Digitizing customer journeys and processes: Stories from the front lines

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These company examples highlight what some leaders are doing to build new customer experiences.

A compelling customer experience has evolved from a nice-to-have to a necessity in many industries. Winners use standout experiences to attract and retain business while reducing servicing costs and complaints. The rewards can be substantial, but execution is complex, requiring a complete reinvention of customer journeys and supporting processes.

Radical though this may sound, "reinvention" is no exaggeration, because digitizing existing processes is seldom if ever the solution. Instead, successful transformations begin with a zero-based redesign of the customer experience of a given task, such as opening an account or renewing a service. That involves ignoring everything the company already has in place and asking, "What would be the best possible experience a customer could have when completing this task?"

Only when a business has defined what that experience should be can it figure out how to build the processes and technologies needed to support it. By digitizing these processes, the business can reduce costs, improve customer experience, capture value, and move to a next-generation operating model.

But what does this process of reinvention look like, and how do companies make it work? This article offers an inside view of key stages in a successful transformation. The examples are drawn mainly from financial services, but the lessons apply to any company seeking to reinvent its customer experience.

Designing a customer-centered solution

Most institutions understand the importance of a positive customer experience to the bottom line, but few excel at designing or delivering it. The transformations that bring the biggest benefit start by imagining what a world-class customer journey would look like, rather than settling for tactical evolution of the current state. This requires reimagining the entire journey, which many organizations find hard to achieve after years of incremental improvements.

One bank reduced the information required on its new-account-opening form from 45 fields to 35 and declared victory, yet it could have reduced the fields to 15 and pre-populated 10 of them from external data sources. Another bank found that the apparent requirement for a "wet signature" on a loan application quickly evaporated when the regulator was consulted.

To make this reinvention leap, leading companies employ a user-experience designer who can orchestrate the process, keep it focused on customer needs, inspire people, and ensure that the organization doesn't allow its new vision to be limited by the way it does things today.

Another crucial aspect of reinvention is customer involvement, as the story of a Latin American bank illustrates. It was working to understand customer journeys and identify the most important processes to reimagine. Instead of doing what many organizations do at this point—try to put themselves in their customers' shoes—the bank brought customers into the project room to get their reactions at first hand. Bankers, however empathetic, are not customers, and the only reliable way to find out what customers want is to go and ask them.

This was the first time the bank had ever spoken with its customers before redesigning a product or process. Previously it had run focus groups to gather feedback when piloting a new offering, but this had been largely a box-ticking exercise, since much of the solution had been developed and material changes would have been too costly to implement. Having direct rather than arm's-length contact with customers was also critical. Many companies subcontract customer research to third parties and commission a report for the project team to study, but this can be a slow, remote, and inefficient process, depriving in-house teams of the regular ongoing customer exposure that can lead to great solutions.

Defining the scope of a transformation

The scope of a journey can be defined by the *product* (such as a mortgage or current account), the *channel* (such as online or branch), the *customer segment* (such as retail or commercial), and the *phase of customer engagement* (such as sales or servicing). Depending on how these elements are combined, the scope of a transformation can be narrow (a remortgage for existing customers via the online channel) or broad (all mortgage products in all channels).

Decisions about scope should be informed by a detailed assessment of the value at stake and the cost of capturing it. In our experience, companies achieve impact more quickly by focusing on a few large journeys rather than fragmenting their efforts across the enterprise. (For more on this, see "Putting customer experience at the heart of next-generation operating models.")

In its new approach, the bank consulted customers at every stage through weekly test-and-learn sessions. It showed customers first sketches of proposed solutions, then more detailed wire-frames, then prototypes, and finally a functioning solution. Having weekly feedback enabled the team to constantly refine the new customer experience and resolve any issues that might compromise its success at launch.

For instance, an early prototype of the bank's new-account-opening journey sought to help customers choose an account by asking how, when, and why they would use it and recommending the most suitable product. But in tests, customers always selected "compare to other accounts" whenever a recommendation was offered; answering three or four questions hadn't saved them the time or trouble of making comparisons for themselves. So the team took the questions out of the process, relegated recommendations to an option, and added brief summaries of account features to help customers make their own choice.

A zero-based design process can feel alien and risky at first, but handled well, it is a powerful tool for going beyond incremental change and making the kind of radical customer-centered shift needed to create the best possible experience. To turn the newly imagined solution into reality, the organization will also need to create a strong cross-functional team.

Mobilizing a cross-functional team

To gain multiple perspectives, best-practice companies take specialists from every function, bring them together in one place, and charge them with testing reimagined journeys and processes from every angle. Some organizations create a purpose-built "lab" or "pod" for a team working on a customer journey to insulate it from everyday business demands and free it to focus on delivery. To ensure speed to market, each team member must hold decision-making authority for his or her respective area. If the head of legal can't attend every daily meeting, she needs to empower a member of her department to be in the lab full time and act on her behalf.

The power of this approach lies in the way it unites professionals from legal, compliance, operational risk, and other functions in working toward a common purpose. By engaging them from the start, organizations can sidestep responses that block change ("This can't be done") and foster more constructive dialogues ("Let's work together to make it happen").

One long-established bank developed its first-ever digital process for opening an account. Previously, prospective customers had to visit a branch and see a sales representative. The bank designed an account-opening process that required new customers to input just four data fields rather than the 25—already good by traditional banking standards—in the original process. Other fields were either pre-populated from public sources or deemed unnecessary.

When the bank's cross-functional team met to review the new process, the compliance expert remarked that it couldn't be implemented because regulation required new customers to provide at least 20 pieces of personal data. She was trying to minimize risk, as the bank had always taught her to do. The team subsequently brought in a new member who worked with colleagues from legal and operational risk to challenge the way things were done. On closer inspection of the regulations, the team found that some data fields could be filled in at any point during the customer's relationship with the bank, not necessarily when the account was opened. This ability to question accepted wisdom is just as important as technical capabilities—and sometimes more so.

Governance is another area where long-standing structures and practices designed to minimize risk can impede the fast, well-informed decision making needed to bring digital innovations quickly to market. Agile delivery can't be sustained if teams have to approach one governance body after another for approval. Instead, the organization should nominate a "product owner"—an executive who is accountable for delivering business value—and empower this individual to make day-to-day decisions for the team.

For strategic decisions that need to be made by a broader cross-section of leaders, leading institutions create a new governance body formed of senior representatives who can eliminate roadblocks and shield the team from parts of the organization that disagree with new developments. The governance body should meet at least every two weeks to provide guidance, ensure clarity on the way forward, and give the team the confidence and authority to move quickly.

To ensure this new structure works efficiently, team members and leaders need to adopt agile principles. That might mean leaders stop asking for detailed reports, for instance, while teams hold conversations in person rather than via long email chains. For many people, this will require a fundamental shift in mind-set and behaviors. Regular coaching from a trained agile coach can help to make the transformation as seamless as possible.

Finally, this governance body must be a real working group. One company abandoned PowerPoint presentations and heavy documentation. Instead, its steering committee moves

around the meeting room to "stations" demonstrating new products and posters depicting issues that need to be resolved. Just as we change the way we drive technological innovation, so we need to change the way we consider, debate, and approve decisions.

Developing the new solution

Once a new customer experience has been designed, tested, and refined, the next step is to develop the technology infrastructure to support it. To prevent unnecessary complexity, the new build should be as architecturally flexible as possible—incorporating reusable components and services or deploying the same functionality across multiple channels—while taking care not to jeopardize the performance of existing systems.

Integrating new processes with legacy systems in a cost-efficient way is a challenge most companies face when they digitize their customer journeys. One bank adopted a systematic approach that involved first asking whether a new interface was really needed and then determining the most efficient integration approach. It found it could make trade-offs in design—such as reducing data requirements to enable existing interfaces to be used—that would cut costs and improve the speed of delivery. Where new interfaces were required, the bank used a range of techniques from screen-scraping and robotics to agile building methods.

Many banks' IT development is overseen by architecture and infrastructure review boards that require extensive documentation and long lead times. Moreover, standards for deployment often call for multiple testing groups and management bodies to sign off on code. These processes were originally designed to protect banks against rework, security issues, and systems failures at a time when releases were infrequent. Paradoxically, however, such safeguards can now have the opposite effect, increasing the time it takes to fix problems when things go wrong. For agile delivery, banks need to move toward fully automated testing and deployment, using DevOps tools to allow for frequent smaller releases. Properly implemented, this approach should mitigate risk.

At another bank, IT projects routinely took four to six months to go from concept to development, and three to four months to go from development to production. To speed up delivery, the CTO embedded an enterprise architect in the lab on a full-time basis. Not only did this reduce the four-month concept-to-development phase to four weeks, it also improved the quality of the results, delivering a customer-onboarding workflow based on service-oriented architecture and with multiple reused and reusable components. For instance, when the team proposed developing a new service to bring customer details from source systems to the website, the enterprise architect suggested reusing a similar service that was already bringing customer data to tellers.

Time was also saved from the development-to-production phase by conducting quality-assurance and user-acceptance testing during program-development cycles, or sprints, rather

than after development. In another innovation, the team used an automated deployment tool to eliminate the need to align release dates across multiple changes. This made the bank nimbler at IT development and helped it move closer to continuous deployment, where code is deployed in production as soon as it has been tested and approved by the business owner.

"Rolling in" the solution

In a conventional rollout, companies make detailed plans, communicate the changes, start small, replicate efforts, train teams, and let the business deal with implementation. Roll-in is a radically different approach and often a useful option for building scale.

You begin by determining the rough shape and size of your new digitized business through early cycles of test-and-learn, then gradually add more people until the team has the capacity to do all the work you require. Rather than getting your original team to train other teams and export capabilities to the rest of the organization, you effectively import volumes for your team to work on, growing its capacity while shrinking your old process and team at the same time. This ability to evolve the new business as work volumes rise enables you to create a best-practice operation from the ground up.

One major life insurer kicked off its roll-in phase by taking a small portion of its current demand—10 percent—and working out what kind of operation would be needed to handle it. To calculate optimal load balancing, it started with a small team and gradually increased the workload. Much to everyone's surprise, the team was able to increase its output by 40 percent. Bearing this team size and work mix in mind, the insurer gradually expanded the team until it could handle the entire workload. The new team not only had higher productivity but was much quicker to build than with a conventional approach.

Driving customer adoption

However good a digitized solution may be, it means nothing if customers don't use it. The trick is to minimize the effort needed to move to the new model and launch digital-adoption campaigns to make customers aware. Too often, these campaigns are overlooked or neglected, leading to lackluster adoption and lost value.

Successful digital-adoption campaigns start by understanding customers' pain points and exploring the barriers that prevent digital adoption. These efforts require senior leadership involvement, a clear and comprehensive action plan, and a guaranteed budget. In our experience, successful customer adoption of new products or services rests on five pillars:

- Customer experience: ensuring that customers have a delightful experience that directly addresses their challenges and needs.

- Marketing and communications: using timely targeted messages to make customers, partners, and employees aware of the new value proposition.

- Incentives and promotions: offering appealing bonuses, perks, or discounts to encourage customers to shift by sharing the value captured.

- Legacy channels: phasing out or reducing competing and expensive legacy channels to encourage slow adopters to migrate and demonstrate commitment to the new digital solution.

- Policy: ensuring seamless internal alignment across channels and business units to avoid disruptive conflicts between leaders on strategy, targets, compensation, or mind-sets.

One European telecom company took this to heart by using every call from a customer purchasing a new product as an opportunity to educate them about its digital services via recorded messages and conversations with sales agents. Another company communicated the convenience of digital touchpoints through "send to a friend" social campaigns that took advantage of satisfied digital-care users.

While the five pillars provide a firm foundation for any customer-adoption campaign, specific tactics will vary by company and context. Sophisticated players tailor their approach by customer segment, channel, and relationship or brand. Customers' reactions will also vary, of course. Early adopters react well to encouragement, fast followers expect rewards, and laggards may need deadlines or a gentle nudge. But regardless of category, the best way to secure a shift in behavior is to minimize the effort customers have to make to move to the new digital solution.

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Leading institutions are becoming increasingly adept at using digital innovation to reshape customer journeys. Their experience in designing customer-centered solutions, building teams, getting the solutions to market, and driving scaling and adoption should point the way for other organizations to create value from this rapidly developing field.