussing what you like or think, re-frame discussions to be about customers. If you find that you don't really know enough about customers to solve the disagreement, then stop arguing and go get more information about your customers.

THE BOTTOM LINE: AN EXTERNAL FOCUS IS AN
ANTIDOTE TO INTERNAL POLITICS.

CxP Law #4: Unengaged Employees Don't Create Engaged Customers

If you want to improve customer experience, then it might seem obvious that you should focus completely on customers. For most firms, though, that's not the correct approach. Where should you focus? On employees. While you can make some customers happy through brute force, you can not sustain great customer experience unless your employees are bought-in to what you're doing and are aligned with the effort. If employees have low morale, then getting them to "wow" customers will be nearly impossible.

This relationship between employee engagement and customer experience was described very clearly in *The Service-Profit Chain*, which was published in the Harvard Business Review in 1994:

“Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Value is created by satisfied, loyal, and productive employees.”

Walt Disney also captured this concept very simply:

“You can design and create, and build the most wonderful place in the world. But it takes people to make the dream a reality.”

Here are some implications of this law:

- **Don't under-spend on training.** You can't just change some business rules and processes and hope that customers will be treated better. Just about any change to customer experience requires some employees to change what they do and how they do it. So don't skimp on the training effort.
- **Make it easy to do the right thing.** If it's hard for employees to do something, then they are less likely to do it -- and more likely to get frustrated. That's why enabling technologies need to be designed for employees to easily accomplish tasks that help customers.
- **Communicate, communicate, communicate.** If you want to have employees feel like they're a part of something, then you need to tell them what's going on. So develop a robust communications plan that not only tells employees what the company is doing, but also explains why you're doing it. And it helps if you sincerely solicit feedback!
- **Find ways to celebrate.** If employees do things that help customers, then find a way to celebrate those actions. These celebrations can take many different forms: a handwritten note from the president, acknowledgement in

a company newsletter, or an on-the-spot bonus. Look for opportunities to catch people doing the right thing.

- **Measure employee engagement.** Firms need to put the same rigor in monitoring employee relationships that they do in monitoring customer relationships. So they need to develop a relationship tracking measure like "likelihood to recommend <firm> as a place to work" that is used to gauge progress and to identify corrective measures.

THE BOTTOM LINE: CUSTOMER EXPERIENCE
DEPENDS ON EMPLOYEE EXPERIENCE.

CxP Law #5: Employees Do What Is Measured, Incented, and Celebrated

Some executives struggle to understand why their company doesn't deliver better experiences to customers. But it shouldn't be such a big mystery. It's all about how you deal with employees, who tend to conform to the environment that they're in. What are the key elements to the corporate environs? The metrics that are tracked, the activities that are rewarded, and the actions that are celebrated. These three items collectively drive how employees behave and how they ultimately treat customers.

Here are some implications of this law:

- **Don't "expect" people to do the right thing.** While employees may want to treat customers well, you can't just expect them to do it. Why not? Because companies want their employees to do a lot of things. But organizations often hone their measurements, incentives, and celebrations to achieve short-term growth and profitability targets. So without any explicit intervention on behalf of customer experience, the environment will push employees to focus on just about anything except customer experience.
- **Clearly define good behavior.** Before you just adjust the environment, it's important that you define/describe the type of behavior that you want from people in every role. Do you want customer service reps to spend whatever time they need to on the phone to solve a problem or do you want them to cut down the average handle time on each call? The measurements, incentives, and celebrations should be adjusted to reinforce those behaviors.
- **Watch out for mixed messages.** You can only get consistent behaviors from employees when all three levers (measurements, incentives, and celebrations) are working together. If you celebrate things that are different than what you measure, for instance, then employees aren't sure which signals to follow.

THE BOTTOM LINE: DON'T BLAME EMPLOYEES,
FIX THE ENVIRONMENT.

CxP Law #6: You Can't Fake It

You can fool some people for some of the time, but most people can eventually tell what's real and what's not. This shows up in a couple of areas. First of all, employees can sense if customer experience is not really a top priority with the executive team. The second place this shows up is in marketing efforts. No matter how much money you spend on advertising, you can't convince customers that you provide better experiences than you do.

Here are some implications of this law:

- **Don't hide behind a 4th priority.** While it's possible to come up with a long list of priorities, there's no way that many will get a great deal of attention. A good rule of thumb: Anything below your 3rd priority is not a priority at all. So make customer experience one of your top 3 priorities.
- **Sometimes it's better not to start.** If you're not committed to customer experience, then don't start a major initiative; it's a lot of hard work. And if customer experience isn't a top priority, then the effort will likely fail. The result: Frustrated employees who are increasingly reluctant to re-engage in these types of efforts in the future.
- **Advertise to reinforce, not create positioning.** Since customers ultimately know how you treat them, the best you can do with marketing is to reinforce the truth. If you want to change how you are perceived, then start by treating customers better; and then use advertising to reinforce the new way that they're being treated.

THE BOTTOM LINE: IF YOU'RE NOT COMMITTED TO CUSTOMER EXPERIENCE, YOU CAN ONLY FOOL YOURSELF.

Epilogue: Don't Break The 6 Laws

The **6 laws** of customer experience are not meant to constrain behaviors. They are meant to empower highly effective customer experience efforts. By understanding these fundamental truths about how people and organizations behave, companies can make smarter decisions about what they do, and how they do it.

Going against any of these laws will likely cause poor results. But if you conform to these laws, then you're better positioned to deliver great experiences to your customers.

Here are some thoughts about how to apply the **6 laws**:

- **Treat them as sacred.** While it may be possible to find isolated exceptions to all of these laws, they accurately describe the basic behavior of people and organizations. So don't spend your time rationalizing why they don't apply to you. Instead, figure out how to capitalize on the laws.
- **Make sure you're not breaking them.** Look at these laws regularly, especially when you are starting a new initiative. And ask yourself: *Is this effort breaking any of the 6 laws of customer experience?* If the answer is yes, don't go ahead. Find some other approach that conforms to these laws.
- **Share them with others.** The **6 laws** will have the largest impact when they are widely understood across your organization. So share this document with as many people as possible.

THE BOTTOM LINE: UNDERSTAND THE SIX LAWS,
FOR YOUR CUSTOMERS' SAKE.

About The Author

I'm Bruce Temkin, author of this document which is from my blog Customer Experience Matters (<http://experiencematters.wordpress.com/>).

I'm a Vice President and Principal Analyst at Forrester Research focusing on customer experience. My work consists of two parts: 1) researching leading-edge approaches to customer experience (here is my 2008 research agenda); and 2) helping large organizations improve their customer experiences. I also end up speaking to a variety of audiences (from keynote speeches at large events to workshops with executive teams).

If you are interested in customer experience, then I encourage you to read my blog. I regularly write posts about customer experience, leadership, and branding. To get up to speed quickly, I suggest that you start by reading through the following posts:

- **My Manifesto: Great Customer Experience Is Free** (this post provides a sense of my philosophical view of customer experience).
- **Experience-Based Differentiation** (this post defines my core concept which represents a blueprint for customer experience excellence).
- **A look back at my first year of blogging** (this post looked back at the highlights of my first year as a blogger; I started in June 2007).
- **The Best Of Customer Experience Matters** (these periodic posts summarize some of the top ideas from my blog).

This is just the current step on what has been a long-term journey helping companies improve how they deal with customers. I've been at Forrester since 1998, during which time I've run the firm's B2B research and the Customer Experience and Financial Services practice areas. I made the move back into the realm of an individual analyst in late 2006 because I wanted to focus my research and advisory efforts on enterprisewide approaches to customer experience. It's amazing how little discipline companies have in their approach to customer experience — something that they acknowledge as being both critical and broken.

My customer experience days started in earnest after I received my MBA from MIT Sloan School — when I went to work as an internal consultant at GE focused on marketing and customer service programs. My projects included reengineering the customer-facing processes at GE Power Generation and redefining a go-to-market strategy for a line of electrical gear. Those efforts highlighted to me a couple of things: 1) there are huge opportunities to rethink how we deal with customers; and 2) success requires challenging the status-quo within firms. Those insights have guided me throughout my career.

Between GE and Forrester, I did product management with Stratus Computers, built electronic channels with Fidelity Investments, and was COO at a couple of start-ups.