



# It's Time To Drive “Customer Obsession” From The Top

Joseph Michelli

Companies know that their end result—a consistently great (actually, greater and greater) customer experience—needs to drive everything they do. Just as all roads lead to Rome, all strategies must lead to the delighted customer, and the fewer twists and turns along the way, the better.

That's the directive handed down by the gods of globalization and cyberspace, who've decreed that customers can jump from one company to another on a whim (often armed with reams of research on your product).

The problem is that most big corporations were forged in different fires, the fires of an era where competition was less intense and issues like product quality trumped service. Customers were more like to simply accept what you had to offer. As a result, many players (even market leaders) are fundamentally unsuited for the new marketplace. What's more, they're painfully aware of it.

In fact, a *Harvard Business Review* Analytic Services Report sponsored by Strativity and titled "Making Customer-Centric Strategies Take Hold" confirms that many companies are implementing customer-centric strategies at great speed. The piece, which included my own insights, reported:

*"A survey of 315 business executives conducted by Harvard Business Review Analytic Services... found that 43 percent of organizations plan to have the strategy in place in a year or less. Another 31 percent expect to be finished within two years. However, the study also found that the implementation of these strategies is likely to falter. In the breakneck relay to drive the strategy from the boardroom to the cubicle, many organizations are dropping batons at every point from creating a meaningful vision to training employees."*

Panicked by the realization that their customer experience has to improve—sometimes dramatically—CEOs try to “tack on” initiatives to a culture that doesn’t support them. These band-aid approaches never work well, at least not for long. Companies where customer experience is lagging often have to rebuild their culture from the ground up. That’s a matter of strategic execution and it has to begin in the C-suite.

Mercedes-Benz USA (MBUSA) is a good example of an organization that came to the realization that their customer experience had to change and leadership took swift action to create a seismic culture shift that encompassed all departments and all dealer partners. I worked with MBUSA leaders on their journey and have detailed their story in a new book titled *Driven to Delight: Delivering World-Class Customer Experience the Mercedes-Benz Way*.

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MBUSA's efforts—which involved a complex and aggressive deployment of people, process, and technology strategies—were incredibly successful. In the space of two years, the company catapulted customer sales satisfaction from an unenviable #6 spot to the #1 position on the J.D. Power SSI survey.

In my work with MBUSA and other corporations which I have written about like The Ritz Carlton Hotel Company, Zappos and Starbucks, I've discovered that creating "customer obsession" requires an absolute commitment from the top. Simply put, if the C-suite isn't obsessed with the customer, neither will be department leaders, middle-managers or customer-facing folks.

C-suite leaders *must* take a hard look at every decision they make and assure that they all consistently advance the cause. Lip service and vague good intentions won't cut it. Planning, spending and other big-picture issues must be considered (and often reconsidered) in light of customer experience. There's nothing easy or comfortable about such a cultural overhaul—but today's wolf-eat-wolf climate (dogs are too tame for this arena) makes it necessary.

Here are just a few guidelines:

# Make Sure the CEO Is Driving the Bus

The *Harvard Business Review*/Strativity survey found that only 20 percent of customer-centric strategies are led by CEOs—and a mere 19 percent are led by others in the C-suite. It points out that funding isn't impressive either: “only 36 percent of respondents say their organizations have both a dedicated team and a budget” to implement the customer-centric strategy. Almost 20 percent have neither. Obviously, anemic leadership and funding deficits suggest an underwhelming commitment from the top—and inevitably get less than stellar results.

I have found that companies that succeed at transforming their cultures have leaders that set their sights high, while loudly and aggressively proclaiming their vision. Steve Cannon, who moved from vice president marketing for Mercedes-Benz USA to president and CEO on January 1, 2012, gave priority to the sales and service experience from Day One. He was extremely vocal about his desire that MBUSA become “the best”—not just in luxury automobiles or even car manufacturers, but everywhere.

In fact, in *Driven To Delight*, Steve is quoted as saying “Our priority was to become the global leader across all brands in customer service and in customer experience.” That's the kind of energy from the top that fuels customer obsession and drives real change.

# Put Your Money Where Your “Customer Talk” Is

Money, of course, is always the truest gauge of how serious a company is about culture change. MBUSA’s commitment to customer delight is made concrete (literally) in its new “Brand Immersion Center” built in Vance, Alabama adjacent to where the Mercedes Benz International plant already stood. (The existing plant already had a banked track and an off-road driving course so the location was perfect.)

The Brand Immersion Center is the epicenter of MBUSA’s culture change efforts. By investing in this structure, developing the three-day course curriculum, and hiring staff to accommodate year round training of all MBUSA corporate, Mercedes-Benz dealership and Mercedes-Benz Financial Service (MBFS) personnel, leaders at MBUSA assure that everyone who represents the brand is grounded in the company’s history and has had opportunities to personally experience the performance, safety, craftsmanship and innovation of the brand.

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Employees trained at the Brand Immersion Center also get to see the precision of Mercedes-Benz vehicle production as well as the amazing teamwork and integration of human touch and technology that must occur. Bringing the “big picture” to life in this way truly helps people gain a deeper understanding of the Mercedes-Benz brand so that they can connect to customers on a more meaningful level. While money was invested in programs like the Brand Immersion Center, much of those funds came from stopping expenditures in business practices which were not improving the overall customer experience.

## Get Clear On the Vision Up Front So That All Leaders Can Get Aligned and On Board

Too often, an organization’s vision is fuzzy. If C-suiters don’t “get it,” neither will leaders—therefore, they can’t cascade the strategy into action. MBUSA leadership took the time to honestly assess the current state of its organization, to clearly envision the future state it desired, and to then create an action plan to help people understand how the chasm would be bridged. Visual mapping and the sharing of the map repeatedly and broadly helped everyone truly see the journey they were about to undertake.



It's amazing and disheartening how often senior leaders skip this critical phase and try to move ahead without a clear vision. As the aforementioned Harvard Business Review report put it, "Feeling intense pressure to do something, many companies will lurch from one initiative and experiment to the other, hoping to find what will have the greatest impact. For example, companies may begin by trying to improve customer satisfaction at different touch points. Then they might change their focus to shortening response times to customer requests."

Another company that takes the time to really figure what needs to be done in the "customer experience" realm is the Denmark-based Pandora Jewelry Company, which designs, makes and sells jewelry throughout the world via more than 1,400 concept stores. "Today, Pandora's retail experience is strategically evolving in customer-centric ways," says the HBR report. "This evolution is guided by a thorough examination of key customer segments to find out what customers expect and how the company can deliver."

Having consulted closely with senior leadership of Pandora in the Americas, I have watched the value of defining your vision for customer-centric change by listening carefully to your customers. That "customer listening" then guides the process by which Pandora's optimal customer experience is defined internally.

# Focus On Customer Pain Points Before You Build Your Action Plan

At MBUSA, after the customer journey was articulated and departmental resources were explored in the context of each segment of the customer journey, the Strategy and Planning group shared information from the Metrics and Insights team to help leaders hear what customers were sharing about their biggest pain points during every portion of the Mercedes-Benz USA journey.

An excerpt from *Driven To Delight* notes:

*“Harry Hynekamp, general manager of the Customer Experience team, describes this process as helping leaders ‘look at pain points from a customer’s perspective, not from ours at MBUSA. By walking leaders through the steps of this process, they quickly get a glimpse into resource misalignments or well-intentioned efforts that do not hit the mark or aren’t valued by the customer. Leaders also gain insights into how a staff member might be handling an initiative that would best be handled by an individual in another area. As we moved leaders through this process, we heard everything from, ‘Wow, I didn’t know we were doing that’ to ‘This is the first time we made strategy and resource decisions from the perspective of what customers experience and what they say they need throughout their journey.’”*

# Listen to Your Employees

Sure, listen to your customers. But it's just as important to listen to your employees. At MBUSA, "listening" was crucial to the culture transformation journey. To truly serve customers, dealership staff were taught they had to listen not only to the overt problem ("I need my flat tire fixed") but also for unstated needs ("I am hungry because I haven't had lunch.") Indeed, as part of MBUSA's early customer experience awareness efforts, staff members were asked to sign a written commitment card pledging that they would go beyond satisfying customers and instead would be driven to delight those they serve.

But MBUSA leaders knew they had to practice what they preached, too. Senior leaders actively listened to stakeholder groups (dealer principals, leaders, frontline staff members, employees throughout the nationwide dealership community) to make sure the vision resonated and that each stakeholder understood how the change agenda would affect them.

In addition to the commitment cards, participants completed a "What's Holding You Back" form, which allowed them to actively challenge both personal and organizational barriers to delivering consistent customer delight. Information collected from these forms was shared and integrated into the action plans in each department and dealership.

# Tie Customer Experience to Leader Paychecks

There is a very definite and growing trend toward linking compensation to customer satisfaction metrics. Indeed, in healthcare, the U.S. government has gotten in on the act. With its Value-Based Purchasing initiative (part of the Affordable Care Act), the Centers for Medicare & Medicaid Services (CMS) already link a percentage of reimbursement to how well a healthcare organization scores on a standardized patient survey. Many private insurance companies are following the same “pay-for-service-performance” formula.

Leaders in other industries are following suit in their own organizations. Steve Cannon, president and CEO of MBUSA, worked with his dealer partners to make customer-centric changes to their compensation structures. Specifically, the company renegotiated to shift a portion of the dealer’s guaranteed margin and instead make it contingent on the dealer’s performance in key elements of MBUSA’s customer experience initiative.

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In the words of Harry Hynekamp, general manager, customer experience (from *Driven To Delight*):

*“... a sizable portion of the dealer margin structure was anchored to performance on customer experience standards, training that affects customer experience delivery, and use of the latest technologies and standards for customer care.”*

The bottom line? On April 15, 2014, Mercedes-Benz USA paid out \$44 million in leadership bonuses to the top-performing 70 percent of dealerships based on customer feedback concerning the experience those customers encountered.

This is what accountability looks like when creating a customer-centric culture. Great experiences mean more money for each car sold! Yes, people need a strong, compelling vision to buy into the change, but the ‘money’ piece is what solidifies their commitment. The idea is to create true partnerships with your employees, to share risks and rewards in a very concrete way—and it’s hard to get more concrete than the numbers on your bonus check.

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# Training Is the Key to Winning Hearts and Minds of All Employees

I have already mentioned MBUSA's Brand Immersion experience. MBUSA's first wave of training, "Driven to LEAD," targeted virtually all North American Dealer staff: in other words, 25,000-plus employees in 360 independently owned dealerships. They were seeking a shift in mindset and attitude—for leaders and frontline employees alike—so that customers could have a consistently world-class experience. Leaders also emphasized that each individual could "lead" customer transformation with the word LEAD being an acronym for Listening, Empathizing, Adding value, and Delighting.

This sophisticated level of training, funded by both MBUSA and its dealer partners, went far beyond presenting a list of scripts and procedures. The idea was to ensure that everyone understood how to uncover the customer's hidden needs and respond to them. I cannot emphasize enough how critical such deep, meaning-based training is to helping people understand what customer delight really looks like and how to achieve it.

At its core, Driven to LEAD demonstrated the difference between passive listening and active hearing. It also showed that people communicate both at the “word” and the “emotional” level. Once the words of a customer are understood, a connection must also be made based on the customer’s emotional state. More importantly, given that people often can self-serve through technology or choose to be served by a person, it is critical that people add warm, compassionate value above and beyond what technology can expeditiously offer.

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# Purposely Create In Employees an Emotional Bond to Your Brand and Your Customers

Of course, all the tactics and procedures in the world are useless if leaders and employees don't care about one another and the people they are fortunate enough to serve. And they need to really care, not just seem to care. MBUSA emphasizes empathy in its training for a reason, but empathy is not really something that can be instilled—it must be tapped into, uncovered, encouraged and nurtured.

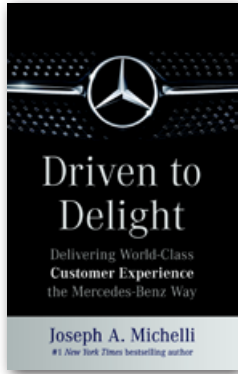
One way companies help employees feel this connection to the customer is by sharing stories that show how their work touches the lives of others. In its efforts to illustrate “The Mercedes-Benz Way,” MBUSA leaders go through stories of customer delight and translate them to video format. One such story involves a customer who brought a car in for service and mentioned that she'd lost an earring. The service technician went the extra mile and took the seats out of the car—and did indeed find the earring. When it was presented to the customer, she burst into tears. It turned out the earrings had been a special gift from her husband and had great sentimental value.



The Ritz-Carlton Hotel Company, which I have worked with and written about in my book *The New Gold Standard*, is great at forging these kind of emotional connections. For example, leadership at The Ritz-Carlton captures the “wow” stories of service excellence provided by their employees (referred to as ladies and gentleman). Those “wow” stories are shared globally as part of a cultural ritual referred to as daily line-up. Those line-ups also link service excellence back to the motto, credo, and service values that are the “gold standards” of the Ritz-Carlton culture.

This last point touches on an overarching truth that CEOs and other senior leaders need to hardwire into their cultures: delighting customers is as much an art as it is a science. There is a place for scripts, policies and procedures, for sure. But they absolutely cannot replace the genuine desire to improve the lives of the people who buy your products and services. Every dollar you spend, every decision you make, and every strategy you put in place and execute must contribute to and nourish that desire. **It’s the fuel for customer obsession—and it must flow liberally and consistently from the top of your company.** 📌

# Info



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