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## **CUSTOMER EXPERIENCE: 'INSIDE OUT' OR 'OUTSIDE IN'?**

As a customer how many times have you felt that the company you are dealing with has everything stacked in its favour? If the overwhelming weight of research and customer satisfaction studies is right, in addition to our own anecdotal experiences, the answer is 'very frequently'.

The experiences that customers perceive as being unfair or difficult are the result of conscious decisions by companies. This is not to say that they deliberately make it difficult for customers but the competing pressures they have to manage usually result in this outcome. By choice most companies would deliver fantastic, energising, rewarding experiences at every turn. So why don't they?

There are many ways to look at how companies design their sales, marketing, product and service capabilities. I use the word 'capabilities' here as opposed to 'experiences' as many companies do not consciously design and deliver 'experiences'. By capabilities I mean the processes, systems, people, policies etc that companies use to market, sell and service their products. What the customer goes through in buying a product, paying a bill or using a service is often the consequence of how the company has built its capabilities. I characterise this as '**Inside Out**' thinking. That is the company is focused on building and running its own capabilities as its primary orientation

Few companies follow the opposite orientation of '**Outside In**' thinking. 'Outside In' thinking is where a company consciously starts by understanding and designing the experiences that their customers want. How do customers want to contact us? When do customers want us to be available? How do customers want to receive information about their options for paying, upgrading or cancelling?

By clearly understanding, designing and delivering these experiences the whole balance of the interaction or relationship between the customer and company changes. The development and deployment of a company's capabilities then becomes the secondary orientation with customer experience delivery being the primary orientation.

There is of course a need for one of the company's leading capabilities to be the understanding and design of the customer experience.

This leads to two questions: Why is 'Inside Out' thinking so prevalent? Can 'Outside In' thinking result in greater success for companies?

The primary reason for 'Inside Out' thinking stems from the fundamental purpose of a company's existence – or at least the modern manifestation of a company's purpose. Short term shareholder gain is the number one objective for most companies. Customer delight, employee development and corporate social responsibility amongst others all play a lesser, often competing, role. Even long term sustainability falls down the pecking order. At its extreme interpretation companies are exploitative, predatory and entirely self-serving. However leaving the argument there would be unfair and unreasonable. Most companies are not so singular in their activity. They recognise and respond to many balancing factors such as competition, regulation, employees and customers. These multiple stakeholders require a considerable amount of management and resource from a company and in truth they are often seen as either influences to neutralise or exploit. However the more enlightened organisations see these stakeholder groups as opportunities, as sources of competitive advantage. This is where 'Outside In' thinking can come to the fore.

If you are heavily focused on short term shareholder gain the amount of discretion deployed at points of interaction with customers tends to be limited. The focus tends to be on cost management, efficiency, predictability, consistency (for the company not necessarily the customer) and avoidance of mistakes. The stated and un-stated role of customer facing employees is to 'protect the interests of the company'. It is no wonder therefore that as customers we often feel that everything is stacked in the company's favour in areas such as refund policies, returns policies, alterations, payment flexibility, deposits, communication at the company's convenience, product withdrawals, repairs etc.

'Outside In' thinking is both a response to increasing consumer discretion and a positive alternative in competitive markets. We hear a lot about consumer promiscuity and customer pressure being increasingly prevalent in a world with more immediacy, more information and less tolerance. Take a look at the customer forums exchanging tales of woe and recommending action with companies such as TalkTalk, ntl and British Gas. Whilst some of the experiences and desired outcomes seem over-inflated a vast number of customer concerns and desired remedies are entirely reasonable and beg the question 'why didn't the company design the experience like that in the first place?'

'Outside In' thinking requires a holistic approach to all the points of interaction between a company and its customers. There is little point having an enlightened sales approach if the credit and collections activity creates a directly conflicting experience. It requires that operational and process measures are re-evaluated; it requires the competences of customer facing teams to be re-assessed and the reward and recognition processes adapted appropriately; it requires genuine and robust feedback

from outside the company on how experiences are being delivered by the company and perceived by customers; it requires a change in the investment priorities of internal capabilities, for example reducing the expenditure on controlling activity and increasing the expenditure on putting process controls into the hands of customer facing teams; and it requires strong belief, support and nerve from the leaders in the company.

Successfully deployed 'Outside In' thinking yields many of the benefits that companies already strive for: reduced complaints; increased repeat purchases; lower defections to competitors; more fulfilled customer facing teams; reduced cost of doing business; and ultimately improved shareholder returns. In addition early movers in each market will gain a significant advantage over slower rivals.

The next paper 'Customer Experience: Designing and Delivering 'Outside In'' works through the practical steps of understanding the experiences customers really value, aligning resources to build the right capabilities, designing and delivering customer desired experiences and measuring improvement.