

Rules of the Game for Customer Experience Innovation

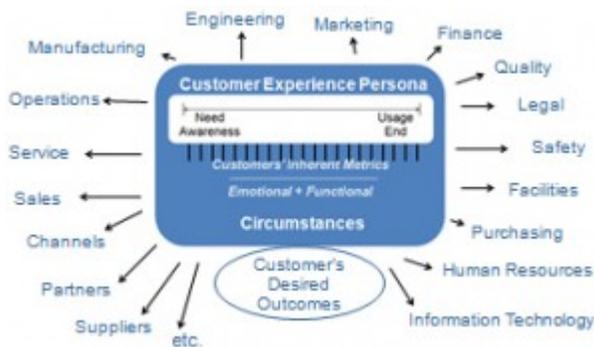
by Lynn Hunsaker

A new understanding of innovation success factors is making traditional logic obsolete. Successful innovation has less to do with the best investment, technology, research and designers, according to Booz Allen Hamilton: “Unless their R&D efforts are driven by a thorough understanding of what their customers want, their performance may well fall short — at least compared to that of their more customer-driven competitors.”¹

A thorough understanding of what customers want is based on desired outcomes rather than features and reactions to concepts and prototypes. From the customer’s viewpoint, the solution that your firm sells is a means-to-an-end. It’s simply a tool meant to enable the customer’s desired outcome.

Customers should be segmented by circumstances surrounding their desired outcomes, in place of demographics or psychographics. Metrics for innovation and operations can be obtained from customers themselves, capturing their inherent evaluations throughout their selection and usage processes. And innovation is expected to be a part of everyone’s job across the organization, instead of the engineer’s realm.

Consider the past decade at Procter & Gamble, as shared by chairman and CEO A.G. Laffey: “In 2000, for every six new product introductions, one would return our investment. Today, about half of our new products succeed. That’s as high as we want the success rate to be. If we try to make it any higher, we’ll be tempted to err on the side of caution, playing it safe by focusing on innovations with little game-changing potential.”



He continues: “In 2000, we hadn’t explicitly or inspirationally enrolled enough of our 100,000-plus people around the world in our mission; it was neither fully embraced by employees nor fully leveraged by the company’s leadership. At least 85% of the people in our organization thought they weren’t working on innovation. They were somewhere else: in line management, marketing, operations, sales, or administration. We had to redefine our social system to get everybody into the innovation

game. Today, all P&G employees are expected to understand the role they play in innovation. Even when you’re operating, you’re always innovating — you’re making the cycles shorter, or developing new commercial ideas, or working on new business models. And all innovation is connected to the business strategy. Last year, the business development group reviewed more than 1,000 external ideas. This year, they’ll see 1,500. We tend to act on about 5-7% of them.”²

Means-to-an-End

Culture	
Policies	Processes
Affinities	Convenience
Product	Service
Business Model	

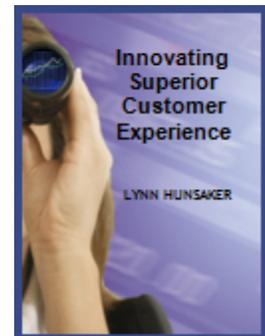
Business models may spur growth more than product and service innovations. Affinities and convenience are powerful levers in the emotional as well as functional aspects of customer experience. These include social status, flexibility, form, time, policies, and environment for purchase and usage. Culture, policies, skills and processes also affect the solution purchased by customers.

To build common language and vision for innovating toward desired end-results, development of customer experience personas is essential. A persona describes the customer's perspective of total value and total costs, representing the circumstances of their experience life cycle. "Personas foster empathy among the development team that empowers them to understand requirements with less detail and specification, make reasonable implementation decisions independently, raise valid concerns and opportunities, stay focused on the real requirements, and talk among themselves and with the rest of the company using a common language."³

Here's a partial list of best practices; contact OptimizeCX@ClearActionCX.com for the 30-point checklist:

A. In-depth Knowledge of Customers

- ___ Crystal-clear description of customers' desired end-results
- ___ Segmentation of customers by circumstances
- ___ View of customers' experience from need awareness through need extinction
- ___ Preserved customers' wording of their built-in value judgments (metrics)
- ___ Emotional as well as functional characterization of experience and end-results



B. Innovation Applications

- ___ Innovation targeted at business models, affinities, conveniences, policies, processes, skills and culture – as well as products and services
- ___ Innovation adapts to customers' priorities, without asking customers to adapt their priorities
- ___ Innovation respects customers' perspectives on what the brand does and does not represent
- ___ Competition defined by customers' circumstance-based desired end-results instead of similar solutions or target demographics
- ___ Customer personas and solutions prioritized by cumulative lifetime profit

¹ Barry Jaruzelski & Kevin Dehoff, The Customer Connection: The Global Innovation 1000, Strategy+Business, October 16, 2007.

² A.G. Laffey, P&G's Innovation Culture, Strategy+Business, August 28, 2008.

³ Bonnie Rind, The Power of Persona, The Pragmatic Marketer, Volume 5, Issue 4, 2007.

. Let's discuss how to customize this to your situation; contact us at OptimizeCX@ClearActionCX.com