How Executives Can Use IT to Strengthen Customer Experience Governance

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Initiatives: CRM Strategy and Customer Experience

Customer experience increasingly relies on technology — leading IT to become more involved in CX strategy and governance. Executive leaders can support CX by bringing unique skills from IT to increase CX steering committees’ chances for success.

Overview

Key Findings

- Without consistent execution and operational standards, end-to-end management of customer experience (CX) across the enterprise is almost impossible.
- Ownership of CX can be hard to pin down, particularly in organizations that lack a formal CX group or department.
- Leaders of functions and business units are often unaware of completed CX projects and the value they create for their functions and others, especially at lower levels of CX maturity.

Recommendations

Executive leaders responsible for customer experience should:

- Partner with an IT leader or the CIO to select the right IT associate to assist the CX steering committee.
- Use IT’s expertise in technology operating standards to support the development of CX operating standards.
- Leverage IT’s expertise in process management to drive consistent execution of enterprise customer-focused initiatives.
- Learn how IT drives cross-departmental coordination for large technology initiatives to improve the chances for a successful enterprise CX initiative.
- Collaborate with an IT leader to prove the business value of CX by using approaches that have effectively demonstrated the business value of IT.
Introduction

This research is adapted from *How IT Can Strengthen Customer Experience Governance*, which provides application leaders with approaches to use unique skills from IT to drive CX steering committee success.

CX increasingly relies on technology — leading IT to become more involved in CX strategy and governance. Respondents to our 2020 Customer Experience Innovation Survey expect the percentage of CX projects making use of IT will continue to increase into 2021, up from an average of 58% of CX projects in 2019, to 68% in 2021. ¹ Most business areas contribute to CX, but they often operate in competing silos. This creates the risk of uncoordinated initiatives and an inconsistent CX. Executive leaders can use governance to help manage these common challenges.

Governance is a crucial element of CX maturity. We define CX governance as the set of intentionally adopted and formalized internal processes, policies and agreements designed to ensure the effective management of the CX across the business. Governance seeks to affect actions and decisions by setting operational standards, prioritizing projects and clarifying responsibility or accountability for tasks that are critical to driving improved CX. Our research shows four governance practices can help formalize enterprisewide CX management.

Coordinating and leading CX projects across the organization was noted as a top five priority for over 33% of respondents to our 2020 Customer Experience Innovation Survey. For the majority of organizations, CX maturity is still low. We estimate that 65% of B2C and 75% of B2B firms operate in the ad hoc or establishing levels of maturity — the lowest two levels of maturity according to the Gartner Customer Experience Management Maturity Model. ¹ Executive leaders can create a principled way for IT and business leaders to discuss and prioritize stepwise improvements to the organization's CX capabilities to help the organization move forward and become more customer-centric.

This research assumes your organization is establishing a CX governance capability or has one up and running with a defined charter, especially if a new CX leader is appointed. Regardless of what model is in place or how mature it is, the core goal of CX governance is efficient decision making, which ultimately leads to consistent execution. Four main mechanisms support these two goals (see Figure 1). We will describe how you as an executive leader can partner with IT to effectively contribute to each element of the CX governance process.
How IT Can Strengthen CX Governance

Analysis

Partner With the CIO to Identify the Right IT Associate to Be on the CX Steering Committee

A CX steering committee includes representatives from the functions and business units that are most critical to the enterprise’s CX strategy. These include:

- Those with decision-making or budgetary authority over customer-facing functions
- Those that own capabilities needed to execute CX initiatives
- Gatekeepers needed to authorize CX changes

In addition to these requirements, the selected IT representative should also have:

- An innate curiosity or affinity for external customers and how technology influences behavior
- The ability to represent the range of IT initiatives and resources across the enterprise
We have seen various IT roles involved in CX steering committees (including managers, directors and VPs). Executive leaders responsible for CX should consider including:

- CIOs — In our poll, 21% of responding CIOs think they should sit on a CX steering committee, and 6% believe they should lead the CX initiative. The rest think they should support CX initiatives by allocating people and resources. ²
- Relationship managers — This role is already focused on sales, marketing or customer service.
- Heads of enterprise architecture — This role can bring an innovation and consultant mindset to the group.
- Heads of IT strategy — This role can represent the organization’s technology strategy and convey how it could impact customers.
- Heads of applications — This role can influence the development of customer-facing applications or employee applications that support customer activities.

Recommendations

- Assess whether your CIO needs to play a vital role in CX governance. This will depend on how important CX is to corporate strategy.
- If the CIO decides to appoint a delegate, collaborate with the CIO or another IT leader to create a shortlist of IT associates who can best represent IT and which decision rights they can carry on behalf of IT. Identify individuals who have a preference for working with customers and for customer-facing technology strategy and challenges.

Use IT’s Expertise in Technology Operating Standards to Support the Development of CX Operating Standards

End-to-end management of CX requires consistent execution across the enterprise. Executive leaders responsible for CX must drive common standards around foundational CX principles. CX teams do not own these standards. Rather, they broker and document agreements among stakeholders across the company. To do this, leading organizations drive consensus around simplified, easily embedded standards and practices. This is achieved with operational standards and checking for customer impact.

To develop operational standards for CX, the CX lead and functional delegates (from customer service, sales, marketing and other areas) should be involved. The delegates represent their operational teams and ensure proposed operational standards are acceptable given their respective teams’ responsibilities. Key activities include:
Executive leaders should also work closely with IT to partner on the following:

- Development of IT, data governance and application governance charters
- Technology operating standards
- Establishing key performance indicators (KPIs) with the business
- Adherence to data governance standards for the enterprise

**Recommendations**

- Executive leaders should share examples of IT, data and application governance as models to follow in establishing CX governance. Of particular value are operating plans for implementing a key technology project that impacts multiple functions.
- Assess how the current status of customer data projects impacts the CX steering committee’s operating goals and what additional points of collaboration are needed.

**Leverage IT’s Expertise in Process Management to Consistently Execute Customer-Focused Initiatives**

The second part of driving consistent execution of CX is checking for customer impact. CX teams have an interest in ensuring everyday operating procedures and decisions consistently take customers into account. As a result, some CX organizations look to add controls, like a CX stage gate or ratification step, onto initiative workflows or enterprise processes that impact customers. Leading CX organizations focus less on evaluating each work product and instead use three techniques to serve as guardrails that prevent damaging (though unintended) employee behavior:

- **CX tools** — Such as prescriptive CX execution guidance around customer-centric language or user experience standards
- **CX checklists** — Such as questions, prompts or checklists to remind employees to consider downstream consequences or ensure mitigation plans are in place; an example would be some form of employee certification
Executive leaders can use IT to help strengthen this aspect of CX delivery capabilities by leveraging IT’s expertise in these areas:

- Process expertise that IT uses to manage complex technology projects such as an enterprisewide rollout of a new employee collaboration platform
- Software development principles such as agile development, where there are continuous product releases with design and testing to assess customer impact at different phases of development
- Data governance principles to help determine what data is available to what group, and the usage guidelines
- IT’s network of external contacts, who can help bring potential obstacles, best practices and innovation possibilities that could impact execution to the CX steering committee’s attention

Recommendations

- Lead a discussion on your organization’s most recent enterprisewide technology rollout or upgrade, such as the implementation of a knowledge management system. Have a member of the project management office (PMO) join you. Encourage participants to be candid about what has worked and what has not in terms of employee adoption or compliance. Brainstorm how this approach can be used to accelerate implementation of CX initiatives.
- Invite the CIO to discuss how the organization’s IT investment decision-making process works, and coach the CX team as they pitch for investment to an executive committee or a business unit director.
- Introduce agile or design thinking principles as methodologies that can help accelerate initiatives resulting from customer journey mapping.
- Invite consultants, analysts, advisors and academics to speak at the CX committee meeting.

Learn How IT Drives Cross-Departmental Coordination for Large Technology Initiatives

The other core goal of CX governance is efficient decision making. Leading CX teams use a governance model that presents a deliberate method for decisions, starting with insight and going through to execution. They use cross-functional leader meetings to uncover and resolve potential conflicts and share decision making for complex, cross-functional projects. While customer information and insights (from the operational standards part) serve as the foundation of the work, this aspect of governance focuses on the purpose, process and decision making that get things done.

Executive leaders need to ensure the following elements of high-performing CX steering committees are in place for efficient decision making:

- CX-defined processes — Such as self-service VOC or user-centered design tools deployed into existing workflows
Structured processes to steward CX projects — Four clearly defined stages and related activities exist for participants and CX team members, including:

- Discover — The committee considers direct, indirect and inferred customer feedback; employee feedback; and operational data. The goal of this process is to validate the input and guide the group through the process.

- Analyze — Here, the team validates customer needs, analyzes the root cause of current issues and measures the impact on operations. For organizations with higher maturity levels, you may address innovation opportunities. The goal here is to prioritize the decisions to be made.

- Design — The committee incorporates cross-functional workshops and experience prototyping to test plans and approve actions.

- Implement — Put the previous steps into action.

Defined group decision-making methods — Transparent accountability and decision rights are an important part of the approach. There are consistent general criteria for prioritizing projects or initiatives. Potential projects are submitted from across the organization. They are sized, evaluated for potential customer and organization impact, and prioritized for the short or long term, or backlogged.

Executive leaders can again leverage IT’s experiences and expertise to strengthen this aspect of CX governance, particularly in these two processes:

- Enterprise technology decision making — From scoping to vendor selection to implementation

- Project portfolio management — Including prioritization of enterprise technology projects and escalation of issues

Recommendations

- Share examples of enterprise IT projects that require extensive organization collaboration, such as a new ERP system. Discuss with project leaders what has worked and what has not.

- Ask the CIO to talk to the group about the organization’s stakeholder management challenges and how IT deals with prioritization. Discuss conflicts between IT and non-IT budgets and how they are addressed.

- Study how IT manages a situation where a decision needs to be escalated. Describe the trigger points and rules of engagement for the next level.

- Consider the competing interests and ownership of other tech investments that are not governed by IT decision making, such as those within business-unit-led IT.

Prove the Business Value of CX Using Approaches That Have Worked for IT
The second part of efficient decision making is making sure the organization understands the value of CX investments and how the portfolio of initiatives is connected to delivering business outcomes. One of the problems executive leaders tasked with CX may face is that functional and business unit leaders are often unaware of in-flight or completed CX projects initiated in other departments.

There are benefits when everyone is aware of initiatives that make the end-to-end CX better. First, the knowledge of new investments and capabilities developed in other parts of the business can help shape functional leaders’ priorities and minimize duplication. Second, greater awareness of projects’ status can help leaders position their priorities against a broader understanding of the larger enterprise goals. Finally, sharing best practices from one function’s CX project (from development through in-market performance) can help other departments with their customer-focused projects.

In this part of CX governance, executive leaders should ensure members of the steering committee who are working on cross-functional collaboration document and share information related to their CX initiatives’ progress and impact in specific functions. Such information may include:

- Project status and tracking documentation, such as an intranet-housed library of CX project plans
- Internal best-practice documentation, such as collaboration sites where associates who support CX can ask questions and help each other implement the enterprise CX standards
- Internal communication campaigns, such as the rollout of a new set of customer communication materials supporting a new marketing campaign
- Metrics dashboards that combine data to prove how customer satisfaction drives business growth and margin

Further, executive leaders can strengthen this aspect of CX governance by using existing IT frameworks:

- A business value of IT (BVIT) framework — The meaning of value is determined by the words and outcomes of the business partner. For example, we estimate most CIOs need to defend 70% to 90% of their business-as-usual budgets as part of their BVIT efforts.
- Internal IT communication — The CIO and the IT communications team actively discuss the value IT creates for the organization.
- Metrics dashboards — By bringing together customer feedback data and transactional data at the customer level, IT can use its data skills to help demonstrate that more satisfied customers buy more and engage more frequently. They also have a lower cost to service, refer more business and have a higher lifetime value.

Recommendations

- If you sense that an external perspective on business value could help, invite your CIO or IT communications leader to explain how IT guides the business value of technology across the
Evidence

1 Gartner’s 2020 Customer Experience Innovation Survey was conducted online with 238 CX leaders from 17 January through 24 February 2020. The aim of the survey was to explore CX maturity levels and discover the challenges to CX maturation. The survey also examined the actions organizations are taking to increase CX maturity, and aimed to identify the role technologies play in CX initiatives.

A follow-up was conducted after the beginning of the COVID-19 pandemic, from 28 April through 1 May 2020. We recontacted the original respondents to check if their answers to three questions had changed as a result of the pandemic, with 119 respondents participating.

Participants came from a wide range of industries and company sizes across seven countries in North America, Western Europe and Asia/Pacific. Respondents’ companies were screened for having a minimum of $50 million worldwide annual revenue in FY18 and a minimum of 250 employees worldwide.

To qualify for the study, respondents had to be leading the setting of strategic objectives and priorities for at least one CX-related project activity (85%) or be on a team responsible for meeting strategic objectives and priorities (15%). They also had to be knowledgeable about the business priorities or business benefits for at least one CX project in the past year. Respondents had to spend more than 25% of their typical workday on CX improvement projects.

Quotas were applied for countries, industries, roles, involvement in CX and annual revenue.

The results of this study represent the views of the respondents surveyed.

2 Gartner CIO CX Initiatives Poll — Results were derived from a poll of 29 Gartner Research Circle and Gartner Peer Connect members, which was conducted in August 2019. We asked 35 CIOs, “As the CIO, how involved do you think you need to be in your organization’s CX initiatives?”

Research Circle is a Gartner-managed panel of global business leaders. Gartner Peer Connect is a trusted private community for business leaders to connect and learn from each other’s experience.

Acronym Key and Glossary Terms

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<th>Acronym</th>
<th>Description</th>
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<tr>
<td>BVIT</td>
<td>business value of IT</td>
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<td>CX</td>
<td>customer experience</td>
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Note 1
Gartner experts Michael Chiu, Ed Thompson and Cassandra Nordlund also contributed to this report.

Recommended by the Author

The Gartner Customer Experience Management Maturity Model for IT Leaders
Ignition Guide to Building a Cross-Functional Customer Experience Steering Committee
Use Customer Data Management Technologies to Deliver Better Customer Experiences
Fusion Teams: Cross-Functional Collaboration for the Digital Era
Combine Voice-of-the-Customer and Operational Data to Prove the ROI of Customer Experience