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Board Perspectives

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The Customer Experience: A Strategic Imperative for Boards

When products and services are highly competitive, high cost or emotionally driven, customer experience is more than just a differentiator. As a key component of sustaining growth and market leadership strategies, it merits the board's close attention.

Few initiatives have a more direct impact on revenue growth, profitability, brand image and competitive positioning than a superior customer experience (CX). Inextricably linked to an organization's strategic objectives, CX underpins its innovation, market expansion, and operational efficiency initiatives. Its primary purpose is to drive brand loyalty, pricing power and sustainable top-line performance.

CX is a game boards must play to win

CX is a strategic priority for corporate boards because it directly impacts long-term success. By focusing on CX initiatives, boards can drive organizational alignment, leverage data for continuous improvement and ensure compliance with evolving regulations, positioning their organizations for sustained growth and competitive advantage in the marketplace.

Regular reporting updates and transparent communication from management about brand-related risks, opportunities and reputation trends support the board's CX awareness. By combining these governance processes with a culture of inquiry and periodic deep dives when warranted, the board reinforces the CX-related expectations it sets with senior management.

In sectors in which there are few alternatives, products are commoditized or switching costs are high, CX is a smart play. By focusing on personalization, consistent branding, dependable service and transparency, organizations can build trust in their respective markets as they measure up to buyer and regulatory expectations.

In highly competitive industries, such as experiential retail, hospitality and technology, CX is a paramount priority for corporate boards. Whether they sell products or services to other businesses (B2B) or to individual consumers (B2C), successful organizations recognize that delivering exceptional customer experiences is critical to achieving success in crowded markets.

The question arises as to how companies should cut through the noise, engage and capture attention at every point of their customers' buying journey. Herein lies the board's interest: Do directors really understand the high-tech, high-touch modus operandi with which the organization connects its brand promise to the customer experience it delivers every day? This understanding gets to the very essence of how an organization differentiates itself with its customers.

Assess CX strategy effectiveness

Boards should use a combination of quantitative metrics and qualitative insights to determine if management's strategy is delivering meaningful results and driving sustainable business success and customer lifetime value. To that end, directors should incorporate CX metrics on the dashboard they review regularly to assess the effectiveness of the strategy.

There are multiple key indicators and trending metrics that boards can use to evaluate how well management's CX strategy is performing. On the following page are five that are highly relevant to boards due to the high-level insights they provide regarding execution of CX strategies, their financial impact, and their influence on customer loyalty and brand equity — all key drivers of organizational success:

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Net Promoter Score	**NPS**	Measures customer loyalty and advocacy, providing insight as to whether customers would recommend the company
Customer Retention and Churn Rates	**CR&C**	As a measure of success in sustaining customer relationships, tracks percentage of customers who continue doing business with the company
Customer Lifetime Value	**CLV**	Projects the revenue stream each customer will generate over the duration of their relationship with the company
Customer Satisfaction Scores	**CSS**	Provides a direct measure of how satisfied customers are with their interactions and experiences with the company
Brand Reputation, Public Sentiment	**BR/PS**	Reviews media coverage, online ratings, and influencer commentary to assess broader perceptions of the company's customer experience

The above metrics focus on customer satisfaction, loyalty and a forward-looking view of value — *outcomes* of successful CX. These indicators and metrics are derived by surveying customers, using predictive analytics and analyzing customer transaction or account data and historical sales data. Including them on the board's dashboard provides directors with sharp insights into the success of CX strategies.

Net Promoter Score (NPS) serves as a key indicator of the broader impact of CX on brand reputation and growth. Customer Retention and Churn Rates (CR&C) is a direct measure of the effectiveness of CX in building long-term customer loyalty and sustaining revenue streams. Customer Lifetime Value (CLV) is useful in assessing the ROI of CX initiatives and their contribution to sustaining the business. Customer Satisfaction Scores (CSS) offers actionable insights into overall service quality and areas needing improvement. Finally, Brand Reputation / Public Sentiment (BR/PS) augments the NPS metric by capturing how the company is perceived externally, reflecting the broader success of CX strategies in shaping public perception and trust.

If any of these indicators are trending in the wrong direction, a deeper dive may be needed to understand why. Thus, circumstances may arise when the board should focus on process metrics and senior management's CX leadership.

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Take a deeper dive with process metrics

As noted above, the high-level indicators and metrics on the board's dashboard are principally outcome measures. They offer an illustration of the vital few metrics that inform the board as to what they need to know. However, if results are not satisfactory, the focus must turn to process metrics to understand why.

CX refers to the totality of all touchpoints through which a business engages with its customers. It consists of all the moving parts impacting the company's interactions with its buyers through all aspects of their experiential journey — from marketing to sales to customer service, product usage satisfaction and even website and digital platforms. The combined effect of all these touchpoints throughout the buyer's journey shapes customer sentiment as well as influences the customer's decisions to return to the brand.

There are process indicators and metrics that can supplement the "vital few metrics" perspective by offering specific insights as to where actionable improvements in CX processes are needed:

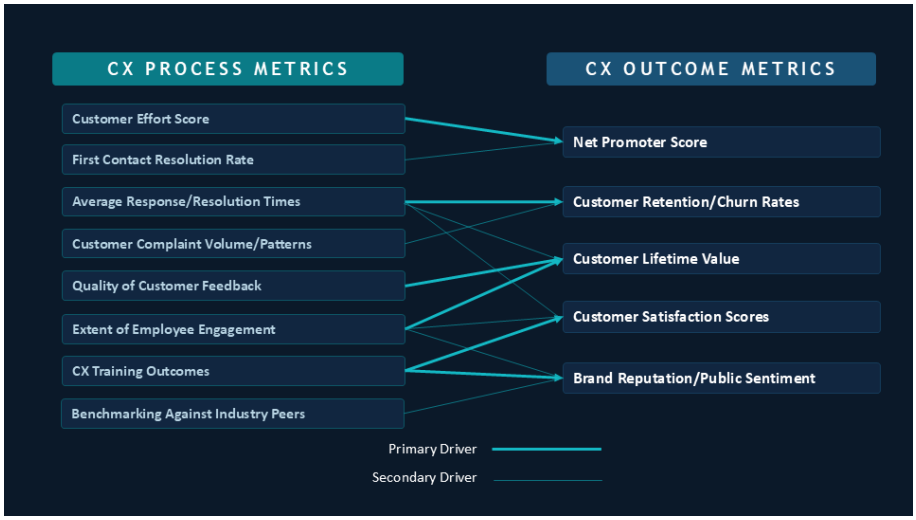
Customer Effort Score	Evaluates the level of difficulty customers experience when interacting with the company to make purchases, resolve issues or achieve other outcomes
First Contact Resolution Rate	Measure of the effectiveness of frontline teams in resolving customer issues during the initial point of contact, without requiring follow-ups or escalations
Average Response and Resolution Times	As a measure of the overall responsiveness of the customer service operations, quantifies how promptly customer inquiries are acknowledged and resolved
Customer Complaint Volume and Patterns	Monitors the number and types of complaints received to track the volumes and shifts in complaint patterns
Quality of Customer Feedback	Analysis of open-ended survey responses, online review, and social media mentions to gauge sentiment, recurring themes and customer pain points
Extent of Employee Engagement	Measures staff involvement with and buy-in to CX programs to deliver better customer experiences
CX Training Outcomes	Tracks completion rates and effectiveness of CX training for customer-facing staff
Benchmarking Against Industry Peers	Compares CX metrics and practices with competitors to identify strengths, weaknesses and opportunities for improvement

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The board should ensure that management has sufficient supplemental metrics offering insight into the performance of the CX process at all appropriate touch points. Regular reporting of the vital few metrics and periodic reporting of any insights from supplemental metrics will greatly enhance the board's strategic conversations with management regarding the effectiveness of both CX processes and CX outcomes.

While the above discussions suggest a deeper-dive approach when warranted, the board may want to review process indicators and metrics periodically to ascertain whether there are emerging problems that require immediate action.

The following illustration highlights how CX process metrics drive outcome metrics. As noted in the illustration, some process metrics are primary drivers of outcomes and others are secondary drivers.



Understand the brand promise to set proper context

A brand promise states the unique value, quality and experience customers can expect each time they interact with a company. Directors need to seriously ask themselves if they really understand what the company's promise stands for and whether the promise encapsulates the core value and experience the organization pledges to deliver to its customers and stakeholders.

The board should ensure that management has sufficient supplemental metrics, offering insight into the performance of the CX process at all appropriate touch points.

The board achieves this understanding through education, inquiry and ongoing oversight. For example, directors should obtain a firm grasp on how the brand promise is defined and perceived internally and externally by:

- **Having strategic conversations** with management and marketing leaders, who articulate the brand's core values, target customer experience and differentiators in the marketplace
- **Reviewing mission statements**, product/service value propositions and customer feedback reports
- **Participating in strategic discussions** about product development, customer engagement and competitive positioning
- **Monitoring the key indicators** and metrics related to customer satisfaction, loyalty and public sentiment; and
- **Engaging directly with customers** and frontline employees through site visits or stakeholder forums

The key question: Has management isolated the touchpoints within the journey that strike the most emotional connection with buyers? This understanding is key, for it positions the organization to create the best CX out of its existing capabilities by allocating its resources to improve the moments that have a meaningful emotional connection with the customer.

Set the right expectations of management

A solid understanding of the brand promise enables directors to ensure alignment between business strategy and brand commitments. It positions the board to provide effective governance by ensuring that strategies, investments and risk management decisions consistently reinforce the company's commitments and values. Most importantly, directors will be more apt to identify any disconnect between actions and promises that can quickly erode stakeholder trust and brand equity.

Armed with this understanding, the board is able to set a positive, constructive tone in fostering a customer-centric culture and setting the appropriate accountability for CX strategy execution with management. The board's presence in CX oversight is accentuated through regular reporting, as discussed earlier. In supporting management, directors should expect management to:

A solid understanding of the brand promise enables directors to ensure alignment between business strategy and brand commitments.

Champion customer-centric values. Boards should work closely with senior management to establish and promote a clear vision that prioritizes customer satisfaction as a core value. By embedding this mindset into the company's mission statement and strategic objectives, boards and executive management signal the importance of the customer experience at all levels of the organization.

Establish alignment with clear metrics and accountability. Establishing key performance indicators (KPIs) sets the foundation for measuring progress and setting accountability for results. The board should regularly review these metrics and hold leadership accountable for meeting customer satisfaction goals, ensuring that improvements are prioritized and recognized. Based on the company's goals and known customer preferences, the appropriate incentives should be implemented to align everyone with the desired outcomes and drive the necessary process or technology improvements. The incentive structure should support a seamless operating model from the customer's perspective, which forces collaboration across the organization.

Connect with and listen to customers. Whether the model is B2B or B2C, CX is all about figuring out what end customers want and using that understanding to drive the company's goals with an emphasis on the experience moments that matter. Communicating clearly, making it easier to navigate online accounts, sending notifications proactively, letting customers choose how the company communicates with them, honoring their preferences and sending personalized communications are ways of deploying both technology and the human element. By focusing on both the timing and relevance of these communications, companies are able to interact with customers at the right point of the lifecycle as close as possible to a moment of need.

Encourage open internal communications and cross-functional collaboration. Promoting a culture of transparency and open communication allows employees to voice concerns and share CX-related ideas. Management can create channels for feedback, enabling team members to contribute to a continuously improving process. Encouraging collaboration among different functions — such as marketing, sales, customer service and product development — ensures a holistic approach to CX. Facilitating regular discussions and workshops that bring together diverse teams to share insights, address challenges and develop innovative solutions can further enhance the customer journey.

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Harness analytics and technology to discover ways to enhance performance. Data analytics and customer feedback mechanisms are valuable tools for driving continued improvements in CX-related processes. The insights they provide regarding customer preferences and pain points offer a catalyst for making informed decisions. Boards should advocate for investments in technology that support data-driven decision-making, allowing the organization to adapt more quickly to changing customer expectations.

Address the constraints. There is almost never an absence of constraining influences (e.g., technical debt, data not available promptly, disconnected systems and artificial intelligence automations not adequately trained). Furthermore, evolution in customer expectations often gives rise to regulatory requirements related to such issues as data privacy and security, as well as to ethical matters pertaining to responsible use of sensitive data.

But the good news is, there is a solution for every problem. If bandwidth is limited, automate repetitive tasks to free up time for frontline employees to become effective brand advocates in solving problems and better serving the customer while also complying with regulations concerning customer rights and avoiding reputational risks — a win-win for both the company and the customer.

Invest in training and development. Boards should support management initiatives to provide employees with the necessary training and resources to understand customer needs and deliver exceptional service. This may include ongoing education about customer engagement strategies, empathy training and tools for gathering and analyzing customer feedback.

Lead by example. Finally, board members should expect senior leaders to model customer-centric behaviors in their interactions and decision-making processes. By demonstrating a commitment to understanding and prioritizing customer needs, boards and executives inspire the entire organization to follow suit, reinforcing the importance of CX across all levels.

By setting these expectations, boards can lead in a positive and constructive way that drives ongoing improvements in CX, leading to enhanced customer loyalty and business success.

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About the author



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Jennifer Friese is the Global CMO Solutions Leader and Global Co-Lead of Protiviti's Consumer Products & Services (CP&S) Industry, shaping strategy and guiding organizations through consumer-driven transformation. She also serves as Protiviti's Global Digital Capability Leader, advising clients on digital experience design, brand and content strategy, product innovation and enterprise-wide digital modernization.

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