Slide the Empty Chair Closer to **Understanding Your Customers**

A Guide for Gathering Research & Insights

CentricConsulting.com

CENTRIC

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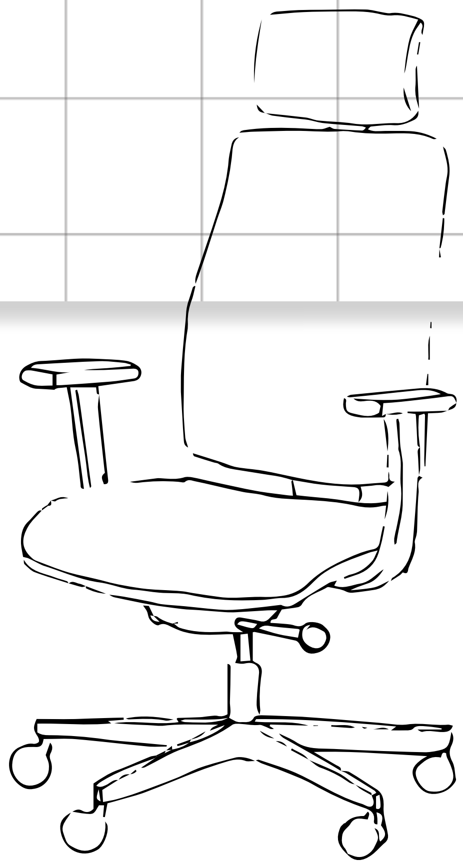
Executive Summary



Some might forget that Amazon started in a garage as an online bookstore. Like most startups, the company's founder and his employees bootstrapped in those early days, packing books and driving them to the post office.

How, then, did the company evolve to become the world's leading e-retailer with a valuation over $1 trillion, more than America's nine largest retailers combined?

Part of the reason is the founder's **self-described obsession with customer experience.** Amazon Founder Jeff Bezos is known for bringing an empty chair to meetings to represent the Voice of the Customer (VOC). The empty chair is a reminder not to forget the voice of your customer.

But bringing the empty chair to meetings is just the start. You must slide the chair closer to your actual customer by better understanding their needs, so you can create experiences just for them.

Research, data and insights can help you close the gap between perceived customer expectations and reality.

In this white paper, we guide you on how to gather research and insights, which slides you closer to understanding who sits in the chair, helping you create a customer-centric organization.

Building the Foundation for Customer Centricity

If you want to gain and retain your target audience as loyal, repeat customers, you must make customer centricity an intentional part of your company's long-term strategy.

In fact research shows companies that focus on customer experience outperform their peers in revenue growth, profitability and employee retention, with 89% reporting higher financial gains. Further, high-growth companies are nearly 2.5 times more likely to focus on solving customer problems than their peers, Forrester reported.

To create a customer-centric organization, you must first learn about customer understanding – the practice of gathering data and collecting information, and then using it to interpret trends and patterns in customer behaviors. Customer understanding helps you better align your purpose, products and services, and operations to the needs of your target audience.

No matter the size, budget or circumstances of your company, you can improve how well you know your customers – who can also be your employees. The objective is to reduce friction and frustration via empathy, which will further drive relevancy and resiliency in volatile market conditions.

HERE ARE A FEW PROMINENT EXAMPLES OF BUSINESSES BUILDING EMPATHY:

IBM'S BE EQUAL PROGRAM

IBM has more than a century of championing diversity, inclusion, and equality in the workplace through its Be Equal initiative. Using its own research and insights, the company established eight diversity task forces to address unique concerns of its constituency. These insights informed how it could create a diverse workforce to better serve the needs of their customers.

WELLS FARGO'S TRANSFORMATION

Wells Fargo had been slapped with regulatory and risk violations. Through both qualitative and quantitative research, company leaders realized they needed to reinvent who they are. They created a powerful internal transformation strategy that promoted the ideas of scale, security, safety and simplicity to help stabilize the work they do and how they help their customers.

HOTELS.COM'S HEALTH MEASURES

Hotels.com leaned on market insights when it encouraged people not to travel during the pandemic. Though they found themselves in a conundrum, the campaign showed they care, sending a message that the company valued the wellness of customers over profits. When travel resumed, Hotels.com implemented enhanced health and safety measures to help customers travel with confidence.

There are many examples of how brands show empathy to customers and employees, but the key takeaway is that when customer understanding is a true capability embedded into an organization's moral fiber, you can drive the business toward its goal of customer centricity.

Your Guide to Customer Understanding

To better understand your customers, you must learn how to gather data and collect information about how they interact with your product or service. Then, you can interpret trends and patterns in customer behaviors.

As your organization matures, it will go from gathering to using customer insights to inform direction, sliding the chair closer to creating a customer-centric organization. Below are the distinct phases involved in getting to that point.

LESSON 1.

Gather

Collect raw information that can be used to inform business practices and aid in decision-making. You will gain new data that can be monetized.

LESSON 2.

Interpret

Get formal training in insights to make sense of raw data, transforming that into useful pieces of information. You will gain actionable information to use every day.

LESSON 3.

Distribute

Socialize insights across the organization to create a shared vision and information set. You will create commonality with the data and information that teams use to make decisions and inform each other.

LESSON 4.

Activate

Determine which data and insights you should use to improve customer outcomes. You will monetize new data elements, which in turn creates more new data to leverage.

In the following sections, we explain in detail the first lesson: How to gather information to use as insights for decisions. We also cover how to build your customer understanding program. In future white papers, we'll explain the remaining lessons on how to interpret, distribute and activate research and insights.

Overcome Barriers to Becoming Customer-Centric

While data is important, gathering insights starts with collecting the right information.

It's debatable which metrics — which can be specific to each organization — are the most important. But the overall importance of each set of metrics is not up for debate:

Interaction Metrics

First Call Resolution

Website Behavior

Frequency of Use

Perception Metrics

Net Promoter Score (NPS)

Loyalty

Satisfaction

Outcome Metrics

Repeat Purchase

Customer Attrition

Purchase Volume

The problem is far too many organizations face compounding barriers to truly becoming customer centric. Based on our experience, across all major industry verticals and small businesses to large enterprises, the same patterns persist in some combination of the following:

- ✗ **Lack of understanding** – about what a research and insights function does and how it works
- ✗ **Lack of clarity** – on how customer centricity fits in with the organization and how to permeate the value across the enterprise
- ✗ **Lack of consistency** – exists as research and insights are handled on a case-by-case basis with no integration in the business architecture
- ✗ **Lack of capabilities** – causes heavy investment of external resources because of limited internal expertise, skill, and competency across preferred methods of research and insights
- ✗ **Lack of alignment** – and integration at the executive level around the voice of the customer (VOC) as an integral part of strategy
- ✗ **Lack of data** – and overdependence on tribal knowledge or anecdotal evidence in decision-making processes

These challenges prevent companies from acquiring, nurturing, keeping and winning back customers. A Gallup study revealed that 69% of B2B customers are ready to take their business elsewhere and less than half of B2B customers (47%) strongly believe their vendor delivers on its promises.

Don't let any of these challenges hold you back. Get to know your customers by advancing your research and insights capabilities to drive customer understanding.

Learn the Landscape of Research & Insights Capabilities

To tackle these challenges head on, organizations must first understand the landscape of research and insights capabilities available to help drive customer understanding.

While there is an array of methods and approaches, the most common precursor to conducting research is to define your objective. Research objectives set the stage for what you are trying to learn, who you are seeking information from and why.

This is essential to ensure a research assignment successfully provides relevant information to answer strategic questions about information categories.

Information categories are how an organization classifies what research and insights capabilities will inform at a macro level.

Standard information categories include:

- Market Share
- Segmentation

- Rationale for Selection
- Customer Preferences

- Event-Based Insights
- Customer Effort

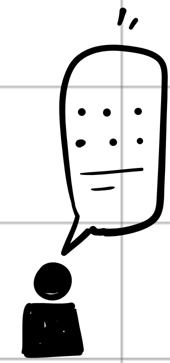
- Propensity
- Influences

- Awareness, Attitude and Usage
- Brand Equity

- Product Experiences
- Feature Evaluation

LESSON 1:

Learn to Gather the Right Research & Insights



To get started, you'll need to learn qualitative and quantitative methods to generate insights and identify the best option for your organization.

Just like how information gathered from research is categorized into the above buckets, the research methods also have levels of classification: evaluative, generative or inferred. Each can aid in customer understanding based on your organization's needs and where it is in the journey to customer centricity.

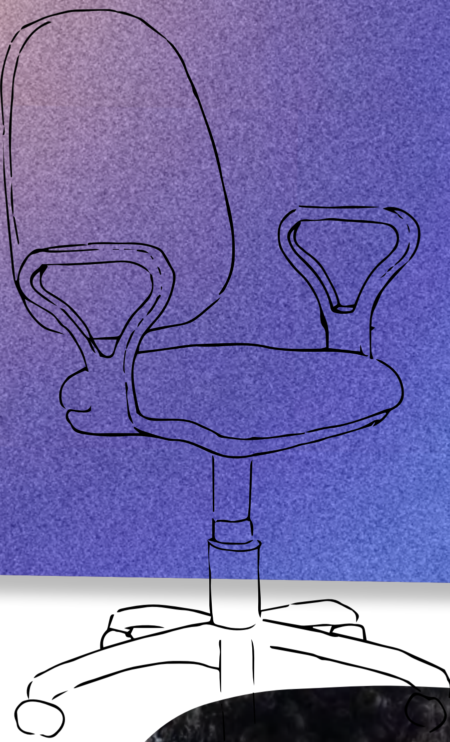
These are the top three types of research:

1. **Evaluative Research**
   This type of research is a systematic approach to learning about and determining a solution for a specific need, problem, challenge or opportunity. Examples include conducting a usability study, heuristic evaluation, in-depth interviews, customer journey mapping, a cognitive walkthrough and observation as a participant. Read on for more in-depth explanations and applications.

2. **Generative Research**
   With this approach, researchers seek to gain a deeper understanding of the inner workings and surrounding influences of people regarding market conditions, consumer and customer needs, and products and services. As outlined in the coming pages, generative research could include participatory design, contextual inquiry, a market study, or ethnography.

3. **Inferred Research**
   This research method is conducted by mining existing owned and third-party data to better inform a specific problem or challenge, or to further grasp customer influences. Key types of analytics include descriptive, diagnostic, predictive and prescriptive.

1. Evaluative Research for Known Situations



Evaluative research is best used when there is a known situation that needs to be addressed. One example would be when a program, product, or concept needs to be explored further, or fixed, before making financial or time investments.

Many organizations focus research efforts on this arena because it is point-based and correlated to a visible, tangible outcome, particularly in comparison to generative efforts. However, evaluative research is frequently not conducted consistently – and there tends to be a lack of formality in how to apply the process across an enterprise.

Listed below are some of the core and modern evaluative methods that organizations should consider:

- **Usability Study**
- **Heuristic Evaluation**
- **In-Depth Interviews**
- **Customer Journey Mapping**
- **Cognitive Walkthrough**
- **Obervation as a Participant**

METHOD

Usability Study

A method in which you use wireframes, prototypes or even proof-of-concepts to test your designs, features and functions with actual users to validate the experience.

WHEN TO USE

You want to know more about an application or product and how it functions. For example, when you are launching a mobile app, a usability study will validate that users can accomplish their tasks with ease or point you to where friction exists.

STEPS INVOLVED

1. Create research objectives and ensure alignment with product teams.
2. Define user base and type of stimuli you will use to achieve the research objective.
3. Create a script for what you want to evaluate and evaluation methods.
4. Recruit participants and schedule a facilitated session.
5. Aggregate findings about the application into three categories: must change, may change, and no need to change.
6. Review insights with product teams to ensure alignment on user needs and functional changes.
7. Determine impact of changes with the product team.
8. Prioritize changes and write user stories or requirements to be redesigned and developed.
9. Follow up with users to validate design changes before introducing them to market.

TIPS AND TRICKS

There are many ways to perform usability studies. When determining the best method, explore online usability labs. These are cost effective and require less recruiting time if the audience is generic. Also, the tools are great resources for getting diverse types of feedback, such as eye tracking or heatmaps that illustrate focal areas in the applications or products.

METHOD

Heuristic Evaluation

A technique that involves reviewing existing interfaces and comparing them to modern design styles or other attributes to help modernize experiences.

WHEN TO USE

You want to compare your product to today's modern standards of design and usability to ensure effectiveness and adoption. Apply to any digital interface where an expert gives you a scoring matrix related to modernity and acceptance of your product.

STEPS INVOLVED

1. Determine what criteria you'd like to evaluate about the application or product.
2. Create a scoring method and review with the product teams to gain alignment on how you will present the information.
3. Have a UX expert perform the assessment in whatever environment has the closest to final view of the application.
4. Based on the scoring method, plot findings and create insights.
5. Review insights with product teams to gain alignment about findings.
6. Have a UX expert create recommendations for changes to criteria selected in assessment set-up (step 1).
7. Review recommendations with the product team and prioritize changes.
8. Map changes using a story mapping technique to create synergies between requirements and further increase value of sprints or delivery cycles.

TIPS AND TRICKS

- This requires the application or product to be complete or virtually completed to be able to properly conduct the assessment.
- Make sure a UX expert is conducting this analysis, as junior resources lack the tenure to best improve the application.
- Criteria for these assessments include:
    - Visibility of system status
    - Match system and real world
    - User control and freedom
    - Consistency and standards
    - Error prevention
    - Recognition rather than recall
    - Flexibility and efficiency of use
    - Aesthetic and minimalist design
    - Assistance for users to recognize, diagnose and recover from errors
    - Support and documentation

METHOD

In-Depth Interviews

A method that involves hosting a series of 1:1 interviews, immersive and intimate conversations with actual customers, to better understand their needs and influences.

WHEN TO USE

You want to get deeper, more immersive sets of information from users. These sessions dive into the needs of customers to help define strategies or product roadmaps and help map internal effort to value.

STEPS INVOLVED

1. Create your research objective and ensure alignment with product teams.
2. Define customer base and volume or participants needed.
3. Create an interview guide and share with the sponsors or stakeholders to gain alignment on what is being asked and why.
4. Recruit participants and schedule facilitated session.
5. Create an interview script and include:
   - Why you are here
   - What you are trying to accomplish
   - The expected outcome of the session and how the information will be used
6. Host interviews and make sure they are no longer than 60 minutes.
7. Aggregate findings across all interviews and theme insights.
8. Present insights to stakeholders or sponsors for initial feedback.
9. Create recommendations and an action plan based on insights. Then present to stakeholders or sponsors.
10. Once approved, distribute findings, recommendations and an action plan to functional teams as needed.

TIPS AND TRICKS

- This can be qualitative or quantitative in nature, and it can be specific or generic to gain insight into customer needs and influences. This technique can be generative or evaluative.
- Recruiting for this method can be tricky depending on your interview subjects. For example, if you are looking at recruiting senior leaders of sales organizations in the B2B space, it may take longer to get the counts needed or it may require payment for their time.
- It is OK to go deep with these types of interviews, as long as you keep the time to 60 minutes or less.
- It's recommended to always use two resources for every interview: a facilitator and a scribe. It is extremely hard to do both and get all the information on paper effectively.

METHOD

Customer Journey Mapping

A technique that plots the stages a customer goes through with the activities, including pains and level of satisfaction, to help understand where frictions and opportunities to improve exist.

WHEN TO USE

You want to better understand what, why and when a customer makes a decision on any specific experience to remove friction and reinvent how a customer interacts with your organization.

STEPS INVOLVED

1. Create your research objective and ensure alignment with product teams.
2. Define customer base and volume or participants needed.
3. Create an interview guide and share with the sponsors or stakeholders to gain alignment on what is being asked and why.
4. Recruit participants and schedule facilitated session.
5. Create an interview script and include:
   - Why you are here
   - What you are trying to accomplish
   - The expected outcome of the session and how the information will be used
6. Host interviews and make sure they are no longer than 60 minutes.
7. Map each individual person's journey and determine patterns across the current state.
8. Consolidate the customers into personas or archetypes to further simplify how many journeys there are for a given situation.
9. Create aggregated insights and determine friction points and an action plan.
10. Present the personas and their respective current state journeys to stakeholders and sponsors.
11. Design future state experiences that add value, remove friction and increase the rate of positive outcomes.
12. Present future state journey maps and strategies to stakeholders and sponsors for approval.
13. Decompose journey into functional strategies and action plans. Then deliver proposed enhancements to design teams.

TIPS AND TRICKS

- There are many ways to visualize journey maps and, depending upon your need and audience, the depth at which the information is reviewed may vary.
- Journey maps are a strategy tool, not a solution. Current state maps show you the problem, whereas future state maps illustrate the solution you need to create.
- Journey maps are essential to understanding behavior and moments that matter for customers. They should be leveraged as a material component in any VOC or centralized customer analytics practice.

METHOD

Cognitive Walkthrough

A method in which participants collaborate on how to make a task flow better. It is a way to turn hypotheses into solutions that are task-oriented in nature.

WHEN TO USE

You want to better simplify task flows within a product or application to make the flow itself as frictionless as possible. Many organizations leverage this technique to prove a hypothesis, validate assumptions or ensure proper task orientation.

STEPS INVOLVED

1. Determine the task flow to evaluate and provide data that supports or defines the challenge at hand.
2. Create a usability team of five to six team members who can collaborate on reviewing and making recommendations.
3. Create prescribed task-based questions to answer according to the flow. This can be handled by the lead researcher or team.
4. Assign microtasks to each team member. Document and discuss task completion issues in a workshop setting.
5. Assign a recorder to document the discussion as it relates to the evaluator's feedback and potential solutions.
6. Cycle through all microtasks until the overall task flow is complete.
7. Collaborate on defining the aggregate pains for each microtask and determine solutions.
8. Present pains and solutions to product teams for a feasibility analysis. This occurs after completion of the entire flow.
9. Prioritize changes and submit them to the product delivery mechanism for execution.

TIPS AND TRICKS

There are basic criteria you must use in each microtask to help with the overall evaluation:

- Will users try to achieve the right result?
- Will users notice that the correct action is available?
- Will users associate the correct action with the result they're trying to achieve?
- After the action is performed, will users see that progress is made toward the goal?

METHOD

Observation as a Participant

A technique that involves reviewing how tasks and activities are performed by customers in natural settings. This requires no direction, just simply observing what happens in and around people to better understand the experiential ecosystem.

WHEN TO USE

You are trying to understand the surrounding elements of task-oriented experiences to ensure environmental influences are considered when designing solutions. Call centers and service centers use this technique to better understand the influences in and around a team as they engage with each other, technology and in a physical setting.

STEPS INVOLVED

1. Determine the functional area or experience you are evaluating and why you are making the assessments.
2. Gain approval from leadership and management teams to be a “fly on the wall” that observes behaviors of customers and team members.
3. Determine how observation will take place based on how involved you want the team and customers to be (either active or passive).
4. Design an observation guide to best understand the inner working of what you are observing and allow for annotations and insights to be assigned to preexisting categories.
5. Conduct field observations in real time, and scribe insights according to a hypothesis and categories defined in the observation guide.
6. Aggregate findings and turn them into consolidated insights to inform overall direction for enhancements.
7. Review insights and directional enhancement strategy with team leaders, stakeholders and/or sponsors.
8. Define enhancements and prioritize with functional leaders to ensure feasibility of solutions and changes.

TIPS AND TRICKS

Types of observations include:

- Passive participant observation
- Active participant observation
- Covert and overt
- Covert and active
- Covert and passive
- Open and active
- Open and passive

Make sure to leverage various mediums to help support findings: video, audio, pictures, and more.

2. Generative Research to Better Understand Macro Level Influences

Generative research is best used when there is a need to better understand macro-level forces influencing human behavior. This is point-based in most organizations and has fewer levels of formality in terms of operational integration.

Used less often, generative research should be considered when there's a need to educate, inform and align cross-functional teams. This type of research allows organizations to establish a shared vision and common principles for how the organization can build a better relationship with its customers.

Listed below are some of the core and modern generative methods that organizations should consider:

- **Participatory Design**
- **Contextual Inquiry**
- **Market Study**
- **Ethnography**

PARTICIPATORY DESIGN | CONTEXTUAL INQUIRY | MARKET STUDY | ETHNOGRAPHY

METHOD

Participatory Design

A very inclusive technique where you involve the core audience in the design and creation of the solution. You empower them to lead the business on how they should interact with the customer depending upon the situation.

WHEN TO USE

You need a better understanding of how to meet, and sometimes preempt the needs of customers – like an inclusive practice that brings internal teams, customers and stakeholders together to design solutions.

STEPS INVOLVED

1. Create problem statement(s) and align problem(s) to an existing journey or user flow.
2. Determine audience mix and recruit for participation.
3. Create a research plan for empathy design, ideation, and prioritization steps.
4. Determine group exercises to aid in each phase of the process.
5. Host empathy collaboration sessions with target audience and produce outputs based on selected ways of working and exercises completed.
6. Generate insights and stimuli for ideation sessions.
7. Host ideation sessions with target audience and produce outputs based on selected methods of working and exercises completed.
8. Generate insights and stimuli to use in prioritization sessions.
9. Host prioritization sessions with target audience and produce outputs based on selected methods of working and exercises completed.
10. Aggregate insights from each stage and present to stakeholders or sponsors for approval to share with functional teams.
11. Create and distribute an action plan to functional teams.

TIPS AND TRICKS

- Participatory design is best used to conduct and facilitate other methods, such as journey mapping. The target audience is included in the design of the solution itself and should empathize as well as ideate on the current state.
- In each phase of the research process, conduct a read out of the previous step, what information is used from that step and why. This will help set the stage and create focus as you move from one stage to the next.

METHOD

Contextual Inquiry

A similar method to in-depth interviews in which you host 1:1 interviews, but this is more closely aligned to complexity of doing business across products and services to better understand how to simplify customer engagement with the brand.

WHEN TO USE

You need an understanding of users' interactions with complex systems and in-depth processes, as well as the point of view of expert users. Financial institutions are notorious for using these inquiries for commercial banking due to the complexity of the products, but also to define the relationship between the bank and the customer.

STEPS INVOLVED

1. Create a research objective and ensure alignment with product teams.
2. Define customer base and volume or participants needed.
3. Create an interview guide and share with the sponsor or stakeholder to gain alignment on what is being asked and why.
4. Recruit participants and schedule a facilitated session.
5. Create an interview script and include:
    - Why you are here
    - What you are trying to accomplish
    - The expected outcome of the session and how the information will be used
6. Host interviews and make sure they are no longer than 60 minutes.
7. Isolate each individual person's experience and determine patterns across the current state.
8. Consolidate the customers into personas or archetypes to further simplify how many patterns there are for a given situation.
9. Create aggregated insights and determine friction points and an action plan.
10. Present the personas and their respective current state patterns to the stakeholder and sponsor.
11. Design future state experiences that add value, remove friction and increase the rate of positive outcomes.
12. Present future state recommendations and strategies to stakeholders and sponsors for approval.
13. Decompose patterns into task flows and screen-oriented changes and deliver to functional and product teams.

TIPS AND TRICKS

Principles of Contextual Inquiries:

- The researcher should make observations in the natural environment, where the user typically works, avoiding labs or conference room settings.
- The user and researcher are partners in the process of understanding the work. The researcher should not control the entire session and content of discussions.
- The researcher should develop a comprehensive and shared interpretation for all important aspects of the work, aided by feedback from the user.
- The researcher should understand the purpose of the research project and the information they seek.

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PARTICIPATORY DESIGN | CONTEXTUAL INQUIRY | MARKET STUDY | ETHNOGRAPHY

METHOD

Market Study

A method used to better understand current market conditions, competitors and audiences that inform overall strategic direction for a brand's products and services.

WHEN TO USE

You need to determine whether competition in a market is working efficiently and identify measures to address any issues pointed out in comparison. Large brands in retail and tech dominate this space to understand their market position and create separation from competitors.

STEPS INVOLVED

1. Select and prioritize sectors or brands to evaluate.
2. Determine hypothesis to aid in overall study validation and competency.
3. Collect primary information about competitive set.
4. Determine data collection method: observational, assessment, surveys, participatory (this differs from participatory design).
5. Perform or conduct preferred data collection method.
6. Lead secondary information collection based on raw findings from data collection.
7. Analyze findings and determine scoring model.
8. Score each competitor based on predetermined criteria.
9. Host insights session with stakeholder and sponsor to inform them of outcomes.
10. Create opportunity matrix used to better understand market opportunity, risk and actions needed.

TIPS AND TRICKS

Common attributes or market studies:

- **Demand:** Is there a desire for your product or service?
- **Market size:** How many people would be interested in your offering?
- **Economic indicators:** What is the income range and employment rate?
- **Location:** Where do your customers live and where can your business reach?
- **Market saturation:** How many similar options are already available?
- **Pricing:** What do, or will potential customers pay?

METHOD

Ethnography

A method of social research that involves examining the behavior of the participants in each situation and understanding the interpretation of such behavior.

WHEN TO USE

You need to better understand general customer behaviors in societal and natural settings. Retail giants spend plenty of time and money in this arena to better support commerce, marketing and merchandising with target segments.

STEPS INVOLVED

1. Create a research objective and ensure alignment with product teams.
2. Define customer base and volume of participants needed.
3. Create interview guide and share with sponsor or stakeholder to gain alignment on what is being asked and why.
4. Recruit participants and schedule a facilitated session.
5. Create interview script and include:
    - Why you are here
    - What you are trying to accomplish
    - The expected outcome of the session and how the information will be used
6. Host interviews and make sure they are no longer than 60 minutes.
7. Aggregate findings across all interviews and theme insights.
8. Present insights to stakeholder or sponsor for initial feedback.
9. Create recommendations and an action plan based on insights. Then present to stakeholder or sponsor.
10. Once the plan is approved, distribute findings, recommendations and the action plan to functional teams as needed.

TIPS AND TRICKS

Types of interviews that can be used:

1. Casual Interview

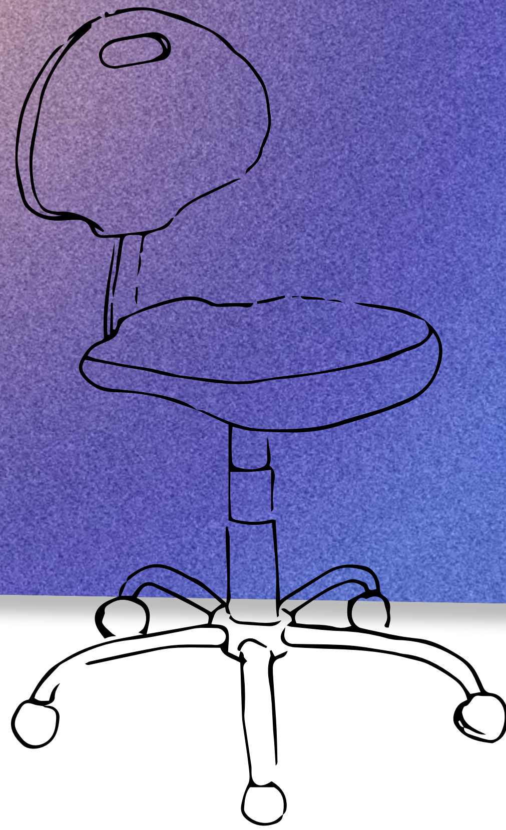
2. Formal Interview

3. Group Interviews

A few more tips:

- A strong emphasis on exploring the nature of a particular social phenomenon, rather than setting out to test hypotheses about it.
- A tendency to work primarily with "unstructured data," or data that has not been coded at the point of data collection as a closed set of analytical categories.
- Investigation of a small number of cases.

3. Inferred Analytics to Draw Informed Conclusions



Inferred Analytics is aligned to existing capabilities within many organizations but viewed with a different lens to increase the level of visibility into the informative categories.

This type of research consists of mining data to create inferred insights that are distributed to the enterprise as a whole or to specific parts of the organization with a common vision, goal or objective. The insights can help ensure the right decisions are made in the customer understanding journey.

There are four distinct types of analytics used in helping organizations mitigate risk and increase growth or performance:

Descriptive Analytics: Defines what is happening in the business. It's applied in customer experience (CX) in real-time through visualizations.

Diagnostic Analytics: Reveals why events are taking place. This type of analytics is applied in CX with cause-based analysis to further understand aggregate behaviors.

Predictive Analytics: Establishes what is likely to happen. This pattern analysis helps researchers further understand aggregate behaviors.

Prescriptive Analytics: Defines solutions. It's applied in CX by providing recommendations and actions to remove friction in patterns.

Customer Insights You Need to Inform Your Business Model

Once organizations better understand the types of research that can be applied and when to use them, it's important to recognize how and what those insights can influence. Based on our experience, the analytics combined with a formal practice focused on customer understanding can flex up and down any enterprise value model.

While all organizations use data, analytics, and some level of insights to inform strategic direction, they are not necessarily using customer insights or a VOC program to truly become what they envision — a customer-centric organization.

Here are the primary ways customer understanding informs major components of your business model:

	CUSTOMER INSIGHTS YOU NEED	TYPES OF RESEARCH TO CONSIDER
Digital Solutions	Ensure product success regarding market readiness, user adoption or usage and drive Net Promoter Score.	• While building a product o In-Depth Interviews o Customer Journey Analysis o Participatory Design o Observation as a Participant o Cognitive Walk Through • When you are ready to launch a product o Usability Study o Heuristic Assessment • After a product is in the market o Contextual Inquiry o Heuristic Assessment o Cognitive Walk Through
Innovation	Understand opportunities in the market and space to occupy, but also better determine what to pair it with to either gain share or open white space.	• In-Depth Interviews • Customer Journey Analysis • Observation as a Participant • Cognitive Walk Through • Contextual Inquiry • Market Study • Ethnography
Branding/ Marketing	Determine who your real target audiences are, what channels they need you to be in, and where and when they need you.	• In-Depth Interviews • Customer Journey Analysis • Observation as a Participant • Cognitive Walk Through • Contextual Inquiry • Market Study • Ethnography
Competitive Readiness	Gain a better understanding of why customers choose other brands, and what is special or not so special about their products and services. Answer the question: How mature are their digital solutions?	• In-Depth Interviews • Customer Journey Analysis • Market Study • Heuristic Assessment • Usability Study
Enterprise Strategy	Acquire more knowledge of your customers and employees, what motivates and influences them, and what they need from you, along with a reasonable timeline.	• In-Depth Interviews • Customer Journey Analysis • Market Study • Observation as a Participant • Cognitive Walk Through • Market Study

How to Build Your Program for Customer Understanding

So far, the discussion has been about defining customer understanding, along with methods of research and insights most often used, and how those capabilities inform core attributes of most business models today.

Now, let's shift the focus to how an organization can better and more formally use insights to achieve customer centricity, starting with understanding where you are today. This can help you establish a baseline, highlight opportunities for additional insights, and formalize capabilities that fit your overall business needs.

Start With an Audit

First, perform an audit to comprehend the current landscape, but do so with rigor around the competencies you will eventually use to mature your customer understanding capabilities.

Our model includes the following attributes:

Information	Who is doing what, how and why	Focus on information gathering, synthesis and sharing
Prioritization	Who is doing what, how and why	Focus on alignment to strategy and the process
Measurement	Who is doing what, how and why	Focus on definition, taxonomy, and ontology of information
Distribution	Who is doing what, how and why	Focus on knowledge management, shared understanding, and normalization
Execution	Who is doing what, how and why	Focus on how insights and information are used in delivery, planning, and predicting

Determine How to Evolve

Next, determine where you want to be, as well as the level of formality for how you will use customer understanding at all levels of the organization. Create the change delta between where you are today and your desired future state, so you can plan how the organization needs to evolve.

Typically, this will follow a similar change model to any other type of new or more formal operation. There will be impacts to people, process, data and technology to consider.

The biggest challenge most organizations face when formalizing or establishing a customer understanding practice is determining how it integrates into the business architecture. There are typically two preferred ways entities leverage customer understanding practices – both of which have their own pros and cons.

Distributed Function

In this operating model, capabilities exist within the lines of business or product teams.

PROS

1. Techniques applied to specific value-based business outcomes and tied to enterprise strategy
2. Dedicated resources responsible for managing data and generating insights throughout decentralized functions
3. Cost-effective in managing enhancements for services and solutions

CONS

1. Isolated insights within the business line or product, leading to less use across the entity
2. Limited information sharing across teams, introducing the risk of redundancy
3. Limited ability to understand holistic experience across all aspects of the organization

Centralized Function

In this operating model, capabilities are aggregated into a shared function across the enterprise to service all teams.

PROS

1. Knowledge sharing and management become integrated up and down the value chain
2. Patterns and scalability reduce redundancy and increase productivity
3. Decisions are made with a mutual understanding of need, influence and impact

CONS

1. Requires a larger team to limit crammed backlog of items servicing a large organization
2. Creates a net new function that needs to be operationalized and integrated into the business architecture
3. Requires the enterprise to hire and trust a senior leader to run this new organization

We do not recommend organizations operate a customer understanding practice or use point-based or "Community of Practice" models. Simply put, the level of formality is too low and, because it's sporadic, it doesn't have the rigor necessary to leverage data about customers. This approach also introduces too much risk.

Begin The Work of Implementing Change

Once a decision has been made regarding how you will integrate and manage customer insights, the evolution of the organization can begin.

Referring to the audit model mentioned above, you should expand your organization's audit with the following details:

Information

Determine how information will be gathered, synthesized and shared. This will serve as the backbone for what customers, users and internal audiences need from the entity to be successful or foster a deep relationship.

Prioritization

Map out the process for prioritizing insights, including what to include and why. This will help inform stakeholders on how the most value can be extracted, constructed or delivered to a customer, user or team member.

Measurement

Define what metrics will be used. This serves as a checks and balance mechanism to monitor and gauge effectiveness of decisions and solutions that leverage insights and can either validate design or create new opportunities.

Distribution

Decide how insights will be delivered to the organization, including who is responsible for delivery. Create a shared and mutual understanding of what is important to the customer, users and team members to ensure cross-functional alignment.

Management

Establish the process and technology used to manage knowledge earned through the practice. Hygienic and useful information needs to be continuously improved to help an organization mature and build confidence in the data being used, including its recency, resiliency and factualness.

Culture

Assess how insights are forming a new shared, common vision that makes progress. By paying attention to culture, it helps remove subjectivity and bias toward existing or preexisting notions or understanding of customers. It also creates a level playing field and better enables everyone to rally around customer centricity.

Slide the Chair Closer to Your Customers

Research, data and insights will allow you to better understand the customer who sits in your company's empty chair.

It brings the customer's voice to the forefront of every conversation and decision, and helps you understand their needs to better align your products and services.

In future white papers, we'll explain in detail how interpreting, distributing and activating these insights brings you even closer to the actual customer, helping you create a truly customer-centric organization.

Ready to slide that empty chair closer to your actual customer? We can help.

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About Us

Centric Consulting is an international management consulting firm with unmatched expertise in business and digital transformation, hybrid workplace strategy, technology implementation and adoption. The firm has established a reputation for combining the benefits of experience, flexibility and cost efficiency with the goal of creating tailored solutions centered on what's best for your business. Founded in 1999 with a remote workforce, Centric has grown to 1,500 employees and 14 locations across the country and India.

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