Winning with Digital in an Era of Customer-Led Disruption

Business leaders who are willing to radically impact the existing cultural, organizational, operational, and technological mores within their respective firms can win in this era of customer-led disruption.
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This generation of leaders and executives has been witness and participant to a seismic shift in how we actually do business. Prognosticators love to call this a revolution, or at least an evolution. It’s hard to come up with an accurate label, and, frankly, what we call it doesn’t matter. What does matter is that something much more significant is happening and leaders are grappling with it real time: the escalation of customer expectations.

That customers expect more is nothing new. Couple those ever-changing expectations with the ever-accelerating business cycle and the challenge creates great unsteadiness. What we have now is significant disruption led by the customer. As a concept, this is the root challenge of our age. Customer-led disruption impacts everything—how we operate, why we act, when we spend, if we grow, who our customers are, and what we sell to them, among other things.

What’s really going on here?
Established leaders, challengers, and start-ups alike have each begun to impact the customer in their own way, though some are much further along than others. The fact that disruption can take time helps explain why incumbents frequently overlook disruption. The answer seems like it might be the panacea that is digital, right? Unfortunately, while digital developments have been a huge part of why the customer continues to demand more, we would collectively be missing the boat if we choose to address these demands by simply launching more apps and deploying more bots.

So how do we take action?
Consultant Greg Satell (author of Mapping Innovation: A Playbook for Navigating a Disruptive Age) states, “Clearly, neither disruption nor continuity are a winning strategy. In truth, successful disruption does not merely destroy, but creates a shift in mental modes.” As leaders, we certainly opened the floodgates ourselves. And clearly we have already been reacting. Now we have to adjust our strategies and actions to not only react to what is happening around us, but to get out in front of the shift and eventually drive the disruption constructively.

It won’t be easy, but valuable ideas and the templates for success have begun to emerge. To satisfy the escalation of customer expectations, we need to be looking at four critical areas of the business:

Culture:
How we match our actions to the pace of the business cycle.

People:
How we empower our teams to create meaningful change.

Process:
How we shift our ways of working in pursuit of greater effectiveness.

Technology:
How we efficiently use what we have to do more.

Businesses are aware of the challenges they face and this paper was developed to explore the wide variety of practical opportunities that leaders have to win in this era of customer-led disruption. Scott Anthony (author of Building a Growth Factory) says, “The theory of disruption predicts that when an entrant takes the incumbent competitors head-on, offering better products or services, the incumbents will accelerate their innovations to defend their business.”

This paper explores the variety of opportunities that leaders have to win in this era of customer-led disruption. This is definitely a topic that is on the minds of every c-suite today. The critical decisions that leaders will make within the next 24 months will establish the next generation of best practices and a new generation of success.
How customers and their expectations have changed and how that impacts the way companies “work”

How we defined and satisfied customer expectations as we entered the current business cycle:

“Understanding customer expectations is a prerequisite for delivering superior service; customers compare perceptions with expectations when judging a firm’s service.”⁴¹ There’s no doubt our customers’ expectations of how, when, and why we will serve has changed.

Prior to the explosion of possibilities created by the widespread adoption of connected technologies and the internet, the customer mindset was largely understood to be homogenized and predictable. This relates to the relatively limited set of options that existed in any given product or service category.

“It may also have been more psychographic in nature; essentially, while our culture has always put a premium on stand-out experiences and personalization, we have never really had a way to provide constructive feedback and, in doing so, create a virtuous, manageable, and visible cycle of improvement to our benefit. Clearly, that has changed signiﬁcantly.

*Digital experiences unleash more ways for companies to influence and satisfy the customer and differentiate themselves from competitors.*

Jeanne G. Harris,
*Harvard Business Review*

What macro forces caused this increase in customer expectations?

The large scale access to (1) technology, (2) speedy action, (3) the always-on service and feedback loops, and (4) democratization of each of these is the most impactful new reality of customer expectation. Access to technology has been an imperative—both in terms of how the customer “accesses” services or products and how companies are able to respond.

“We observe how (over time) the disruption process doesn’t stop – it might go at a different pace, but it does change things. A recent survey indicates that about half of the S&P 500 will be replaced over the next 10 years, a generational change that we call ‘disruptive change.’”

Juan Pablo Vazquez Sampere,
EADA Business School

(1) Technology advances are at the heart of increased customer expectation. Customers have rapidly adopted advancements such as speedy self-service, two-day delivery, and real-time, automated customer service. This trend matches-up with a societal shift toward personalized experiences. The customer has proactively taken control of their experience in an effort to achieve the outcome they desire. While there is certainly an element of dissatisfaction that potentially inspired this shift, this trend has more to do with our personal belief that no one can understand us as well as we can understand ourselves. We each have our own definition of “world-class service,” and it is incumbent upon companies to satisfy these yearnings.
(2) **Now everything is fast (and getting faster).** But the enablement of speedy action isn’t always easy. The customer’s definition of “fast” is measured in seconds. An escalating expectation of timeliness doesn’t just apply to product or services delivery. It also applies to the speed of action expected throughout the customer engagement cycle.

(3) **Businesses need to be always-on, omnipresent and part of the lives of our customers.** The move to “omni” has traditionally been viewed as providing access to the customer, but the customer sees it another way. The customer definition of “omni” is that they give us access in exchange for knowing them better and providing seamless, consistent, personalized services when and how they want them.

(4) **We have this idea of “access” and democratization.** Companies have certainly carved out special experiences for our best customers, those who buy more and have demonstrated loyalty. Now that access is a given. Every customer, by virtue of their expectation, is granted access to our best experiences.

**The landscape has changed completely.**

Understanding that there has been significant change in the landscape demands some type of reaction (as we prepare ourselves to ultimately be proactive). Frankly, this is a time to shine a light on ourselves and challenge our organizations to adapt/iterate in the short term and lead/optimize in the longer term.

“...we inevitably find that even the most successful models are incomplete. When an anomaly first appears it is usually treated as a specific case and we worked around. However, at some point we realize that the old theory is fundamentally flawed and that we need to shift paradigms.”

Thomas Kuhn, *The Structure of Scientific Revolutions*

It is easy to get distracted by trying to impact the business within the margins. Instead, we should focus on four key categories of foundational change—culture, people, process, & technology—each supported by programmatic efforts that address escalating customer expectations.
The Culture, People, Process, and Technology Foundational Paradigm

How did we arrive at this rubric?

As executives, we need to apply structure to the disruption we are experiencing in this marketplace. By applying this structure and categorizing the challenges that exist, we can start to course correct our businesses and shift into a mode of proactivity.

Why are these four related to escalating customer expectations?

Simply put, the customer has taken control of the modern economy. Traditionally, marketing & communications teams have been accountable for customer health. It was the responsibility of these professionals to manage the upper end of the customer funnel and inspire customer engagement. But today these teams are reacting to customer demands at such a pace that they are perceived as being less effective.

Gone are the days of communicating a message of good will and suggesting what to buy. Companies need to acknowledge that since the customer now defines what world-class customer service is, their marketing teams are no longer in control. Reacting is the new norm and service is an ever-changing experience defined by the latest technological advancement.

“"The future is best seen with a running start. Ten years ago, we would not have predicted some of the revolutions in social or analytics by looking at these technologies that existed at the time. I would rather start by rethinking business and commerce and then work backward. New capabilities make new solutions possible, and needed solutions stimulate demand for new capabilities.””

Benn Konsynski
Goizueta Business School, Emory University

Traditionally, the ideas of people, process, and technology have served as meaningful categories in optimizing business, essentially creating effectiveness and efficiency. As we consider the massive disruption that is occurring in response to escalation of customer expectations, we need to be aggressively looking at who is doing the work (People), how they are doing it (Process), and who systems exist to enable work streams (Technology).

Culture has become the connective tissue. While these three topics essentially cover all of the efforts any significant management consultancy might be able to deliver, we need to apply due diligence to the connective tissue that exists within our companies known as culture. Culture can be defined as the intangibles of a business’ operation that make realignment to customer needs possible. Culture binds together the various building blocks of the business’ foundation. People, process, and technology are critical yet supporting components of that foundation.
Today the whole organization is responsible for customer satisfaction.

- Operations must understand the customer need so they can structure effective teams and offerings.
- Manufacturing has to understand the pace of need and couple that with an ability to pivot rapidly when needed.
- Executives need to understand (and believe) that it is their job is serve the customer instead of just their boards of directors.
- Boards need to understand that the customer really can impact the business.

This all relates back to a real need for structural realignment around the customer, their needs, their wants, and their expectations.

Critically, executives need to act in accordance with the four core foundational categories outlined above: culture, people, process, and technology.

How can executives at once understand the disruption that is happening to them while proactively preparing their businesses for what is next—be it a continued barrage of shifting prospects or the realization of a model that is able to outpace the current disarray?

“I don’t think it can just be one or the other (marketing or technology). If its all about the operations then you lose sight of the customer. If it’s all about the customer, then you may not have the infrastructure and back end to support what you’re trying to do.”

Jo Cuombs
Managing Director, OgilvyOne UK

The remainder of this paper explores precisely how culture, people, process, and technology can serve as an organizing principle for executives to get out in front of this phase of customer-led disruption.

These four areas are structural/foundational to the business. Within each, there are myriad opportunities to evolve thinking and set ourselves on the path to continued success and growth.
Culture
Establishing a Future-Proof Foundation for the Business
Culture has a very important role to play in aligning with customer needs

A business’ culture may be its greatest asset and its greatest liability in aligning around the customer. Clearly, most (if not all) businesses exist to provide products and services to customers, and they therefore respect the significance of the customer with respect to the business. The challenge facing the modern executive is in helping the entire business understand how critical each and every function is in satisfying the customer in this era of escalating expectations.

The reality is that culture is incredibly difficult to impact and must be directly managed by executive leadership and the functional teams simultaneously. Historically, Marketing focused on communication, Operations focused on delivery, IT focused on platform and systems. Moving forward, each group will need to maintain that responsibility, but in light of the customer. For some, the shift will be subtle. For others, it will be quite challenging.

“If your organization can adopt the concept of intelligent failure, it will become more agile, better at risk taking, and more adept at organizational learning.”

Sim Sitkin
Duke University

In the grand scheme of things, impacting culture can feel like boiling the ocean. But the fact remains that integrated customer-centric thinking must be baked into the DNA of transformational companies. Finding practical ways to take appropriate measures is the first step.

Continuous innovation and agile working methods win the day

Embedded within the concept of escalating customer expectations is the promise of continuous innovation. Actually delivering on this expectation requires business-wide adoption of new agile work methods, the spirit (and processes) of innovation, and an acceptance of the fail-fast-and-learn style of thinking.

The remainder of this section focuses on practical strategies and examples that can help leaders advance their goals with regard to culture. While each of each of these is potentially a radical shift for the legacy business, the effort is worthwhile!

Each of the next pages explores the following distinct and practical recommendations:

1. Co-create with the external world:
   Featuring a case study of Starbucks’ crowdsourcing efforts.

2. Distribute decision making:
   Featuring a case study of Zappos’ customer engagement strategy.

3. Establish enterprise collaboration:
   Featuring a case study of Johnson & Johnson’s Digital Center of Excellence.

4. Make risk the norm:
   Featuring a case study of 3M’s innovation leadership.
Co-Create With the External World

The best businesses are becoming transparent and actively looking outside their walls for innovation. Internal and external stakeholders can each contribute to the process of moving the business if we accept that the insights and ideas that can lead to product and service improvement or new innovations could conceivably come from anywhere!

The fact that some constraint or obstacle may exist is not a valid enough reason to forbid active exploration and curiosity. Clearly, the business operating at scale should employ appropriate and proper process management in exploring what a wide variety of stakeholders can contribute.

The idea is this: Simply exploring what else is out there will impact the business positively. From a cultural perspective we must challenge ourselves to encourage teams to embrace a wider set of influences.

“We need to constantly look for opportunities to stretch ourselves in ways that may not feel comfortable at first. Continual improvement is necessary to get ahead.”

Joseph Weintraub
The Coaching Manager: Developing Top Talent in Business
CASE STUDY

Starbucks Corporation

My Starbucks Idea is an online crowdsourcing platform. As the website says, “You know better than anyone else what you want from Starbucks... Share your ideas, tell us what you think of other people's ideas, and join the discussion.”

Starbucks has received hundreds of thousands of ideas since the program was started in 2008. Since that time, one out of every 500 submitted ideas have been implemented. An idea being implemented largely depends on votes received and points earned.

The first idea implemented was the splash stick. Customers were tired of spilling their coveted coffee. Then the kids thought a cake pop was a good idea. Our techy friends told Starbucks how to accept mobile payments while in the drive thru. And the list goes on. After millions of votes and hundreds of thousands of ideas, Starbucks is the poster child for crowdsourcing. They have created hundreds of new product ideas that people actually buy and services customers actually use. It may have taken 10 minutes for a Starbucks customer to type out a very detailed and thoughtful proposal describing how to make mobile payments at the drive-thru window work, but it took months to source the technology, install the hardware, and train the staff to make it operationally perfect.

Was it worth it? CEO Howard Schultz seems to think so. In shareholder meetings he mentions that My Starbucks Ideas has garnered a deep understanding of the voice of the customer and contributed to the majority of their product innovations. Recent quarters have shown a few ups and downs but analysts agree that their long-term prospects continue to be strong because of one simple fact: Starbucks listens to its customers and does all it can to meet those expectations.
Power is both formal and informal. In the early 1970s, Harvard’s Abraham Zaleznik introduced the idea that power within any organization exists both within the established hierarchy and informally across various levels and responsibilities. The advent of significant social technologies coupled with the adoption of the generationally different management styles has further strengthened (and, ironically, defined) these informal, distributed models of power.

“Disruption directs you to look in places you might otherwise ignore.”

Scott Anthony
The First Mile: Getting Great Ideas into the Market

As the business considers how it can refine its culture, the idea of distributing the power to make decisions becomes imperative. As real power inside of the enterprise is distributed; decision making should be distributed as well and should include a diversity of contributors (some at the edges) and should ensure those closest to the customer become critical influencers.

“Relevance is the currency of the digital Age.”

Karl Dorner
McKinsey & Company
Zappos’ success story is one that has been recounted many times. However, we cannot help but wonder how this online shoe and clothing store generated sales above the $1 billion mark in less than 10 years.

CEO Tony Hsieh claims it all comes down to a customer engagement strategy. The company consistently scores some of the highest Net Promoter Scores in the world alongside Apple and Amazon. All Zappos employees, regardless of their position, are trained in customer service for four weeks and contact center employees then have an additional three weeks of training. This is the way the company culture of excellent, happy customer service is effectively internalized by all.

Call center employees work independently of scripts and are encouraged to have fun with callers. Zappos is known for doing things that were never seen before, such as delivering a bouquet of flowers to a customer who had mentioned he was feeling under the weather.

Here are three things Zappos says they do differently:

1. Hire for Cultural Fit: Zappos takes hiring the right people very seriously.
2. Ensure The Customer Gets Results: Zappos offers a 365 day return policy – no exceptions and no catch.

Pushing that sort of responsibility into the hands of contact center representatives is a great example of distributing decision making to those closest to the customer.

CASE STUDY REFERENCES:
Establish Enterprise Collaboration

Many executives will report that they have already made a significant investment in “enterprise collaboration.” That is probably true—in the form of one of the many corporate collaboration technology platforms that exist. Tools are a critical component of facilitating collaboration, however, the business’ culture of enterprise-wide collaboration is a completely separate issue.

We need to understand that all teams are critical to creating an exceptional customer experience. Then the business must find ways to combine people in pursuit of that challenge. When a company’s culture encourages cross-discipline teams, these thought partners will add fresh insight and dimension.

“Transformations instill the importance of internal alignment around a common vision and strategy, increase the capacity for renewal, and develop superior execution skills; they enable companies to go on improving their results in sustainable ways year after year.”

Michael Bucy
McKinsey & Company
**Collaboration establishes a shared goal and the systems to allow for it.** As competition for large companies like Johnson & Johnson has increased, it had become clear that they need to create a safe environment where individuality was appreciated and employees were able to experiment, think freely, and even disagree. To that end, Johnson & Johnson created a corporate-wide employee portal. The portal grounds new employees with key information to accomplish their job successfully by connecting them to SMEs, process enablers, managers, and overall logistics. As the digital hub for collaboration, the site enables employees—both within and across functional groups—to work together.

In addition to the employee portal, J&J is also centralizing other core capabilities. One example is a Digital Center of Excellence that helps bring cross-functional partners and projects together. Johnson & Johnson soon realized that setting up a shared platform and set of capabilities enabled any brand, small or large, to benefit. The same power once relegated only to their biggest, most iconic brands is now available to smaller, specialized brands in a very particular region or market. The global communication strategy required some pretty foundational capabilities: content management, digital asset management, and new production models that helped create, leverage, and syndicate content globally.

**J&J learned that understanding the employee and connecting those employees to the digital solutions their consumers and customers needed was the heart of enterprise collaboration.** To that end, Johnson & Johnson set up a group that has product development expertise. That group translated business requirements into technical specifications. They took responsibility for not just building and overseeing the build of digital products, but also ensured those platforms were measured and optimized. The biggest shift was to manage those platforms over time, building upon them as opposed to considering them as discrete projects that had a beginning, a middle, and an end. The consumer has come to expect updates, improvements, messaging. Employees expect the same. And that’s something that J&J built into their organization that didn’t necessarily exist in their former model.

**CASE STUDY REFERENCES:**
Fail fast has become a rallying cry as businesses apply an “always-in-beta” mentality. As Scott Cook, CEO of Intuit, says: “Our culture opens us to allowing lots of failures while harvesting the learning. It’s what separates an innovation culture from a normal corporate culture.” Companies that embrace failure and create an environment that fails fast make smaller decisions but gain important feedback faster, allowing the company to more quickly arrive at an ideal solution.

As customers are increasingly difficult to satisfy, companies will attempt and employ many different tactics. Enabling practical failure that happens quickly becomes a critical input to the decision-making process employed in funding, defunding, and prioritizing projects. Without data, this can be incredibly difficult and painful. However, with the input of micro successes and failures, leaders can make decisions with more confidence and speed.

This is why “agile software development” produces better results than more conventional “waterfall” systems of design. Some of the failures are the results of intentional experiments while others are completely unplanned and unexpected. Critically, both failures and successes provide valuable takeaways. Leaders are pursuing near constant change and evolution. Culturally, teams need the freedom (and encouragement) to approach a variety of solutions without fear of failure and in pursuit of success.

“Quick, decisive failures have a number of important benefits:
1. They can save you from throwing additional resources at a losing proposition;
2. It’s much easier to establish cause and effect when actions and outcomes are closer together in time;
3. The sooner you can rule out a given cause of action, the faster you will move towards your goal.

Rita Gunther McGrath
The End of Competitive Advantage
3M has seen many transformations. 3M’s reputation for being failure tolerant took a beating under former CEO Jim McNerney, a GE-trained leader who sought to utilize Six Sigma quality practices throughout the company, even in its research labs. Although these worked wonders in 3M’s factories, the emphasis on generating predictable results hampered employees’ willingness to take risks on unproven ideas.

When George Buckley took the reins as CEO, in 2005, part of his challenge was to restore the culture of risk taking. He discontinued the use of Six Sigma in the labs and spurred scientists and researchers to pursue new ideas—provided that the downside was small. During the recession, 3M’s historical philosophy of “make a little, sell a little” when introducing a new product was successfully coupled with Buckley’s emphasis on bottom-of-the-pyramid innovations—inexpensive items that could appeal to very broad markets.

Today one of 3M’s strengths is how it treats promising employees: giving them opportunities, supporting them, and watching them learn and thrive. 3M provides a rich variety of centers and forums to create a pool of practical ideas that are then nurtured into opportunities and provided the necessary resources for success.

Scientists go out into the field to observe customers to understand their pain points. Customers also visit Innovation Centers set up specifically for the purpose of exploring possibilities, solving problems, and generating product ideas. Scientists share knowledge and build relationships at the Technical Council, which meets periodically to discuss progress on technology projects, and the Technical Forum, an internal professional society where 3M scientists present papers—just two of 3M’s fruitful forums.

I’ve missed more than 9000 shots in my career. I’ve lost almost 300 games. 26 times, I’ve been trusted to take the game winning shot and missed. I’ve failed over and over and over again in my life.
And that is why I succeed.

Michael Jordan

Has 3M seen results?
3M was awarded the US government’s highest award for innovation, the National Medal of Technology. 3M’s gross margin averaged 51% and the company’s return on assets averaged 29%. 3M has consistently been highly ranked, often in the top 20, in Fortune magazine’s annual survey of “America’s Most Admired Corporations.”

CASE STUDY REFERENCES:
People
Organizing the Business Around the Customer
People will ultimately make or break the business

At their core, people understand how their work contributes to the success of the business. In parallel, people have a tremendous understanding of what they expect because they are customers too. The goal of business leaders should be to bridge that gap and make it possible for people within the business to not only understand how their work impacts the business, but how their work can and should impact the customer.

Pouring into our people as we organize around the customers’ needs and expectations is a significant investment. Encouraging teams within the business to think (and act) like customers as they task themselves represents a real shift in leadership mentality and requires leaders to think about how their style impacts both the customer and the business.

People are the business. The modern business asks a lot of its people and must inspire teams to think very differently about both why and how they work. As the landscape continues to evolve, the business needs to support significant shifts. Again, finding practical ways to take appropriate measures is the first step.

Satisfying customer expectations through people

Attracting, winning, and retaining employees and customers in this highly competitive, transformational environment requires concerted efforts across the enterprise. The remainder of this section focuses on practical strategies and examples that can help leaders advance their goals with regard to people. Modeling behaviors, establishing precedents, and enabling action appear to be the surest strategies that leaders can explore in organizing the business around the customer.

“The problem for companies is that once customers see something cool … they expect to see it everywhere. This puts immense pressure on the organization to keep up with the competition while trying to innovate in its own right. It’s a digital arms race, and corporate IT and other functions must be battle-ready.”

Jeanne G. Harris
ACN Institute for High Performance

Each of the next pages explores the following distinct and practical recommendations:

1. Value customer insights
   Featuring a case study of Procter & Gamble’s new thinking.

2. Flatten the org structure
   Featuring a case study of TNT’s front-line strategy.

3. Build new skillsets
   Featuring a case study of Google’s hiring practices.

4. Get IT, operations and marketing to work together
   Featuring a case study of Hertz’s focus on the customer journey.
Every part of the business is responsible for satisfying the customer. A critical step in getting to this realization is to know the customer intimately, in a way that customer “research” may not reveal and to insist that our teams look farther and wider in pursuit of valuable insights and data.

Businesses must pursue and develop a new and inventive definition of customer insight. Then, accordingly, model the method by which customer-centric insight collection occurs. The customer expects a lot of the business. The reality is that many leaders may not completely understand just how different the modern customer is from their predecessors.

The goal moving forward is to uncover consumer truths that empower the business, drive innovation, and create revenue growth.

“The insights required to solve many of our most challenging problems come from outside our industry and scientific field. We must aggressively and proudly incorporate into our work findings and advances which were not invented here.”

Kent Bowen
CEO, CPS Technologies
P&G has been going through significant changes in the last few years. It has become leaner and less bureaucratic, in part through huge job cuts—35,000 by the end of 2016. The road has not been easy, and perhaps P&G needed to lose some swagger. The sense of infallibility that comes with success can be precisely what allows disrupters to sneak in. And the company understands this is what happened.

P&G has a long tradition of focusing on the consumer. They have more consumer data than anyone on the planet, but what was missing was innovation and creativity. Successful innovation required rich cross-pollination both inside and outside the organization. Here are a couple of examples:

- **Share people with noncompeting companies**: P&G and Google swapped two dozen employees for a few weeks. P&G wanted greater exposure to online models; Google was interested in learning more about how to build brands.
- **Bring in outside talent**: P&G has traditionally promoted from within. But it recognized that total reliance on this approach could stunt its ability to create new-growth businesses. So it began bringing in high-level people to address needs beyond its core capabilities, as when it hired an outsider to run Agile Pursuits Franchising. In that one stroke, it acquired expertise in franchise-based business models that would have taken years to build organically.

Has it worked? The jury is still out, but it is clear the big and small companies are learning to think differently by listening more intently to customers and their ever-changing needs.

CASE STUDY REFERENCES:


Flatten the Org Structure

**Fewer layers, more autonomy and collaboration.** Like distributed decision making and enterprise-wide collaboration, the new digital landscape requires less hierarchy and fewer layers of organization, enabling people to get things done faster and serve customers better.

A flat management structure removes the costly and unnecessarily obtuse approval processes as well as the disjointed lines of communications that impede innovation and focus.

**Successful companies live and breathe the front line.** Increasingly powerful central staffs and competing departmental agendas both interfere with the focus on the customer. They are driven by every detail of the customer experience, how the business works, and what they need to solve.

"It’s far better to rely upon a broad base of individuals and leaders who share a common set of values and feel personal ownership for the overall success of the organization. Those responsible and empowered individuals will serve as much better [contributors]."

Terri Kelly
CEO, W.L. Gore Company
Live and breathe the business: When Dutch CEO Tex Gunning took the reins of troubled express-package delivery company TNT, he spent the first six weeks not in his headquarters office, but at the front lines of the business—in the depots, on the trucks, and with customers. He also sent all 70,000 of his employees an email soliciting issues, ideas, and concerns. He received over a thousand responses and answered all of them himself. Today, he feels that this was an essential first act to stabilize TNT, rejuvenate the company at the front line, and ultimately enable a merger with FedEx.

Ultimately, your most important employees are the ones who do whatever it takes at the front lines to make sure your customers are well served. They also are the natural leaders, no matter what level, whom others in the organization look to for guidance or role modeling. An example of this behavior is alive and well at W.L. Gore. Gore is best known as the developer of waterproof, breathable Gore-Tex fabrics and is one of the most successful firms in the world. They have more than 10,000 employees, with basically three levels in their organizational hierarchy.

There is the CEO (elected democratically), a handful of functional heads, and everyone else. All decision making is done through self-managing teams of 8–12 people: hiring, pay, which projects to work on, everything. The current CEO, Terri Kelly, says: “It’s far better to rely upon a broad base of individuals and leaders who share a common set of values and feel personal ownership for the overall success of the organization. These responsible and empowered individuals will serve as much better watchdogs than any single, dominant leader or bureaucratic structure.”

CASE STUDY REFERENCES:
There is an ongoing debate among leaders about “generalists” and “specialists.” Clearly, both are critical contributors to business success; however, when passed through the lens of satisfying escalating customer expectations, the generalist is winning.

Why? **Speed and capability.** Understanding that the customer expects a tremendous amount from the business, the generalist has proven able to react to customer needs and be sensitive to where the businesses needs to be next in anticipating additional customer needs.

**Leaders should be constantly looking for opportunities to enhance and broaden the skills of team members,** always identifying and bridging the gaps between the competencies and capabilities of the people who are delivering products and services at an ever-increasing pace.

“Once we begin to understand the challenge, the solution becomes clear. We need to learn how to unlearn...It takes a beginner’s mind to see a problem anew, without the constraints of history, doctrine, or mental model...Changing our mental model of how the world works is an exceedingly hard thing to do.”

Greg Satell
*Mapping Innovation: A Playbook for Navigating a Disruptive Age*
Talent drives innovation and, in particular, new products are core to what a company needs to do. Other ways of holding on to power, like brands and distribution networks, are falling by the wayside. Because of this fact, Google spends the vast majority of their time finding and nurturing top talent. Fundamentally, they focus on generalists as opposed to specialists. And the main reason is that in a dynamic industry conditions are changing so fast that experience and the way you’ve done a role before isn’t nearly as important as your ability to think. Specialists tend to bring an inherent bias to a problem, and they often feel threatened by new solutions.

When Google looks for people they ask simple questions. Are they curious? Passionate about what they do? Do they have insight? Could you be stuck with them for six hours at LAX? After that six hours would you still like them and find them interesting? The ones who can hold your interest are the ones you want to work with. So for Google, it’s not always about testing people’s specific skills and competencies as much as their ability to perform. It’s like a coach and a sports team. If you look at coaches and sports teams, they spend all of their time looking at talent. And it’s because it is so obvious to them how the talent will perform once it’s on the field.

Google recognizes the speed with which the world is moving. They’re not working under the same type of structured planning of the past. They have defined talent as people who can prototype and use the tools of the new age to get products into the market much, much faster.

CASE STUDY REFERENCES:
Get IT (Technology) and Marketing to Work Together

Historically, IT and Marketing have been very different creatures. IT was about systematized action, “keeping the lights on” and minimizing risk while Marketing was about tactile activation. Alone, each organization was not able to effectively harness advanced analytics in pursuit of exceptional and intelligent customer insights, and in turn distribute these meaningful insights to all parts of the organization via automated systems.

Businesses continue to organize around the customer. Successfully integrating the work of IT and Marketing can serve as a template for the continued evolution of the broader organization. These two mentalities are more valuable and successful when intrinsically linked to satisfying customer needs.

“Marketing people are good at shaping emotions for customers, but operations folks, not so much ... [the] post-purchase onboarding process, often designed to be low cost/high volume, has the potential to reinforce the connection with the product—or conversely, foster buyer’s remorse. Operations plays a key role in making sure those new customers stay loyal.”

David Edelman
McKinsey & Company
Digital is changing how the world works and lives, providing better experiences and outcomes for people across the globe. It is the great leveler. But keeping a level head when trying to figure out how to build a digital organization is anything but one dimensional.

- **Digital is an investment that requires sufficient resources for execution**: Building a digital organization often starts with investment funding that establishes foundational platforms, skills, and organizational structures—with return on investment (ROI) achieved over a span of two to four years. But once that organization is established, the real work begins.

- **Digital demands an orchestrated ecosystem**: Many organizations rely on digital partners to increase pace and add skills while steadily developing select competencies in-house that align with their business goals.

- **Digital organizations often start in IT, but that is rapidly changing**: As digital organizations mature, changes occur from close alignment with corporate IT to self-directed functions closely aligned with core business domains (e.g., business units, marketing, and sales).

- **Digital leadership reporting relationships are varied across organizations**: Digital leaders report directly to a diverse group of senior positions including chief executive officers, chief information officers, chief marketing officers, and geographic leadership positions; the right alignment is driven by digital business need. These business needs have led to a recent trend of introducing chief digital officers and chief omni officers in the retail sector.

- **Digital accountability and decision making authority tends to focus on growth**: Digital leaders rarely have full profit and loss responsibility—and are typically accountable for digital revenue growth and coordination of enterprise digital investment to achieve governance and ROI.

- **Digital organizations have moved from a transactional ecommerce focus to omni-commerce focus**: Turning to integrating physical and online to provide a seamless customer experience anywhere, regardless of customers’ preferred method of shopping.
Process
Operationalizing Customer Needs
Process impacts the customer in significant ways

Exceptional customer experience is the most critical weapon the business has in addressing the escalation of customer expectations. The experience (CX) is essentially how we engage customers in the brand and deepen relationships. Frankly, the CX is the root of the challenges we are experiencing across the landscape. The business’ reaction (across the concepts outlined within culture, people, and the to-be-explored technology sections) to the customer’s CX expectations in the form of process is a critical area of focus for leaders. Codifying how the organization manages the CX is, perhaps, the most radical shift leaders can contemplate in regard to the customer. As stated above—finding practical ways to take appropriate measures is the first step.

Processes help employees help customers

The goal is this: Ensure a consistently superior customer experience (thus satisfying the customer’s escalating expectations).

To get there the business needs to adopt processes and approaches that drive consistent and exceptional content, service requirements, and execution across all channels. Additionally, the business must be able to quickly respond to the changing landscape of customer needs and behaviors by adjusting, tuning, or reimagining experiences.

The remainder of this section focuses on practical strategies and examples that can help leaders advance their goals with regard to process and continuously put the customer at the center of the business.

“Distributed stakeholders are often set adrift to define their own conflicting and competing priorities. The results are duplicated or uncoordinated efforts that can impact the cost and quality of projects and, ultimately, diminish the customer experience itself.”

Jake Sorofman
Gartner Group

Each of the next pages explores the following distinct and practical recommendations:

1. Understand the customer journey
   Featuring a case study of BMW’s reimagined dealer experience.

2. Establish rapid innovation
   Featuring a case study of Hilton’s innovation lab.

3. Focus on digital-driven development
   Featuring a case study of HomeAdvisor’s appointment scheduling.

4. Realize the real-time revolution
   Featuring a case study of Pep Boys’ seamless service.
Understand the Customer Journey

Two essential tools to better know the customer are user personas and user journeys. In terms of definition: User personas define customers across a broad spectrum of qualities (including, but not limited to, demographics and psychographics); user journeys map out end-to-end customer experiences across products, services, touchpoints, and sales/marketing channels.

As a best practice, leaders must establish each (personas and journeys) as gospel across the business. Done well, these become symbiotic to the development of any and all products, experiences, or innovations that the business may be able to conceive. In fact, delivering great customer journeys can boost revenues 1—15%, lower service costs 10-20%, and increase employee engagement 20-30%. Understanding how customers currently and optimistically “use” the marketing tools, technologies, and, ultimately, the products that the business delivers is the key input to establishing useful user personas and journeys for the business.

Leaders should first establish the objectives and needs of the business. Next, teams should focus on designing, creating, and curating high-value experiences wherever the customer is concerned and based on customer segmentation, understanding of needs, and behavioral insights. From there, optimization becomes essential as the needs of the customer have become incredibly fluid and are ever changing. Importantly, fixing customer journeys is about a mentality rather than a one-off solution. That means setting up processes to respond rapidly.

According to a RichRelevance study, 40% of retailers reported that they are having difficulty integrating back-office technology across all of their channels. Almost half the companies already have dedicated omni-channel teams (the organizational tool that many leaders are choosing to deploy) but nearly all reported barriers to successful execution.

Credera employs these steps to map out personas and user journeys:

- Determine customer (user) groups.
- Document customer (user) group insights.
- Develop personas and pathways.
- Align to possible products, services, and tools.
- Determine the most valuable customer experiences.
- Decide key performance indicators for each pathway.
- Design and develop creative concepts against specific pathways.
- Test selected experiences and confirm value.
Delivering a great customer journey can boost revenues 10-15%, lower costs 10-20% and increase employee engagement 20-30%. (For further convincing, see the Harvard Business Review article, “The Truth About Customer Experience.”) Despite these opportunities, companies have been slow to respond to the customer journey imperative in an organized way. Executives focus on optimizing discrete touchpoints rather than improving the complete customer experience. This is like treating a symptom without bothering to find the cure.

The chief marketing officer (CMO) and chief operating officer (COO) are the natural partners for turning this around. When CMOs and COOs talk about the customer decision journey, that language needs to be translated into metrics and key performance indicators (KPIs) that more accurately measure progress. For example, a call center may pride itself on completing X% of service calls within 30 seconds, but that’s not a valuable metric for determining overall customer satisfaction—or what the customer then does after that service interaction. The better metric would measure the percentage of calls that were made and required no additional follow up.

That happened at Hertz, which had identified the need to get their customers from the front desk to the front seat faster. When sales managers saw a rush of customers, they could put more people on the front desk. But the crews responsible for prepping the cars had no contact with the front desk. Whether it was slow or busy out front, it was always business as usual back in the garage. When the marketing/operations team walked through each of the stages of this particular journey, they quickly developed a greater appreciation for the entire process. They also were able to identify critical changes, one of which was to install a simple system—a light in the garage activated by a switch at the front desk that signaled surges in demand—so that prep crews could respond accordingly.

CASE STUDY REFERENCES:
Once a customer need or expectation is realized, the business needs to act fast in developing a solution. Today, previously unexplored solutions to business needs are often seen as innovations. Clearly, the word is being used in many ways across the landscape. However, here its usage is quite appropriate.

The concepts of agile or sprint development become incredibly useful in addressing these emerging customer needs (i.e., expectations). Employing a structured series of design sprints, inception sessions, and focused innovation planning cycles are encouraged to bring ideas to light quickly, and prove or disprove the proposed market offering (fail fast!).

Businesses are clearly not devoid of ideas, rather, they struggle to choose the right ideas and innovations to explore and lack the ability to activate. Applying structure to rapid innovation becomes a highly effective tool in addressing customer need quickly.

“[Process] needs to support collaboration and creativity. In this fast-changing, complex world, if a company sees innovation as something incremental, it will be marginalized in the coming years.”

Mohamed-Hedi Charki
EDEHC Business School
Hilton Hotels is one of the most recognized names in the industry—travelers all over the world have been saying “Take me to the Hilton” for almost a century. As we move into the next century, Hilton faces threats from non-traditional players like Airbnb and is constantly responding to traditional competitors that are innovating with new technology. To remain competitive Hilton needed to create a plan to identify opportunities through an innovation lab concept that could rapidly prototype and test solutions to meet the needs of their customers and then get the best ideas to market quickly.

It was critical to develop an operations plan that included the lab’s positioning for internal groups, intake process and governance, prototyping, and incubating procedures.

The lab approach helped clearly communicate what to expect and key deliverables the lab would deliver. Prioritization and planning outlined opportunity reviews, the advisory board, prioritization criteria, and tracking of projects.

Hilton established their McLean, VA., property as “The Innovation Hub” where they can test meeting and guest room concepts like Connie—the robot concierge, digital key, Amazon lockers, and other new concepts.

By clearly documenting all the innovation procedures and dependencies, Hilton had the clear direction it needed and could communicate the innovation lab’s benefits to the organization. Establishing the Innovation Hub gave them a real opportunity to test and learn from customer feedback. They understood how to operate and incubate new ideas and measure the program’s success.

Hilton Worldwide is a Credera client.
Focus on Digital-Driven Development

Business can no longer support the escalating needs of the customer via traditional development timelines. Leaders must continually imbue teams with the ability to be constantly optimizing and updating the customer experience.

This digitally-driven approach to development requires instituting processes. Product and service development needs to incorporate strategy, data science, user experience, development, and automated testing that can be rapidly iterated. Harnessing the power of existing techniques, teams can effectively satisfy the needs of the customer and the business simultaneously.

Speed-to-market optimization is fast becoming the minimum requirement in the battle for customer relevance. Knowing the customer is critical. Instituting the process to act on behalf of the customer positively impacts the business.

“Critically, digital isn’t about just working to deliver a one-off journey. It’s about implementing a cyclical dynamic where processes and capabilities are constantly evolving based on inputs from the customer, fostering ongoing product or service loyalty.”

Karl Dorner
McKinsey & Company
If any category is about customer choice and voice it is the home services category. HomeAdvisor recognized that the average homeowner uses a contractor for home repairs six times a year. Of those six times, 1.3 per year were connected via their website to one of their home service professionals. If they increased their average by even a small amount there would be a significant impact on revenue.

Generating strong, ongoing engagement that drives satisfaction and high repeat usage helped increase HomeAdvisor’s odds of increasing ongoing appointments. They also noticed that if consumers rated or ranked a service professional on their site, the consumers were much more likely to use HomeAdvisor for subsequent appointments later that year.

**My Favorite Pro:** Credera wanted to make it easy for existing HomeAdvisor customers to remember and re-book their favorite pros. My Favorite Pro functionally allowed users to see who they had used before with a single click.

**Instant booking:** Instant booking was accomplished through open calendar integration with multiple applications and systems. Scheduling had the proper amount of buffering for everyone involved. Confirmations and ongoing communication via mobile text made everything easy.

**Business is up overall:** HomeAdvisor has reported that business for fiscal year 2016 is up 35% overall thanks to improved scheduling, high rates of online reviews, and an increased rate of repeat customers.

**Increased bookings:** One million appointments have been booked using the new calendar system to date. This capability appeals to a younger demographic that wants to schedule appointments with minimal interaction outside of a connected device.

**Ratings and reviews have increased:** More than 950,000 customers reviews have been submitted. Review submission grew 80% from the previous year and contributed greatly to the overall revenue growth, encouraging overall site reuse, loyalty, and a sense of ownership by the consumer.

HomeAdvisor is a Credera client.
Perhaps the most jarring of the changes seen recently in customer expectations is the growing call for real-time, on-demand interaction and reaction.

From a process perspective, this shift radically impacts teams. Historically, business was not built to be able to support customer needs at-scale in anything other than a highly regimented (and time-consuming) manner. Escalating customer expectations simply does not allow for legacy processes.

**Leaders must insist on the development of customer use cases that start with "real time" as critical and unfold from there.** Customers are smart—they know when real time can and should be possible and when it simply is not. In response to this understanding, the business must consider how and when to create meaningful new processes.

“A customer’s impression of a brand is like a mosaic. It’s made up of many individual touchpoints. When a consumer is faced with a big decision, say abandoning a known brand for its competitor, the overall mosaic impression is what often causes them to stay.”

Craig Borowski
Gartner Group
When your car breaks down or you have a flat tire, you don’t have time to wait. You have to have answers fast. Customers need to know if you have the parts they need for their specific vehicle at the location they intend to use. This kind of coordination is expected in real time. If you are on the side of road or on your way, you don’t want to hear, “let me get back to you on that.” No, you need accurate answers, now.

**Pep Boys hired Credera to develop and implement a strategy to help them serve customers via an integrated, seamless online channel. Providing real answers, in real time.**

Credera delivered a high-end, highly scalable, and flexible ecommerce technology including enterprise integrations. The customer relationship management tool, enabled customers to schedule service appointments research and buy tires, ship products to their homes, and buy over 85,000 parts and accessories online.

**Real-time personal service was achieved through contextualization.** Every online interaction was based on the customer’s vehicle profile and store location. Recommended service intervals, recalls, ratings and reviews, fitment, and mileage-based reminders and maintenance schedules all displayed based on needs of the specific vehicle.

**Real-time results:** By providing service specific to you your vehicle connected directly to your store’s inventory and availability. Pep Boys went from $0 to $250 million in annual online sales and has seen 10% average year-over-year traffic increases over that last five years. Tire sales doubled compared to Pep Boys internal projections with approximately 80% of sales coming from new customers.

Pep Boys is a Credera client.
Technology
Exceeding the Needs of the Customer by Enabling the Business
Definition of Technology Foundation

Fortunately, few businesses lack significant technologies! It goes without saying that many technology investments made across the enterprise have been incredibly rewarding. Others have been, perhaps, less so. Today, the buzzword is transformation. Prominently, we see transformation taking shape in the form of technology platform installation and (attempted) integration across businesses.

Herein lies the challenge—while technology is a critical component to addressing the escalating expectations of customers, it rarely represents a stand-alone solution. Furthermore, the landscape is littered with middling implementations, unrealized goals, or (worst of all) complete failures.

The issue is that most businesses approach technology as the solution to all problems as opposed to a major part of the solution. In taking this stance, technology is applied to challenges via a very traditional platform/upgrade mindset that simply does not align with the principles and concepts previously explored within this paper. As leaders shift in support of a business-wide focus on the customer, the concepts explored within the prior sections (culture, people, process) must be combined with existing and/or potentially new technologies in order to satisfy the customer’s expectations. Finding practical ways to take appropriate measures is the first step.

"More than ever, customer experiences are based on a foundation of technology and delivered to a digitally savvy population."

Jeanne Harris
ACN Institute for High Performance

Opportunities to actively address customer expectations with Technology

The software development lifecycle employed by IT operations and the enterprise (mis)use of data and data-oriented technologies need to change as business continues to evolve.

The remainder of this section focuses on practical strategies and examples that can help leaders advance their goals with regard to technology. Each concept explored on the following pages represents a re-deployment of existing and proven technology concepts in novel and compelling new ways.

Each of the next pages explores the following distinct and practical recommendations:

1. Activate innovation and design sprints
   Featuring a case study of AirBNB’s success in innovation.

2. Operation and technology integration
   Featuring a case study of Etsy’s deployment processes.

3. Modular architecture and embracing APIs
   Featuring a case study of Motorola’s customizable ecommerce platform.

4. Make agile development real
   Featuring a case study of Cars.com’s agile approach.
Activate Innovation and Design Sprints

“Sprinting” is fast becoming a powerful tool for both the chief marketing officer and chief information/technology officer. What began as a component of agile software development has evolved into a technique that can be applied across the business in pursuit of effective and efficient solutions.

A “sprint” is essentially a time-boxed effort activated by a cross-functional team in pursuit of a specific and defined deliverable. Critically, the “deliverable” must have meaning, function, and applicability such that the the business can deploy and test it in a real-world environment.

Increasingly, leaders are seeing unstructured challenges surface in their businesses. Getting to a solution feels insurmountable in light of the ongoing needs of the business and existing ways of working. Sprints represent a opportunity to shortcut the path to critical learnings without building or launching mission-critical assets in order to better inform your deployment.

“The beauty of experimenting in this way is that you never get too far from what the market wants. The market pulls you back.”

Marissa Mayer
VP Google
The difference between a great idea and a successful business can sometimes be a little listening. This lesson was an important one that allowed Airbnb to turn the corner from a new online marketplace with $200 in weekly revenue about to run out of funding to a company serving 35 million customers with an annual revenue of $900 million.

Airbnb struggled to understand why their business wasn’t “catching on” with customers. They chose to do something drastic—they shut down development, tracked down a few customers, and interviewed them face to face. The feedback was incredible and the path forward was clear. “There’s this gap between the vision and the customer,” founder and designer Joe Gebbia says. “To make the two fit, you have to talk to people.”

The site had an incredible amount of usability issues. Even simple things such as selecting a date on a calendar was confusing to customers, causing them to exit the site. No wonder they didn’t have sales. Customers couldn’t interact with the site. It was still a great idea, they just needed to work on the execution in order to turn it into a profitable business.

Airbnb changed their approach to invoke weekly sprints, which included customer interviews and then developed quick fixes for the biggest issues uncovered. Each week they saw their revenue double. The interviews provided quick access to the biggest issues their customers were facing and the efforts paid huge dividends.

Interviewing customers is just one facet of design sprints, but it is a critical feedback source that all companies should incorporate into their product lifecycle.

CASE STUDY REFERENCES:
Knapp, Jake, John Zeratsky, and Brad Kowitz. Sprint: How to Solve Big Problems and Test New Ideas in Just 5 Days
Knapp, Jake. “The Design Sprint.” GV.com
Operation and Technology Integration

Companies are forced to rev up delivery models in order to meet the changing needs of customers. Monthly deployments are no longer the norm as companies have shifted to weekly or daily cadences. This requires a challenging balance of agility, reliability, and security in order to be successful: DevOps.

Companies such as Rackspace recognize this and now provide DevOps engineers who can look beyond servers to help you build the most agile and scalable platform possible.

**DevOps is not strictly about tools as often referenced.** It is actually about mitigating risk and quelling an organization’s fears specific to its business. If your revenue is highly dependent on technology and a few skilled resources, it is best to mitigate that risk by creating DevOps capabilities specific to continuous integration/deployment, configuration management, and automated tests. Your DevOps capabilities must match your business goals and risks.

“DevOps isn’t a tool or a product. It’s an approach to operations.”

Rackspace Executive
CASE STUDY

Etsy

Etsy sought to make updates to production often and with confidence. They would need to get the entire company to see the deployment process as a low risk and highly reliable process. Continuous integration and automated test capabilities were instrumental in achieving their goals.

**Etsy deployments can now be performed by anyone.** They have become so safe and routine that new engineers will perform a production deployment on the first day of work. Even board members have been active parts of the deployment process.

**The deployment process has been optimized to require few steps and the least amount of coordinated oversight/approval.** That’s because even before code is checked in, the developer has run over 4,500 unit tests on their local machine and this has been tuned to take place in less than one minute. Once the changes are checked in, over 7,000 automated trunk tests are instantly run on the new code providing even further confidence. Etsy has optimized these tests to run in parallel across several machines in order to take less than 11 minutes so they can be re-run once if needed without exceeding the goal of a 20-minute time limit. This process is followed up with smoke tests and functional tests executing end-to-end front-end tests on a live server.

**What used to be a source of fear and stress is now a routine operation occurring up to 50 times a day.** Etsy is now able to quickly and frequently make enhancements to production, delivering constant value to its customers.

CASE STUDY REFERENCES:
Modular Architecture and Embracing APIs

As companies look to enable new customer functionality at high speed while cutting operational cost and waste, they must look at the overall architecture of their technology.

Oliver Bossert, a Senior Expert on Enterprise Architecture at McKinsey, notes that these companies are creating a two-speed IT architecture by decoupling slow-moving legacy systems from the quickly changing customer-facing technologies. This is often a separation between front-end functionality and enterprise back office systems.

The back office system should be designed for stability and high-quality data management. These design considerations require longer lead times for releases. On the other hand, the front-end system should be modular to enable quick iteration and deployment while avoiding challenging integration efforts.

Companies also leverage commerce APIs to easily enable omni-channel functionality. This modular approach creates flexibility and scalability in order meet the business’ needs in the digital age.

“APIs are a secret weapon for embracing the digital transformation. As companies seek to tie together more and more best-of-breed technologies, APIs will play a big part in making that possible.”

Daniel Newman
CEO, Broadsuite Media Group
Motorola desired to re-platform their ecommerce functionality to a more modern, modular system while maintaining their existing front end and content management system. Since a ground up rewrite was not an option, this would require the use of a highly-customizable ecommerce framework.

Motorola reached out to Broadleaf Commerce, a company specializing in open-source, enterprise eCommerce platforms for top business-to-business and business-to-consumer retailers on a customizable Java and Spring framework. They were able to leverage the Broadleaf as the foundation for this effort and successfully created a headless and stateless instance of the eCommerce framework. The stateless instance allowed Motorola to scale horizontally with ease and achieve their goal of leveraging the existing front-end components.

Broadleaf Commerce’s framework also allowed Motorola to create an integration service decoupled from the eCommerce engine which allowed the eCommerce systems to more easily integrate with the existing enterprise infrastructure. To this end, Motorola was able to customize the out of the box admin screens and functionality to meet their specific customer and business needs.

By basing their eCommerce functionality on Broadleaf Commerce, Motorola was able to achieve their goal of creating a modular architecture which was customized to meet customer expectations while integrating with their existing content management and frontend systems.

Motorola is a Credera client.
Finally, we explore agile development. Often mentioned (across the landscape and within this paper), agile development was originally conceived as a highly efficient software development process. Many organizations adopt agile software delivery because it reduces cost and risk, improves quality, and helps speed innovations to market with continuous delivery capabilities.

**As the business pursues greater customer satisfaction, continuous innovation becomes imperative.** This empowers organizations to launch, learn, and re-launch customer experiences in order to quickly react to market and customer needs.

**Agile development should not, however, be viewed as a panacea.** It shines with a cohesive team in close collaboration and in a problem space that is either poorly defined or constantly changing.

“In an agile environment, small chunks of code are written and shared in quick, iterative fashion with other programmers and users before the team moves on. This is in sharp contrast to the approach in which analysts spend months documenting user requirements before submitting those requirements to programmers, who only then begin coding. By the time a problem is discovered, a project could have been heading in the wrong direction for years.”

Rita Gunther McGrath
Columbia Business School
Cars.com’s mission is simple: To make car shopping and selling a great experience. This requires frequent updates to the online car buying process based on quantitative and qualitative customer feedback.

**Cars.com wanted to overhaul its development processes.** Its existing waterfall model required months of up-front planning and meetings, which led to a backlog of projects. Furthermore, the Cars.com build and release process involved several manual steps that staff in multiple roles performed. Because so many manual steps were required, errors were common, leading to wasted time, poor productivity, and potential revenue loss.

Before improving its technology and processes, Cars.com first needed to invest in training and hiring staff with the technological skill set to tackle these challenges. They made a huge investment in IT training and staffing in 2011, hiring 35 people and increased training investment by 500%. They made great strides by moving from 40 deployments to over 300 new product releases a year.

Mahi Inampudi, principal architect and senior manager of Cars.com, says, “We not only know the areas where we need to scale differently, but we also have close to 200 opportunities in a given year to change our direction and constantly improve it. The process and the cultural aspect of it mixed with the new technology direction, it is giving awesome results for us over the last year.”

**CASE STUDY REFERENCES:**
IBM. “Cars.com Increases Product Releases by 650%.” IBM Rational – Cars.com Increases Product Releases by 650% - United States
Alhir, Sinan Si. “Cars.com’s Agility Transformation Journey.”
Critically, executives need to act.

Nothing worth doing is easy. But here’s the good news: Within every business are people and teams that are hungry to impact change and add value to the business as we collectively embrace these radical shifts and evolutions that are happening all around us.

As detailed earlier in this paper, the ideas of culture, people, process, and technology have served as meaningful categories in optimizing business, essentially creating effectiveness and efficiency. Each can be defined and summarized again as follows:

**Culture:**
How we match our actions to the pace of the business cycle.

**People:**
How we empower our teams to create meaningful change.

**Process:**
How we shift our ways of working in pursuit of greater effectiveness.

**Technology:**
How we efficiently use what we have to do more.

These valuable ideas serve as a template for next steps. Throughout this paper, we have principally concerned ourselves with addressing the constant escalation of customer expectations and what leaders can do about it. In doing so, we have delved deeply into each of the four aforementioned categories in an effort to provide distinct, manageable, and practical strategic recommendations to business leaders.

Graphically, we see these 16 practical recommendations arranged as follows:

In closing, we encourage business leaders to pursue exceptional customer relationships that are the result of exceptional customer experiences. We also strongly believe that a loyal, satisfied customer base is the goal for any business and that astounding business results are the natural byproduct of such a focus.

As we move in support of our clients, each and every one embracing the challenges outlined within these pages, we cannot help but be optimistic about what is next and excited about how our firm can contribute to the success of great client businesses. Truly, we are all witness and participant to an incredibly dynamic time—a generational shift in how (and why) we do business.
Credera is a full-service management consulting, user experience design, and technology solutions firm.

We work with Fortune 1,000 companies, medium-sized businesses, government organizations and clients across a broad range of industries, and we give them the experience and perspective to solve today's toughest business and technology challenges. Credera delivers solutions to clients across North America. Founded in 1999, we currently have office locations in Dallas (headquarters), Houston, and Denver.

FIRM HIGHLIGHTS

Credera is a privately held company that has been profitable in every quarter of existence. Credera carries zero debt and has no outside ownership. With over 270 professionals on staff, Credera possess a unique combination of deep technical expertise with extensive business backgrounds. Our business acumen and process oriented approach to technology solutions separates us from our competitors.

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Phil Lockhart is the lead for Credera’s Digital practice. He has an extensive background in channel strategy, activation, and optimization for online and omnichannel business. Phil recently oversaw the strategy and execution of building an ecommerce channel from the ground up to over $250 million in annual revenue. Throughout his career, Lockhart has led many strategic and technology-focused projects for Sprint, Interstate Batteries, GameStop, Pep Boys, National Geographic, HomeAdvisor, and Chili’s. He holds a B.S. in Aerospace Engineering from Iowa State University.

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Hugh is a principal in Credera’s Digital Practice. He leverages his years of digital strategy experience in online behavior to deliver high performance results, helping companies move from foundational digital practices to transformational growth platforms. Clients have included: Banfield Pet Hospitals, Kraft/Mondelez, JCPenney, Lowes, Mars, Nutro, Ralph Lauren, Royal Canin, Sam’s Club, and Walmart. Hugh earned a bachelor’s degree in fine arts from Kansas City Art Institute.
Sources


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