

Don't yield on customer trust: Navigating the customer experience journey on the rough road ahead



Table of Contents

- 1 Introduction**
- 2 Managing customer experience in the new economic environment**
- 3 The path to customer intimacy**
- 14 Getting started**
- 15 Conclusion**

Don't yield on customer trust: Navigating the customer experience journey on the rough road ahead

By Steve LaValle, Brian S. Morris and Cristene Gonzalez-Wertz

In challenging and dynamic times, traditional approaches seem to grant companies permission to reduce costs by renegeing on prior promises to customers. However, smart companies understand they don't need to trade customer trust for short-term gains. They focus on business effectiveness and efficiency while keeping their promises to customers, creating a win-win for both customers and shareholders.

Introduction

Rapidly unfolding global events and economic changes have altered the business landscape forever. We are without a clear map to the future. It would be easy for business leaders to head in directions that, over time, will actually set them back. It is a "shortcut" that is neither shorter nor more effective in reaching the destination. In these times, organizations cannot abandon their brand and value promises to customers unilaterally – organizations and their customers share a two-way street. Companies forgetting this simple principle may profit in the near term, but are likely to pay down the road as scorned consumers lose trust and move on.

Businesses must acknowledge the reality that customer expectations may conflict with the need to cut costs through a reduction in marketing, sales and customer service functions. By following a balanced approach between cost reduction and maintaining brand promises, smart companies – those that are forward thinking, adaptive and customer focused – can increase customer loyalty and operational efficiency while, at the same time, exploiting the missteps of competitors.

In a period of economic transformation, companies should focus their efforts on quick-hit projects that deliver clear near-term benefits and that create positive – or at least neutral – customer impact. However, when those efforts are exhausted, companies need deeper insights to continue improvements for both the organization and the customer. Understanding how each interaction impacts the individual's perception of the company as well as understanding the needs of the customer (ie, Moment-of-truth analysis and voice of the customer, respectively) will be key tools in setting priorities. Armed with this insight, organizations can improve their use of customer information, business process and new digital channels.

In this paper, we outline a series of practices that can help continue developing customer trust while building organizational efficiencies; delivering a smoother and better road for both. We illustrate our perspective with real examples from CIGNA, a global health service company that is smartly embracing change. We describe how CIGNA listens to and interacts with its customers.

We cannot just abandon brand and value promises to customers because our situation has changed – it's still a two way street

Managing customer experience in the new economic environment

For some, the new economic environment raises questions of survival. For others, it will be an opportunity. However, even forward-thinking companies may succumb to conservative decision making and lose focus on their customer and growth strategies. The economic downturn requires rational, fact-based approaches that balance near-term economics with long-term competitive positioning in order to enable customer focus for the road ahead.

Customer focused approach is right (before, during and after the downturn)

The interactions between a customer and a company have lasting effects on both revenue and profitability. They also represent operational costs in the current fiscal period. Ultimately, companies that preserve their customer focus during tough times are likely to advance beyond their competitors as the markets recover. The best strategies are win-win relationships that result in value and satisfaction for customers, and profits for the company.

In 2006, IBM introduced the “Customer Focused Enterprise” perspective, which declared that leading companies need to build strong bases of loyal, profitable customers who are also advocates for the companies! Simply, customer focus requires that organizations deliver on their promises, especially in ways that customers view as valuable. Using both objective and emotive criteria, how customers feel is often as important as the service they receive. *Furthermore, not all interactions are created equally.* Some interactions are “moments of truth” that are charged with objective and emotional characteristics (e.g., explanations of healthcare coverage and benefits), while others are points of pain — interactions that become moments of truth due to the organization's shortcomings (e.g., incorrect or incomprehensible explanations of healthcare coverage and benefits).

Customer focused organizations apply three strategic prescriptions to every customer interaction:

1. Delight customers when it makes sense (and cents) ... is it a moment of truth?
2. Fix where the company fails on its promise ... is it a point of pain?
3. Right size delivery when the interaction isn't important to the customer ... is it relevant?

Today, applying these prescriptions is even harder as the customer reference points have shifted because of the stress and uncertainty of the current economic climate. Smart organizations are not simply reapplying prevailing views of what is important to customers, but also are understanding the current customer mindset.

In summary, we recommend starting with easily remedied inefficiencies and then acting upon the insights of customer-focused analysis to target additional opportunities. Many organizations will find the next round of opportunities in (1) applying additional insight to refine interactions, making them more helpful and easier to use for the customer, (2) simplifying and improving the reliability of business processes, and (3) and enhancing digital channels to enable alternatives for customer to do more themselves. This may include reducing paperwork, inbound inquiries, service calls, mistakes and rework.

“CIGNA’s mission is to help the people we serve improve their health, well being, and security. In fulfilling our mission we’re committed to becoming the leading health service company. That requires a different focus -- one that puts the individual first and foremost in our minds, our decisions, our actions. The leading health service company is the one that is best at listening to, understanding, and then helping individuals actively participate in improving their health. With growing health care costs, the only sustainable approach and solution to a continuing problem is to focus on health and health improvement rather than only treating sickness -- we’re about helping people get better and helping people stay healthy. Not only is there the opportunity to improve quality of life, the individual, corporations, and the country will save money. It’s all about the individual -- each of their mindsets, choices, and participation. I believe our focus is not only the right one, but the right thing to do.”

- David Cordani, CIGNA President and Chief Operating Officer

The path to customer intimacy

Competing in the U.S. Healthcare Payer Marketplace

While each industry has its own unique challenges, few are faced with more disruption than U.S. healthcare payers. As documented in “Healthcare 2015 and U.S. Health Plans”, the United States is struggling to address increasing costs, poor or inconsistent quality. At the same time, there is inaccessibility to timely care. All of these are testing the sustainability of the healthcare system. For example, U.S. healthcare expenditures per capita are 2.4 times higher than that of other developed countries and are projected to increase 67 percent over the next ten years. Moreover, these challenges are exacerbated by forces that are challenging the status quo: globalization, consumerism, changing demographics and lifestyles, diseases that are more expensive to treat (for example, rising incidence of chronic disease), and the proliferation of medical technologies and treatments.²

The growth in healthcare spending, combined with the aforementioned forces, is having dramatic impact on U.S. healthcare payers, specifically in how healthcare is purchased, consumed, and delivered. The purchasers of healthcare benefits are shifting from employer-based to government-based and individual coverage. Consumers are bearing increasing responsibility and accountability for managing and paying for their healthcare services. And new approaches to promoting health and delivering care are prompting new reimbursement approaches by healthcare payers (for example, pay for performance).

These changes in healthcare purchasing, consumer responsibility, delivery requirements and models are reshaping the competitive landscape. As we have seen in other industries, consumerism has created a much more demanding set of customers, both for product quality (“can this product be tailored to meet my needs?”) and service quality (“can you help me stay healthier or navigate the health system when I am ill?”).

In response, many healthcare payers are changing their approach from a “wholesale” or business-to-business products mindset, to a more “retail” or business-to-customer products and services business model. Operationally, this shift will have a significant impact on both administrative costs and the need for flexibility and agility, since healthcare payers have traditionally focused on reducing costs and optimizing efficiencies. New capabilities will need to be mastered that were previously secondary. There is a long way to go on this journey. In a recent consumer survey, for example, Healthcare payers were ranked in the lowest tier, with 60 percent of respondents suggesting healthcare payers were “doing a bad job.”³ In the final analysis, Healthcare payers will need to earn the trust and confidence of their members to succeed in this new landscape.

CIGNA realizes returns from customer focus

Many hope for the opportunity to take an idea from concept to reality and that is exactly what happened to Ingrid Lindberg when she was name Chief Customer Experience Officer at CIGNA. In that capacity, she and her team have worked closely with executive leadership to frame the vision and the call to action for the customer experience the company is trying to create. In addition, she and her team have been a vigilant voice for the customer during the implementation.

This case study evaluates the three phases of CIGNA’s journey:

1. Call to action. Understand how the changing business landscape requires change in the business model and strategy to provide competitive advantage.
2. Mobilize for change. Determine what the customer wants/needs through customer touch point research and create a promise to address their needs. Then, develop a blueprint and future-state roadmap to operationalize the promise.
3. Make the changes. Convince employees to embrace and live the promise everyday while concurrently executing the long-term foundational changes in the roadmap.

Big promises = big opportunities

Making big promises to customers sets big expectations. A commitment that is carried out successfully can bolster trust in profound and amazing ways. CIGNA also understands the dangers of not making good on their promises. Written below is CIGNA's visionary pledge to customers.

Our pledge

At CIGNA we can't speak for everyone.

But we can speak for ourselves.

Hear this.

You are our partners and customers.

Serving you is a privilege.

And a responsibility.

It is our responsibility to be understandable.

It is our responsibility to treat you as real people.

It is our responsibility to help you when you are in need.

We will make the process easier.

So that you may enjoy and manage

The greatest treasure you own: your health.

We will encourage. We will protect. We will adapt.

When you need us, you will know us by our names.

We will know you by yours.

And we will do everything within our power to keep you healthy.

Healthy body. Healthy mind.

And together we will explore possibilities instead of limitations.

A much healthier point of view.

CIGNA:

We are signaling change.

Reprinted with permission from CIGNA

Although this journey is still underway, CIGNA has seen early returns from their new attitude and persistence. This remains a company wide priority from the board of directors to frontline personnel. As outsiders, we learn from their progress.

Call to action for CIGNA

Early on, CIGNA recognized and embraced the shift in the marketplace toward the consumer. This led to a significant and profound change in how CIGNA decided to model its business. Instead of being a product company that brokers medical transactions for employers, CIGNA sought to become a service company, one whose mission is to improve the health of their primary customer i.e., the consumer, the individual, the member, the patient.

According to Matt Manders, President, Customer Segments at CIGNA, “The individual can select a new set of features that span well beyond payment transactions – including health advisory services focused on making healthy choices, managing treatments, and obtaining clinical care. Our goal is to help individuals to better navigate and choose health care options for themselves and provide a financial planning component to help them balance their health care spending and manage their budgets.”

Internally, the mission would require a sizable shift in how CIGNA thinks about and interacts with customers; as well as corresponding changes to business processes, channels, communication standards and use of information. The company would need a new attitude, beliefs, and skills. It wouldn't be enough to install a system or build a website, the people of CIGNA needed to embrace change, from top leadership to frontline personnel.

CIGNA wanted its employees that answer customer inquiries to be helpful, transparent, and benevolent. The main changes noticed by the customer would be:

- Agents and representatives would make things clear and simple for the customer, explaining complex aspects of service without confusing industry jargon.
- Service personnel would listen and solve problems and work to complete requests within a single call. Employees would see problems through to the end.
- People in marketing, delivery and other departments would change customer-facing tools and collateral to meet the goals and aspirations of the vision.

Executive leadership started with a fundamental pledge to individuals and empowered Ingrid to create an actionable path to make things simpler, more intuitive, more helpful, and more focused on healthy results. Their goal was to position CIGNA as a trusted source of information, helping people manage their health decisions and their health spending decisions. They recognized that they were at the start of their journey and committed themselves for the long term.

➡ *Employees designated as change agents must be empowered to deliver it.*

Mobilize for change

CIGNA began by determining what individuals wanted. They did this through primary research and analysis. Next, they scored how CIGNA interacted with individuals at the various touch points including how others – e.g. health service providers -- engaged with individuals. The company employed these techniques in their efforts.



Reprinted with permission from CIGNA

- **Voice of the customer:** Questions spanned from broad satisfaction and trust issues to detailed perspectives on daily transactions. Many of the results were illuminating, and there were quite of few that were challenging and unpleasant to hear. CIGNA prepared a handout entitled “FYI what the people we serve want us to know” as the vehicle to share the results and gain momentum with the organization. It contained a leadership perspective, direct facts and quotes from the customer research, and an energetic and passionate call to action for CIGNA.
- **Customer interaction modeling:** The company created an inventory of customer interactions across all touch points, including channels and activities such as online enrollment. Leveraging this analysis, CIGNA was able to illustrate how it behaves with its customers.
- **Moment of Truth (MoT) analysis:** Employing the three prescriptions of customer focus outlined previously, CIGNA prioritized its most important customer interactions, including those that were inherently important, as well as those that became important due to execution issues. The end product highlighted investment priorities --where CIGNA could invest in areas that provide the greatest financial return on customer experience and, especially, where to reduce costs in areas that would have little impact on the customer.

IBM recommends that organizations assess interactions using SHARE to get to the next level of detail. **SHARE** is a mnemonic that stands for:

Simple

The message and dialogue are understandable for the customer and without jargon.

Helpful

Customer's need/objective is addressed and their problem is resolved the first time.

Alternatives

The product features and customer's channel of choice are available and personalized to their preferences.

Reliable

Deliver consistent outcomes all the time, in every channel.

Easy-to-use

Straightforward, trouble-free and without unnecessary complexity.

All of the resulting insights were combined to establish CIGNA's desired customer experience, which centered on information availability and transparency, simplicity, helpfulness, trust, and relationship building. The team understood that these attributes needed to be instilled at every point in the customer journey, from enrolling, choosing healthcare professionals, making a claim or even leaving the plan.

The team then developed a comprehensive Customer Focused Strategy to operationalize the vision -- an operational blueprint and a detailed value case with a multi-generational implementation roadmap. The roadmap called out three strategic initiatives:

1. **Outreach and dialogue** - Proactive and intelligent communication to build advocacy and promote CIGNA offerings through written and spoken words.
2. **Integrated execution** - Seamless marketing, sales and service processes across the CIGNA enterprise regardless of channel
3. **Customer insight** – Use customer information strategically to enrich and personalize experiences

The challenge of a multi-year roadmap is sustaining the focus and commitment of all employees to the deliver the end state vision over a long term implementation. To be successful, CIGNA would need to win employee's hearts and mind through short-term customer experience wins while the longer term enabling technology projects are in process. Direction sign: Create wins that allow employees to understand where they are in the transformation journey, without losing sight of the final destination.

Make the change

CIGNA started with small changes to promote outreach and dialogue while laying the foundation required to support integrated execution and customer insight.

“You can tell someone something and they may get it, but to have them see it, feel it, experience it is a whole deeper level of understanding. The customer experience rooms were a way for our people to put themselves in the customer's shoes. “

- David Cordani, CIGNA President and Chief Operating Officer

1. **Outreach and dialogue.** CIGNA management understood that the company needed to win the hearts and minds of employees and to get them to commit to the change. They began a program to change the way CIGNA and its employees spoke with customers. Two early projects demonstrated CIGNA's progress toward the vision. The first was a “*Look and Feel*” guide that would direct the visual aspects of collateral and communications, making them simpler and more intuitive. The other was a “*Words we Use*” guide to direct how messaging and copy were to be used when communicating with all customers. The latter also became a handbook for how front line employees spoke with customers.

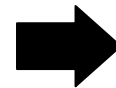
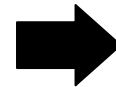
These policy changes weren't enough. CIGNA wanted its employees to see and feel the customer experience as it was and as it should be. They developed an “Experience Room,” an interactive exhibit of the customer experience that employees could walk through, explore, question, touch, and experience first hand.

The Experience Room itself was a dedicated 800 Square foot area on CIGNA's campus with 20 before-and-after displays of the customer experience, staged into two parts. One section of The Experience Room was devoted to the current state and another section was devoted to a vision of the new experience. Displays required role-playing, watching videos of customer interactions, interactive slideshows and presentations. In all, 80 percent of the employees at the CIGNA's Bloomfield, CT, facility visited the room to experience both models. Many employees recognized the enormity and severity of change required. Many were excited by the new vision, and yet others were fearful of the changes ahead. All in all, most had the reaction that Ingrid had hoped for, and an understanding that the vision was real. As testament to the process, employees from across the organization, from the chairman to the front line service personnel, signed a living contract, celebrating their commitment to change.

An old enrollment kit is barely contained on a display table

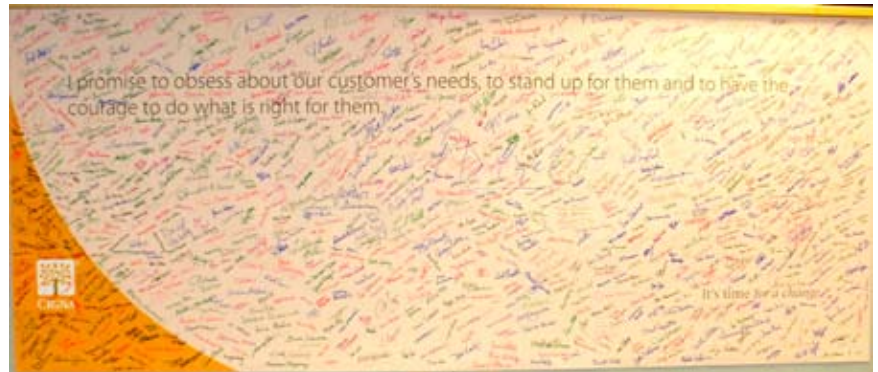


An intimidating 'wall of paper' posts every possible communication a customer might receive in the old way.



The new enrollment kit is simple, streamlined, and straight forward.

CIGNA employee commitment pledge
I promise to obsess about our customer's needs, to stand up for them and to have the courage to do what's right for them.



Reprinted with permission from CIGNA

2. **Integrated execution:** Changing the way people behave is hard, but changing old technologies can be even harder. CIGNA required sizeable sustained investments in technology, policy and process changes to simplify interactions and make them more consistent and transparent. The Board of Directors agreed and committed resources over multiple years.

Over the past two years, CIGNA developed and is rolling out a new strategic platform and desktop application for all client facing employees. This new tool provides a 360-degree view of the customer to ensure that all customer interactions are consistent. It makes information readily available and easily shared with customers across their multiple touch points, including the web. This new application, called OneView, is built leveraging a service-oriented architecture (SOA) approach to maintain its extensibility and lower cost of ownership.

CIGNA also implemented an enterprise content management system to capture, store and retrieve communication with customers. In this way, all CIGNA touch points would have rapid access to the same consistent information to address the customer's need and reduce burden on them. CIGNA will leverage this ECM system while deploying its new simplified Explanation of Benefits statement so customer can easily understand their policy coverage and frontline staff can view the same statement as the customer.

3. **Customer Insight:** CIGNA has begun an effort to transform how data is captured, stored, analyzed and used for the benefit of customers and CIGNA operations. Additional priorities include detailed analytics and operational benchmarks focused on customer goals. This enhances the quality of the underlying data serving the OneView platform and other applications that touch customers, including Master Data Management across the organization. SOA provides for future flexibility and lower overall costs of ongoing ownership.

Although early in implementation, results are coming in for CIGNA: (a) reduced mail paper collateral by more than 50 percent and driven brand consistency with common look and feel that spans written and spoken words, (b) reduced the average handle time to serve customers with fewer transfers and improved first call resolution and (c) reduced training cost and the time it takes to get front line employees up to speed. Looking forward, CIGNA expects lower costs to introduce additional new technologies as a result of how it is approaching the investment in its foundational capabilities.



Customer-focused efforts can reduce costs while improving experiences. Early savings in reduced mailing and production costs are tangible – while customer advocacy is increased.

Lessons learned from CIGNA and their path forward

Improving customer experience doesn't mean higher operating costs for CIGNA or their customers. By making experiences simpler and more helpful, CIGNA has made important strides in setting a vision, changing the attitudes of employees, and having successful implementations of some needed foundational capabilities. Their multi-year journey has yielded insight for others who are embarking or in early stages:

- Appoint the right customer experience leader – Managing a company is hard work – day-to-day demands crowd out longer term goals. In empowering a senior executive to serve as the voice of the customer, CIGNA created an organizational driver to help keep them true to their long term aspirations for becoming customer focused.

- Develop a customer experience vision, but remain flexible in implementation. CIGNA's analysis told them what is important to its customers and how it impacts long term competitiveness. Their detailed blueprint and a supporting value case allows them to successfully focus while making periodic mid course corrections to respond to market pressures without losing sight of the vision.
- Involve everyone at all levels and keep them involved – CIGNA's mission to win and retain the hearts and minds of all employees clearly communicates that customer focus is not a flavor of the day. This is reinforced through ongoing dialogue and updates.
- Focus on little changes in addition to the big ones – Most big projects take years to execute. Many organizations lose sight of stakeholders from the time visions are set and new systems are delivered. CIGNA focuses on smaller efforts as well as sizable ones that create behavioral changes and keep the vision alive at an individual level for employees.

CIGNA's team is also continuing to drive toward implementing the customer experience roadmap, focusing on:

- Personalizing customer interactions with directly applicable insight to make information more timely and relevant to individual situations, while continuing to simplify general communications
- Simplifying core business processes
 - how to find the right caregiver
 - picking the right options and enrolling
 - how to stay healthy and living with illness
- Enhancing self-service capabilities through digital channels

For senior management sustaining CIGNA's focus on an improved customer experience is a key imperative. In these challenging times, management understands the need for CIGNA to look for ways to cut costs and drive efficiency. Ingrid is confident that continuing to pursue the projects like the one listed previously accomplish goals, while continuing to enhance the customer experience.

Getting started

Strategy and planning mean different things to different companies. For some, strategy and planning is an informal exercise delegated to line managers. For others, it is a formal endeavor led and advocated for by senior management. The latter is required for successful customer experience transformations because the desired operational changes span across many departments and divisions. Success requires that the customer be a major focus of the corporate strategy and treated as a top priority. A good strategy should include:

- **Customer research and fact base**, built from primary and secondary customer research.
- **A vision for the to-be experience** from the customer's perspective, phrased in customer-friendly terms that illustrate the new environment. This may include illustrations such as "day in the life," interaction models, and creative activities such as establishing "experience rooms."
- **A vision for to-be operations** that details needed resources, technologies, processes, capabilities and enablers needed to achieve the vision. This often referred to as a "blueprint,"
- **A "roadmap" of project and initiatives** to achieve the vision. These initiatives should be prioritized by feasibility, investment requirement, and expected impact on the organization.
- **Formal people-and-change plan** that establishes activities and investments in order to change employees' beliefs and behavior.
- **A fact-driven business value case** that states all of the financial benefits of change. This case persuades stakeholders within the company and provides needed justification for change.

Companies should be careful not to short-change this process, even if enthusiasm for customer experience transformation is high. The focus should be on a formal and proven approach when developing a strategy and providing a dedicated investment of resources and time to complete it.

Certainly, the impact of the new economic environment will be with businesses for many years to come – as will the dynamic environments and rising customer demands.

Conclusion

Improving customer experience doesn't have to mean higher costs for organizations. In good markets, customer experience is synonymous with revenue and share growth. This obvious correlation should not be permitted to overshadow the role of customer experience in down markets. Recognizing the two-way street with customers, knowing where and how much to cut without compromising brand promises and customer trust is a key advantage that customer focus provides to organizations. Smartly done, companies can cut operational costs while retaining its best and profitable customers. This makes sense in the here and now, and lays the groundwork to capture future share from competitors who don't apply the rules of customer focus in their cost cutting efforts.

About the authors

Steve LaValle

Steve LaValle is a business advisory practitioner, Partner in IBM Global Business Services and global leader of IBM's Customer Focused Strategy practice.

Brian S. Morris

Brian S. Morris is a Senior Managing Consultant and the Value Case Development Lead for IBM's Customer Focused Strategy Practice.

Cristene Gonzalez-Wertz

Cristene Gonzalez-Wertz leads business research in CRM for the IBM Institute for Business Value. She's a veteran marketing strategist and scientist, but more recently an executive-level consultant and social media maven.

References

- 1 Heffernan, Robert and Steve LaValle. "Advocacy in the customer focused enterprise: The next generation of CRM done right." IBM Institute for Business Value. September 2007.
- 2 Adams, Jim, Barbara A. Archbold, Edgar L. Mounib and David New. "Healthcare 2015 and U.S. health plans: New roles, new competencies" IBM Institute for Business Value. September 2007.
ibm.com/healthcare/hc2015
- 3 Some substantial changes in how Americans view different industries." Harris Interactive. August 8, 2007. Available at www.harrisinteractive.com/harris_poll/index.asp?PID=795 (accessed on 4/6/09)

Note: Information on CIGNA was gathered through interviews and extensive onsite experience and has been approved by CIGNA management for inclusion in this report.



© Copyright IBM Corporation 2009

IBM Global Business Services
Route 100
Somers, NY 10589
U.S.A.

Produced in the United States of America
08-09
All Rights Reserved

IBM, the IBM logo and ibm.com are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries, or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with a trademark symbol (® or ™), these symbols indicate U.S. registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the Web at "Copyright and trademark information" at ibm.com/legal/copytrade.shtml

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products and services do not imply that IBM intends to make them available in all countries in which IBM operates.