

The CCO (Chief Customer Officer) Survival Guide

by Curtis N. Bingham

**CHIEF CUSTOMER OFFICER
COUNCIL**



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Curtis Bingham is the recognized authority on chief customer officers and the first to promote this role as a catalyst for competitive advantage. He is the creator of the CCO Roadmap, a groundbreaking work containing 100+ critical strategies essential for customer centricity. As an international speaker, author, and consultant, Curtis is passionate about creating customer strategy to sustainably grow revenue, profit, and loyalty.


The CCO role is a lonely place. There are fewer than 500 people in the world with this title, and the average tenure is a mere 26 months. Yet the impact CCOs can have on a company's bottom line can be profound. They address customer centricity in its primary forms – customer satisfaction, customer retention and customer loyalty – and help develop profitable customer strategies that work for your company because they work for your customers.

CCOs have mastered the following three key elements of corporate survival:

- Drive profitable customer behavior (e.g., customer loyalty, customer experience, retention programs, innovation, etc.)
- Create a customer-centric culture (e.g., corporate commitment, performance metrics, incentives, hiring practices, etc.)
- Demonstrate your value (e.g., contribution to revenue, cost savings, further defining the CCO role, metrics, KPIs, compensation, etc.)

Driving profitable customer behavior

Boosting customer satisfaction, retention and loyalty are terrific as goals of your customer-centric culture. But just achieving these goals doesn't mean you're particularly profitable, although satisfied and loyal customers tend to drive profitability. The point I am making here is the need to encourage customers to behave in a way that maximizes profits. Of course that requires repeat purchases, and up-selling and cross-selling too within your product/service portfolio. But if it costs you \$10 in customer service/support time for every \$5 of incremental revenue, you're not driving profitable behavior. You're losing money.



CCOs have proven adept at establishing loyalty programs that reward purchases of the most profitable products/services based on incentives such as “membership points” that can be redeemed for merchandise, gift cards, etc. This approach builds add-on sales and provides a sense of identity as a “member,” which strengthens a feeling of customer loyalty due to entitlement. Another aspect of “profitable behavior” is enabling a greater degree of self-service for customers so they have alternatives to speaking with your more costly CSRs. Things like online ordering, FAQs for problem resolution and online chat all save customers time in obtaining the information they need. Self-service, by definition, save you time and money as well compared to serving customers personally by telephone.

Even a short hold queue is bound to frustrate customers, no matter how loyal they are. On the other hand, self-service capabilities server to enhance the customer experience, leaving the impression that doing business with your company is easy. It’s no coincidence the officer store giant Staples has had “That was easy!” as their marketing tag line for a number of years.

Create a customer-centric culture

In the early 1960s when the phrase “corporate culture” was introduced, the tongue-in-cheek question was, “What’s that? Industrial-strength yogurt?” By now this phrase is part of everyone’s business lexicon. But customer centricity is a much more recent phenomenon, but not necessarily fully integrated with the corporate culture movement. Consider that IBM, which historically ranks among the most-admired US companies, proclaimed 1987 as the “Year of the Customer” in its annual report that year. So presumably in 1988, IBM resumed business as usual and became indifferent to customer-centric issues.

The point, of course, is that customer centricity is not a one-hit wonder. The commitment to customer satisfaction, retention and loyalty should be part of the identity – the DNA – of an organization. Adding customer centricity to a company’s mission statement is the easy part, however. Implementing it throughout the organization entails some heavy lifting, such as developing performance metrics to verify that customer-centric processes are in fact being followed, and providing incentives for employees at all levels to comply with best practices for their positions that promote customer satisfaction, retention and loyalty. Even hiring practices must be reviewed to ensure that qualities associated with customer service orientation are part of screening process for new hires.

Demonstrate your value

Customer satisfaction, retention and loyalty are soft benefits because they are not directly tied to hard costs (revenue and expenses) like sales and payroll are, for example. But CCOs and others with similar responsibilities recognize they must justify their existence by showing the bottom line impact of what they do, and that means showing contribution to revenue and reducing costs. This sounds simple (like adding “customer centric” to your mission statement”) but not so easy to accomplish.

All CCOs have developed a methodology for verifying contribution to revenue and cost savings. For the former, they can point to increasing sales year over year among existing customers, the increased rate of newly acquired accounts, and reduced churn among the overall customer base. For cost containment, all CCOs can point to fewer calls from unhappy customers, fewer poorly handled onsite customer visits, etc. The more skilled CCOs also provide data from customer surveys that show high levels of satisfaction and loyalty, which serve to increase brand equity and lifetime customer value. The more assertive CCOs issue a friendly challenge to their peers in finance, engineering, marketing, manufacturing and other departments to show similar KPIs that demonstrate sustained excellence against defined objectives.

Armed with these strategies and tactics, CCOs not only survive, most are thriving...and getting their fair share of compensation increases by recognizing that keeping customers happy is always a good business decision!



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About THE CHIEF CUSTOMER OFFICER COUNCIL

The Chief Customer Officer Council is the first of its kind; a member-led peer-advisory network offering unparalleled insight into the critical issues facing CCOs. It was created to provide a safe environment where CCOs can share ideas, concerns, and build best practices that will help them, their companies, and especially their customers succeed. The Council includes CCOs from diverse industries, purposefully cross-pollinated with the most forward-thinking companies, large and small. For more information, visit www.ccocouncil.org, email info@ccocouncil.org or call 978-226-8675.



Are You Experimenting at Your Customer's Expense? – In this article by Curtis N. Bingham, you'll learn seven ways to drive more profitable customer behavior, while minimizing the risk of negative consequences for your customers and their loyalty to your brand.

Download your free copy today at www.ccocouncil.org/site/exclusive-resources.aspx

For more resources from Curtis Bingham and the CCO Council, including articles, videos, and *The Bingham Advisory*, visit www.ccocouncil.org.

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