

Who Owns The Customer (Experience)?

By Jon Picoult

How can the insurer propagate customer experience best practices beyond the walls of its headquarters and into its field offices?

Who owns the customer? For insurance companies that work through intermediaries, it's a controversial question that often stirs spirited debate between carriers and producers. But there's another question that's even more important: who owns the customer *experience*?

Regardless of who insurers think owns the customer, the reality is that key parts of the policyholder experience are shaped by external parties—the agents, brokers and financial professionals who distribute insurers' products.

This presents a difficult challenge for insurance companies, many of whom have kicked off customer experience improvement initiatives in recent years. After all, how do you holistically manage the customer experience when you don't control it in its entirety?

Some carriers skirt the issue by focusing on what they *do* control—customer touchpoints such as billing, correspondence, 800-line interactions, etc. That's a reasonable approach to start with, but it has its limits, because consumers can't easily compartmentalize the insurance customer experience.

They don't always know where the lines are drawn between carrier and agent, where the hand-offs occur between the two parties. Their experience, and overall brand impression, is shaped by a wide array of touchpoints spanning pre-sale to post-sale, field office to home office.

For this reason, it's neither practical nor prudent for carriers to ignore those elements of the customer experience that are administered by their field producers.

But how can a carrier insert itself into aspects of the customer experience that are clearly overseen by the producer? How can the insurer propagate customer experience best practices beyond the walls of its headquarters and into its field offices, where so many significant consumer interactions occur?

Whether the company works with captive agents or independent brokers, this can be a thorny issue. Many financial professionals consider themselves to be entrepreneurs, and they have strongly-held opinions about how to run *their* business.

Overcoming that sentiment requires some diplomacy. If producers sense that the carrier is encroaching on their territory, dictating the "right" way to do business, then friction will ensue and the insurer's customer experience improvements will be relegated to the home office—a poor outcome for carrier, distributor, and their shared customers.

So, if you're an insurer looking to engage your field force in a constructive effort to improve the customer experience, consider these five tips:

1. Acknowledge Shared Ownership

Disarm territorial sensitivities by readily acknowledging that you don't own the whole customer experience. Neither the carrier nor the distributor can claim such ownership, because they each play an instrumental role in shaping policyholder impressions.

Such an admission by carrier executives sends an important signal to the field, opening the door to a more collaborative approach for shaping the customer experience, from pre-sale to post-sale.

2. Make The Case For Action

Demonstrate to field partners, in a vivid and compelling way, why focusing on an improved customer experience is smart business.

The field may acknowledge that happy, loyal customers are good for business—but do they truly grasp how powerfully the customer experience can influence the top and bottom lines?

Particularly in the insurance industry, given the economics of up-front commissions and long product tails, small improvements in retention can have a surprisingly significant impact on profitability. Even just from a sales standpoint, an increase in qualified referrals from positive word-of-mouth can be a game changer for any insurance agent/broker.

Perhaps one of the most convincing illustrations of how a great customer experience drives business results is this analysis of stock market performance for customer experience "Leaders" and "Laggards:"

For the past six years, customer experience leaders outperformed the broader market, generating a total return that was *three times higher* on average than the S&P 500.

This is the kind of head-turning data that insurers should put in front of field producers who are skeptical about investing time, energy or money into improving the customer experience.

Whether you're a public or a private company, the message here is clear: a great customer experience pays off, paving the way for higher revenues, lower operating expenses and better overall financial performance.

3. Educate And Equip

Given their entrepreneurial disposition, most agents and brokers won't take kindly to having the mechanics of their organization's customer experience dictated by some far-removed insurance company.

Instead of prescribing solutions, carriers would be better served providing tools and education to their field offices. In this way, the insurer can help equip its producers with the knowledge they need to effectively diagnose, and then differentiate, their organization's customer experience.

That's a much better solution over the long-term, as it helps the field office embed customer experience management best practices into its ongoing operations, as opposed to just tweaking a few isolated customer touchpoints.

Note that this is about more than just traditional "customer service" training. It's about giving the field office a strategic understanding of the operating principles that customer experience legends rely on to create raving fans.

What great companies like Amazon, Apple, Disney and Costco have in common is an ideology around the design and delivery of their customer experience (see sidebar next page). Help your field understand and embrace a similar ideology, and you'll influence their business practices for years to come.

4. Open The Feedback Spigot

One example of an ideological component that customer experience legends share is a commitment to soliciting and acting on customer feedback.

Oftentimes there is an arrogance in organizations—a belief among executives that they know what delights and what frustrates their customers, what will strengthen their brand experience and what will weaken it.

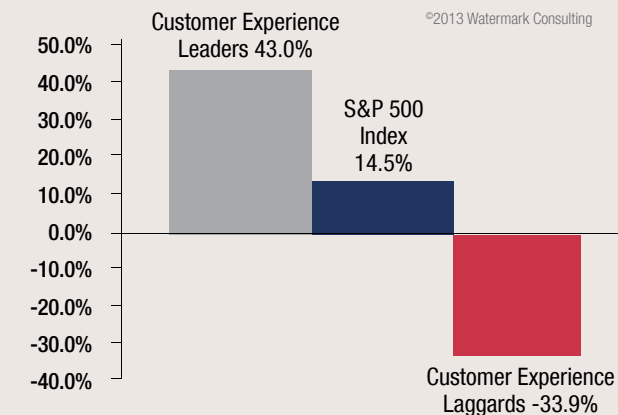
But as companies like Netflix and J.C. Penney learned during their recent meltdowns, businesspeople can have a myopic view when it comes to understanding what truly makes customers happy.

Help your field offices avoid that pitfall by supplementing internal views with external ones. Carriers can use their purchasing power to bring robust "voice of the customer" survey programs to their affiliated agents and brokers. At the very least, they can offer field offices tutorials about feedback instruments.

Armed with these feedback instruments, your field offices can cultivate customer insights that will help them first shape, and then continually recalibrate, their experience improvement efforts.

Customer Experience Leaders Outperform the Market

6-Year Stock Performance of Customer Experience Leaders vs. Laggards vs. S&P 500 (2007-2012)



Watermark defines Customer Experience Leaders and Laggards as the top ten and bottom ten rated public companies in Forrester Research's 2007-2013 Customer Experience Index studies. Comparison is based on performance of equally-weighted, annually readjusted stock portfolios of Customer Experience Leaders and Laggards relative to the S&P 500 index.

5. Co-Create The Experience

For some parts of the insurance customer experience, field and home office interactions are so intertwined that it makes sense to tackle them with a united front (application and underwriting being a classic example).

This is perhaps the highest step on the customer experience management maturity curve, where manufacturer and distributor work together to shape an experience that's impressive and seamless.

Assuming all parties have been educated in the same customer experience engineering principles, it can be valuable to bring field producers and home office representatives together to dissect, diagnose and redesign a particular piece of the policyholder journey.

By incorporating field and home office perspectives up front, a joint experience design effort is likely to yield a better outcome for all involved.

In today's social media-connected, information rich marketplace, customers are more empowered than ever. Nobody truly "owns" them.

But ownership of the *customer experience* is a different matter altogether. Great companies do take ownership of that, by very deliberately and intentionally managing the many touchpoints that shape customer perceptions.

Great companies even seek to influence parts of the experience that, on first blush, might seem out of their scope. (Consider how Amazon famously obsesses over the experience of physically *opening a package* once you receive it from their shipping partners.)

For insurance companies that don't sell directly to consumers, the path to a differentiated customer experience must cross through their field offices—hence the importance of involving and influencing that key constituency.

By deftly engaging distributors in the customer experience improvement effort, insurers can make progress on two important fronts—creating a more positive impression not just on their policyholders, but also on their producers. ♦

About the Author:

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The “Secret Sauce” of Customer Experience Legends

Companies that do customer experience well tend to use a specific set of operating principles to help shape their customer interactions, from sales to service. The principles that elicit customer delight are remarkably consistent across industries and even demographics.

Below are three examples of such principles, which fans of Amazon, Disney and Ritz-Carlton are sure to recognize:

1. Make It Effortless

Be it at point of sale or point of service, the less effort customers must invest to accomplish something with your company, the more likely they are to be loyal to your firm. Look for opportunities to minimize the amount of physical and mental effort that people must expend to, among other things, understand your value proposition, navigate your product portfolio, interpret your customer communications and secure post-sale service. (Case in point: Amazon's patented One-Click purchase button, which makes it absolutely effortless to buy from them.)

2. Capitalize On Cognitive Science

Customer experience is about perception, and there are proven ways to leverage principles of cognitive science (i.e., how the mind works) to improve people's perceptions about their interactions with your business. One example of this is giving customers the “perception of control,” because it's human nature that we feel better when we're in control

of things and ambiguity is removed from our lives. Something as simple as clearly setting expectations for customers can make all the difference—e.g., how long will I be standing in this line, how many steps are in this purchase process, when will I next hear from you. (Case in point: DisneyWorld's FastPass, which lets park guests avoid standing in line for popular attractions, making them feel like they're more in control of their vacation.)

3. Be An Advocate

It's rare that people see companies paying more than lip service to the concept of putting customers first. For this reason, when people come across a company that truly advocates for its customers in a very tangible way, it cultivates stronger engagement and loyalty. One decidedly low-tech but highly effective way to accomplish this is by fostering a workplace culture of exceptional ownership. When your front-line—the people actually delivering the customer experience—take personal accountability for owning every request that comes to them, it projects a refreshing sense of advocacy that will distinguish your firm from the “not my job... pass the buck” mentality that customers typically encounter. (Case in point: Ritz-Carlton, whose staff, when asked for directions within the hotel, will refrain from pointing guests in the right direction—instead, they personally escort them, to ensure the guest gets exactly where they need to be.)