Who Should Lead Customer Experience?

A Guide to Building Organizational Structure for Your Customer Experience

Prophet
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Introduction

Customers today demand the best total experience. Brand communication still matters, but the reliable delivery of brand promise matters more.

To win with customers, you have to offer them a distinctly better experience, and the economic advantage is in being able to deliver it cost effectively. Creating and delivering a better experience for customers is the new growth imperative.

However, it’s not always clear who within an organization should lead customer experience. In some organizations it’s the CMO. In others, it’s a CXO. In many, it’s no one person.

So, who should have organizational responsibility for customer experience?

It depends.
The Organizational Structure of CX

A recent report by Forrester Research\(^1\) confirms that responsibility for leading CX varies.

The most common choice is the CMO. Customer experience is increasingly the primary way in which a brand is made real and as architect of the brand strategy the CMO is often seen as the obvious choice to take charge of its deployment across the entire customer journey.

But leading CX is not a silo-ed responsibility and the right person to take on that responsibility depends on the industry, the current organization, and even the individuals.

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Three Rules of Thumb

Use these three rules of thumb to better determine how your CX structure should be organized.

Scope of Responsibility
In some organizations (e.g., CPG companies), the Brand Manager has responsibility for most of the touch points of customers’ experiences. The Brand Manager is effectively the CMO, GM, and CXO of the brand. When a single individual has this scope of responsibility, it makes sense to formally consolidate overall customer experience reside with this individual.

Complexity
Other industries have more complex ecosystems of touch points (e.g., insurance, retail, most B2B). There are a myriad of activities involved in the customer experience: call centers, retail locations, direct mail, digital, etc. There is usually not a single person with overall responsibility of all touch points other than the CEO or COO. A CXO may be needed not so much to own, but to coordinate and integrate all of these touch points into a holistic experience.

Operational Transparency
There are some industries where customers have more intimate interactions with the operations of the company, and are directly exposed to employee performance, service efficiency, variations in product performance, etc. — for example, sales and service organizations such as retail or insurance. To the degree that your operational deficiencies may be directly exposed to customers, it may be advantageous to have a heavyweight CXO who exerts direct control of the entire customer experience or a truly empowered CMO managing and influencing the overall experience.
Control or Influence: Driving Organizational Alignment

Ultimately, delivering on a brand’s promise is about alignment. The vision for a better customer experience may come from the top, but it has to be delivered by the whole organization, across multiple silos and in every layer.

In complex industries it is unlikely that the CXO will have control over all touch points unless the CEO, COO or Business Unit Lead takes on the responsibility.

Therefore, the CXO’s job must be to align and coordinate with other parts of the organization. The right person to lead CX is a balance between:

- clear vision of the brand and customer value proposition
- control of important touch points
- ability to influence colleagues and align the organization

This may be as much a question of individual capability and relationships as formal structure. While not always openly acknowledged, an individual’s ability to influence across the organization and know the organizational dynamics is key.
What are the advantages and disadvantages of a CMO-led customer experience organization?

For a CMO to effectively lead customer experience, he or she must be empowered to drive implementation of CX across departments and business units. This is a different job to traditional CMO role. What are the advantages and disadvantages of the CMO as CXO?

Advantages

- Is the closest to the customer data/information – their needs, motivations, brand perceptions
- Has the best view of the brand strategy and value proposition
- Creates single accountability for customer metrics
- Most able to connect customer and brand to develop an experience with signature touchpoints that will clearly differentiate from competitors

Disadvantages

- May not have as detailed an understanding of the business and operational constraints on delivering a better CX
- Usually focused on, short term quarterly or annual commercial metrics rather than customer satisfaction measures that drive more long term performance
- Does not often have direct authority over many of the most important levers of customer experience (e.g., call centers, sales employees, retail outlets)
- Is not usually responsible for many more operational CX metrics, such as call center wait time, web engagement, etc.

“For the last 60 years we’ve operated command and control but we need a horizontal structure in which everyone feels a collective responsibility towards the customer. We need to empower the whole organization to feel they can personalize the delivery of CX.”

Dr. Jules Goddard, Fellow of London Business School
“The vision for a breakthrough customer experience may come from the top, but it takes an entire organization to make it real, and ultimately customer experience is delivered by systems and front line employees. The ability to support a seamless customer experience depends on rallying and aligning the whole organization.”

Harry West, Innovation Practice, Senior Partner

If not the CMO, who else should take responsibility for CX?

Digital
Digital is central to the customer experience in most service industries today. The CXO will need to have direct influence over this vital touch point. Or, if digital is the dominant touch point, then the Chief Digital Officer or Chief Information Officer is already effectively the CXO.

Head of Operations
Customer experience may be delivered by teams that fall under the general heading of operations (e.g., customer care or call centers, retail employees). It may be easier to teach operations personnel how to be more customer centric than to teach the CMO to manage the business operations, in which case the head of operations is the right person to lead CX.

CEO, COO, Head of Business Unit
Similarly, if the only person with responsibility for all of the customer touch points is the one at the top, then the role of CXO may be delegated, but the ultimate responsibility will still rest with the head of the business.
Whoever leads CX must have direct responsibility for metrics and take responsibility for connecting them to strategic planning.

There is strong evidence that companies that invest in delivering a better customer experience perform better. Customer experience is an important means for achieving business goals, and as such should connect to strategy, planning and prioritization.

Best practice is for the entire senior team to be rewarded for overall CX metrics in recognition of the fact that CX is delivered by the whole organization. However, whoever is leading CX should have primary responsibility for the metrics that measure the quality of customer experience, and their linkage to business goals.

CX metrics can be broken down into four categories. Business metrics are the objective result of customer behavior and connect directly to business performance. Business metrics are the result of customer attitudes and perception which can be subjectively monitored, and which are in turn influenced by the direct interactions between customers and the company which can be objectively measured.

### Examples of CX Metrics

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>ATTITUDES</th>
<th>PERCEPTIONS</th>
<th>INTERACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARPU, churn, cost-to-serve, cross-purchasing, recommendations</td>
<td>Customer Satisfaction, Net Promoter Score</td>
<td>Customer Effort Score, ease of use, emotional response</td>
<td>Call Center wait times, web engagement, etc.</td>
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</tbody>
</table>
The Future of the CXO

The CXO has particular responsibility for leading change: evolving company culture and developing service innovation. As the company evolves to become fully centered around the customer and the customer’s experience the formal role of the CXO as an organizing force may no longer be needed.

Examples of companies that have made the transition (or were born that way) include Four Seasons, Zappos and Amazon where customer experience is everyone’s business and employees at all levels are trained and empowered to deliver great service. It is the job of organization and governance design to accelerate this process to customer centricity.

Leadership from the top and a culture centered on the customer

Four Seasons competes by promising guests experiences of exceptional quality. They deliver on this promise through guest service and have trained and employees at all levels to go out of their way to make guests feel at home, and empowered them to solve problems for guests. The CEO has been known to get directly involved in customer experience.

Zappos competes by re-directing its marketing budget towards delivering exceptional customer service. Call center employees work without scripts, quotas, or call time limits. Zappos views the call center experience as an important part of their brand experience and want to talk with most customers at least once. Zappos CEO, Tony Hsieh, is the driving force behind their culture and service standards.

At Amazon Jeff Bezos likes to remind people of who is boss with an empty chair at the table representing the customer – the most important person in the business. The business is largely automated and so is customer service, but that does not mean it lacks for a personal touch: a broad array of metrics to track the experience and preference of each customer.
Executive Insights: Why CX Matters

There is overwhelming evidence that companies that invest in delivering a better customer experience perform better, but who should lead CX? Taking into account variables such as company structure, size, growth objectives and more point in the direction of who should take on the responsibility and lead transition to a customer-focused organization.

Prophet’s dedicated customer experience team combines customer insights with deep analytics, our deep understanding of brand, and our ability to work through organizational alignment to create bold experiences that drive business impact. By bridging the gap between strategy and execution we help companies grow better.

If you are ready to deliver better customer experience take our quick CX Diagnostic to uncover where your company currently stand on critical customer experience issues.
Interested in learning more about building an organizational structure for your customer experience?

Contact Prophet for a deeper dive on how to create breakthrough experiences that will delight your customers.

Or visit our website to see how we help our clients use customer experience to build their brand and increase sales, reduce churn, and drive down cost. By bridging the gap between strategy and execution, Prophet helps companies grow better.

About the Authors

Harry West leads Customer Experience design and innovation at Prophet. From consumer packaged goods to banking to consulting to education, Harry is known for helping organizations more clearly see what people will want in the future and envisioning how to transform their business to make that future real. He has led service design engagements with Sprint, BBVA, P&G, The National Park Service, American Express, Fidelity, and the World Bank.

Eloy Trevino has over 15 years of marketing, brand, and growth strategy consulting experience. Working domestically and abroad, Eloy has deep expertise in brand strategy and activation, brand expansion, customer experience, loyalty marketing, and marketing effectiveness. Over the last few years, Eloy has focus on building 5-year strategic growth plans for both B2B and B2C clients. He has worked with Fortune 500 companies including PepsiCo, Gatorade, Kellogg’s, Kashi, Hyatt, Time Inc., Fairmont Hotels & Resorts, General Motors, Ford, and Burger King.

About Prophet

Prophet fuses insights, strategy, creativity, and imagination to help clients create better ways to grow. We uncover deeper customer insights, build stronger brand relevance, and deliver better customer experiences for some of the world’s most successful companies such as BMW, Cisco, Electrolux, GE, Johnson & Johnson, McDonald’s, Siemens, UBS and Zurich Financial. Our 300+ experts in marketing, innovation, digital, and design help companies bridge the gap between strategy and execution to drive real market impact.