Using rapid process digitization to transform the customer experience

Transforming the customer experience requires a level of speed and precision that traditional approaches can’t meet. The best practitioners do it in real time.

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Time was that a company with the next big thing could bank on a year or so of cushion until competitors caught up. No more. Fast-track product development, advanced software techniques, and the ready availability of digital channels have made products dramatically easier to commoditize. Such changes are one reason the battle for competitive differentiation has increasingly shifted to the quality of the customer experience. For their part, customers accustomed to the immediacy, personalization, and convenience that characterize digital-marketing pioneers such as Amazon and Google now expect the same service from all players, raising the stakes.

In our experience, customer-experience leaders start with a differentiating purpose and focus on improving the most important customer journey first—whether it be opening a bank account, returning a pair of shoes, installing cable television, or even updating address and account information. They then improve the steps that make up that journey. They design supporting processes with customer psychology in mind, managing expectations around such things as wait times, and surprising customers with unexpected rewards toward the end of the journey to maximize pleasure and enjoyment. They also foster a service culture that emphasizes consistent, high-quality touchpoints. And they innovate continuously, looking outside as well as in to cast a broad net for ideas. Finally, they are zealous about tracking and acting on feedback to improve steadily and rapidly.

But to achieve the speed and precision that the competitive marketplace demands, leaders are putting aside traditional approaches to transforming their digital customer profile. Instead of stepwise design-and-build approaches that culminate in a big-bang launch months later, they achieve rapid process digitization using concurrent-design approaches in which elements are added and refined in a continual cycle of testing and learning. Using this method, multidisciplinary teams codesign high-impact processes and journeys in the field, iterating and rereleasing designs quickly—often in real time—based on direct customer input. Weaker designs fail faster and stronger ones succeed sooner under this approach, with the result that high-performing incumbents can release and scale major, customer-vetted process improvements in under 20 weeks. And because rapid process digitization incorporates continuous improvement from the pilot stage to large-scale rollout, initiatives are far more likely to be sustained over time.

That is not to say that accelerating an organization's customer-experience transformation via rapid digitization is easy. Among other challenges, it requires established businesses to embrace new ways of working and adopt methods that will be foreign to standard approaches and the existing operating culture. Yet the payoff can be compelling.

**Putting aside old approaches**

In many organizations, process design has traditionally been managed sequentially. Product or business managers have an idea. They hand that idea off to IT. The technology team develops it, then hands it back to the business to review. All told, it can take months before customers see the improved process. Only then, after having committed all that time, does the business find out if its answer is the right one. Such stepwise process-improvement approaches are too slow and insular to give companies the lift they need in today’s environment. And because they don’t incorporate customer feedback until late in the game, businesses often learn only after the fact that they invested in the wrong areas and made improvements that do not deliver a differentiating experience.

Another consideration is that the existing process environment is often too complex. IT legacy systems—many already stretched—often feature a jumble of patches and work-arounds that make them hard to integrate or update efficiently.
In addition, many processes were not designed with today’s digital and multichannel environment in mind. One bank, for instance, figured out that its current customer process for setting up an overdraft account took 10 to 15 days to complete. Automating those steps to a mobile environment would be impossible. The bank needed something simpler and faster that would take a 15-day process down to five minutes.

Transforming the customer experience in this way requires a different approach—one that is more responsive, integrated, and customer led. An iterative test-and-learn approach allows companies to move the needle more quickly and with greater accuracy (Exhibit 1).

**Digitizing the customer experience**

Using rapid process digitization, teams redesign one customer journey at a time, then build capabilities to scale quickly, with a goal of releasing a basic version in under 20 weeks.

To meet its customer goal of extending digital engagement, for instance, Starbucks recently launched a new mobile ordering service. The company’s objective was to make the coffee-buying journey a differentiating experience by allowing customers to preorder their favorite beverage. To get there, Starbucks had to create a new set of processes that integrated the company’s mobile loyalty program and point-of-sale applications. It also had to reengineer the flow of line operations. Cross-disciplinary teams, comprising operations, IT, and business managers, hunkered down together and mapped out needed processes, even going so far as to build a fully functional mock store within the company’s Seattle headquarters.

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**Exhibit 1**

**Integrated, customer-led design delivers better, faster results.**

- Radical digitization delivers products and processes in evolutionary way
- Traditional approach builds full digital platform over long period of time

**Customer value**

- Radical digitization delivers value in waves
- Traditional projects take big-bang approach

**Building critical skills for the digital age**

- Fully integrated business/IT teams
- Customer-first approach driven by business, not IT
- Continuous testing (beta testing, piloting prototype, A/B testing)
- Continuous releases of technology functions

Source: McKinsey analysis
In our work, we’ve seen many customer-experience leaders follow a similar approach to transforming their customer profile. Rather than digitizing lots of elements, they focus on selective transformation, singling out the handful of customer journeys that matter most to key segments; mapping how those journeys flow across functions, channels, and devices; and identifying where the key pain points are. Then they reimagine what an optimal journey experience would feel like from a customer point of view, ensuring the resulting processes intersect cleanly with social, mobile, and cloud technologies and deliver a superior customer experience.

Instead of waiting until prerelease models have been perfected, successful players release basic prototypes when they’re minimally viable. Then they rapidly cycle improvements through live tests with customers until the process meets predefined customer requirements.

Achieving these results requires three things: freeing up a dedicated cross-disciplinary team, employing rapid process digitization, and scaling up completed processes.

Creating the team
A rapid-process-digitization team needs a C-suite sponsor with the authority and organizational clout to provide a clear customer mandate and the ability to shift thinking away from incremental process improvement and toward bolder experimentation. Senior stakeholders should be physically co-located in the development room, where they can demonstrate the organization’s commitment, provide the necessary clout to remove impediments, and procure needed analytics and subject expertise.

Other resources are critical, too:

**Business and product expertise.** The team should include three or four members from the affected business areas. At least one should be a product manager with enough experience to provide institutional insight and enough at stake from the eventual results to have a vested interest in the process. The business team also plays a role in keeping parties such as the legal department, risk specialists, and lean-operations experts informed throughout the development cycle.

**Technology and analytics resources.** Rapid process digitization requires expertise in agile software development, business analytics, architecture, and solution design. Six to eight people is about the right range—just big enough to provide the requisite number of developers, testers, and middleware and back-end personnel, but not so large as to become cumbersome.

**Change-management resources.** Organizations new to working with concurrent design often benefit from having a change navigator on their team. This individual, often a leader in lean operations, can bring an outside perspective from other industries or functions to help managers consider different ways of approaching similar customer and business issues. As teams begin to accustom themselves to rapid-process-digitization practices, they may find they have less need for a dedicated change manager. One leading Netherlands-based bank, for instance, now has close to 160 active digitization teams. Concurrent design has become the bank’s de facto way of working.

Putting rapid process digitization into action
Rapid process digitization begins with envisioning a superior journey from the customer point of view. With the team housed together in a dedicated physical space, the goal is to toss aside traditional notions of working and use customer data and intelligence to reimagine the richest, most efficient and engaging way of satisfying customer needs and expectations. Basic prototypes are then ushered into real-time customer testing, where concepts are validated, refined, and rereleased in continual cycles until they meet agreed-upon performance thresholds.
Digitization teams rapidly and continually learn and test their new knowledge throughout the development cycle. Before they nail down the final design, they review and minimize business-investment risk and ensure that digital initiatives deliver maximum customer value. For example, one telecommunications company wanted to respond to customer feedback that indicated families wanted greater visibility into their kids’ mobile data consumption. The company thought it had the perfect solution—a new toggle button on a downloadable app that would allow parents to reduce or extend data minutes for any family member on their plan. While IT and business teammates hashed out a basic prototype, other team members quickly rolled out a text-based poll to 50,000 customers, selected at random from their high-value family segment, to see if the plan was on the right track. The response showed customers loved the idea but hated the app. What customers wanted instead was a text or email alert that gave them several response options. That early feedback allowed the team to refine the proposed solution rather than invest heavily in a feature that would have missed the mark.

In our experience, most rapid-process-digitization initiatives are completed in 20 weeks or less (Exhibit 2). The actual length depends on the complexity of the design, the performance of the minimum viable product, and customer feedback. Such products are necessarily imperfect. The idea is to create a solution that will be good enough for early adopters. Teams then improve on that baseline in the field using actual customer behavior and feedback. Those insights tell teams where to prioritize and what features to keep, refine, or discard. After the launch, ongoing refinements continue to be made to maintain and improve the system based on customer use and uptake.

Scaling up
New capabilities should be scaled quickly to transform all key customer journeys. Some companies do this process by process. One bank, for instance, organizes its rapid-digitization teams by theme: one works on all journeys and products related to credit, another works on investment products, and so forth. Other companies take a journey-by-journey approach. Regardless of the approach, businesses looking to bring digital initiatives to scale must establish clear standards and performance metrics so what is learned is gathered and communicated consistently in order to continuously improve the program. Scaling also requires the human-resources function to be actively involved, since most organizations will face gaps in critical digital skill sets, many of which are in high demand.

One bank’s experience
Based on customer feedback, one retail bank knew it needed to make significant improvements to its process by which customers open accounts. The chief marketing officer (CMO) took nine seasoned business and IT staffers for a period of four weeks and convened a rapid-digitization workshop. Participants, many of whom had little experience in rapid digitization, were taught the basic elements of customer-centric design. The CMO also brought in guest speakers from a prominent start-up and a successful player in an adjacent sector to build interest and shed light on what leaders in other fields were doing.

Team members then listened to several painful call-center exchanges that pressed home the issues some customers were experiencing. It took only a day to brainstorm creative ways of addressing those customers’ complaints and draft a new design. Constructing a minimum viable new product to test, however, proved more challenging. Early customer polling revealed some plans were too ambitious and others were too basic, so the business and tech team partnered in interpreting and cycling feedback in successive releases. Close performance monitoring, integrated into the product-release cycle, revealed when they finally landed on a model that met most customer requirements.
To keep the project scope from spiraling, the technology team dug around the bank’s IT environment to find existing interfaces to which it could attach a new set of processes. Although team members at first felt uncomfortable with repeated testing and refining, they gradually warmed to the new dynamic. Now, with the new process established, the team is focused on cleaning up old redundant methods to open accounts in order to make the new customer-approved method the primary means of opening an account. The initial customer reaction has been very positive.

Large established players are under increased pressure to transform the quality of the customer experience to meet rising customer expectations and counter nimble digital competitors. Rapid process digitization allows incumbents to execute on their most critical customer priorities, delivering highly refined initiatives to market in far less time than traditional design-and-build approaches.

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