EBOOK

The CX Leader of the Future

What's Changed, What's Possible — and What Works

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Introduction

Customer experience (CX) is an area that more organizations are devoting time and resources to. As customer loyalties shift and customers cease interacting with brands for the slightest misstep, delivering exceptional customer experiences is critical — now more than ever.

Yet responsibility for CX is often neither concentrated within a single leader or team nor accounted for effectively. There is a strong consensus that CX needs more accountability. Organizations that concentrate CX to a single point of ownership have different attitudes about and experiences of CX — many of which can be replicated by others looking to improve. Centralized CX organizations have a different point of view surrounding CX than their peers. In addition, they measure harder metrics and experience better outcomes compared to organizations with a more decentralized approach to CX. Simply put, if your organization has a decentralized approach to CX then you're wasting time and money.

What does the future of CX look like? If there isn't an association with revenue and profitability for the corporate, the future will be dim. But that's not the case. Who are the stakeholders and how do they collaborate — if at all? Do organizations feel like their efforts to improve CX are having positive results? To answer these questions and more, [24]7.ai partnered with the research team at CMSWire for the *CX Leader of the Future* survey. By surveying hundreds of respondents in the CX space we could paint a picture of what the customer experience looks like, where leaders want to take it and how they can get there.

Key takeaways

- Centralizing CX responsibility **shapes an organization's worldview**.

- Centralized CX organizations take a more **data-driven approach**, which allows them to drive **impactful CX change**.

- Centralizing responsibility for CX has a provable **positive impact** on the organization.
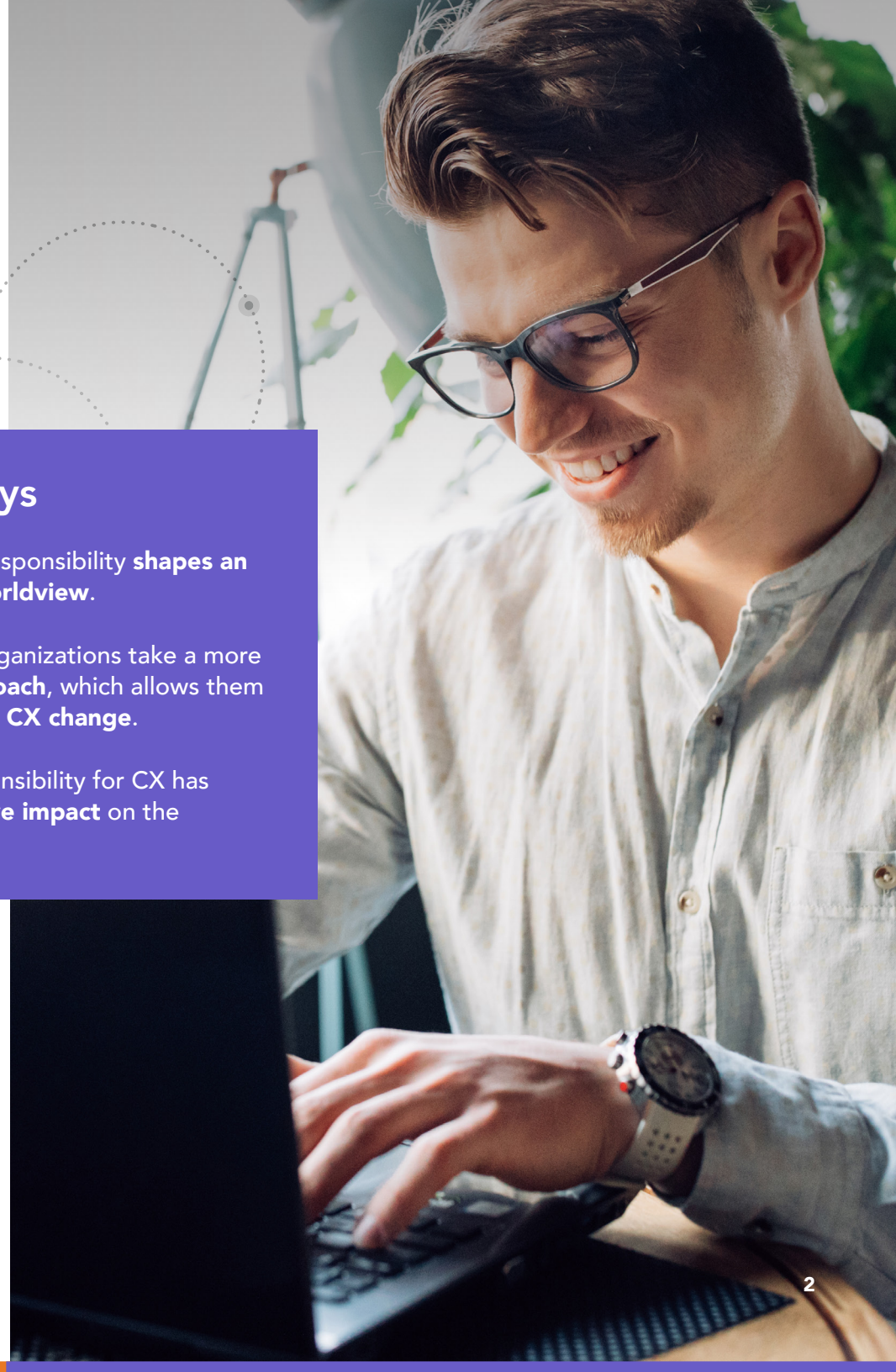
Demographics in Brief

The *CX Leader of the Future* survey received 408 responses. Respondents are from enterprise-level organizations with 1,000+ employees, and have responsibility for customer experience — either setting strategy, executing operations or influencing the customer experience for their organizations.

The *CX Leader of the Future* survey received

4 0 8

responses from respondents.

Future Role of the CX Leader

Before we dive into what organizations are doing to improve their CX, we must first ask: what does a CX leadership role look like? Who are the stakeholders for CX? How is the CX Leader role changing and what are its challenges?

While the idea of making your customers happy isn't a new one, having a customer success department is a relatively new business function. For companies without either a Chief Customer Officer (CCO) or a customer success department, improving the customer experience is mostly an ad hoc process. However, there's broad consensus on needing more accountability and ownership of CX, which translates to a majority of organizations merging ownership into a single role. Many organizations either have a CCO (or similar) role, or see the need for one. Among all respondents, 67% have a CCO at their organizations, while 26% say they don't yet have this role but should. This aligns with recent research, which states that roles such as CCO or Chief Experience Officer (CXO) have risen to prominence at organizations over the past several years.

Stakeholders vary from organization to organization around making customer-first decisions — it's a broad group with very few roles consistent across all organizations. Most organizations (51%) identify the CEO as a key stakeholder. Other C-level roles may have a say in these decisions or they may not; it's highly organization-dependent.
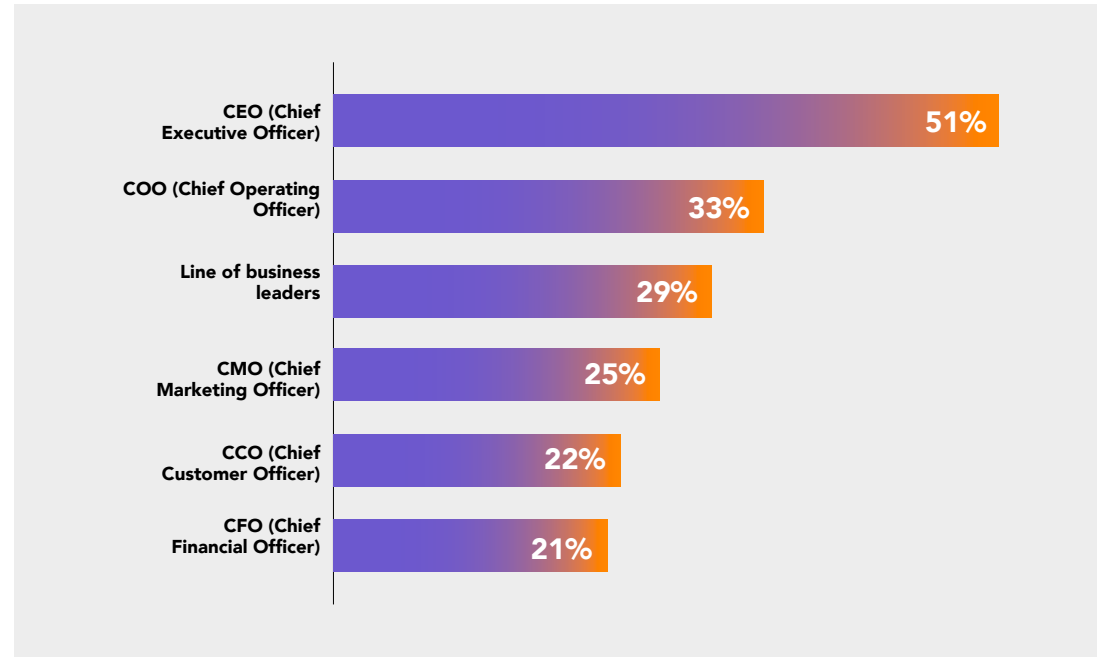

Figure 1: Key stakeholders involved in making customer-first decisions (all respondents)

The ability to directly affect customer experience, helping to improve business outcomes (revenue and profitability) and understanding the customer journey primarily motivates CX leaders to action.

Ability to directly impact customer experience

66%

Helping to improve business outcomes

53%

Understanding the customer journey

50%

Working across functions to impact change

40%

Saving money for the organization

21%

Figure 2: The most rewarding aspects of the CX leader role (all respondents)

Given that CX leaders want to help people and advocate for the consumer experience, how do you enable your CX leaders to do that? One way is to address the barriers surrounding improving CX. According to CX leaders, barriers to creating a customer-first culture include organizational culture, competing priorities and lack of cross functional collaboration (silos). CX silos especially hinder the efforts to improve CX.

How has the role of CX leader changed in recent years? The role of the CX leader has become increasingly customer focused, technology enabled, data driven and collaborative over the past few years.
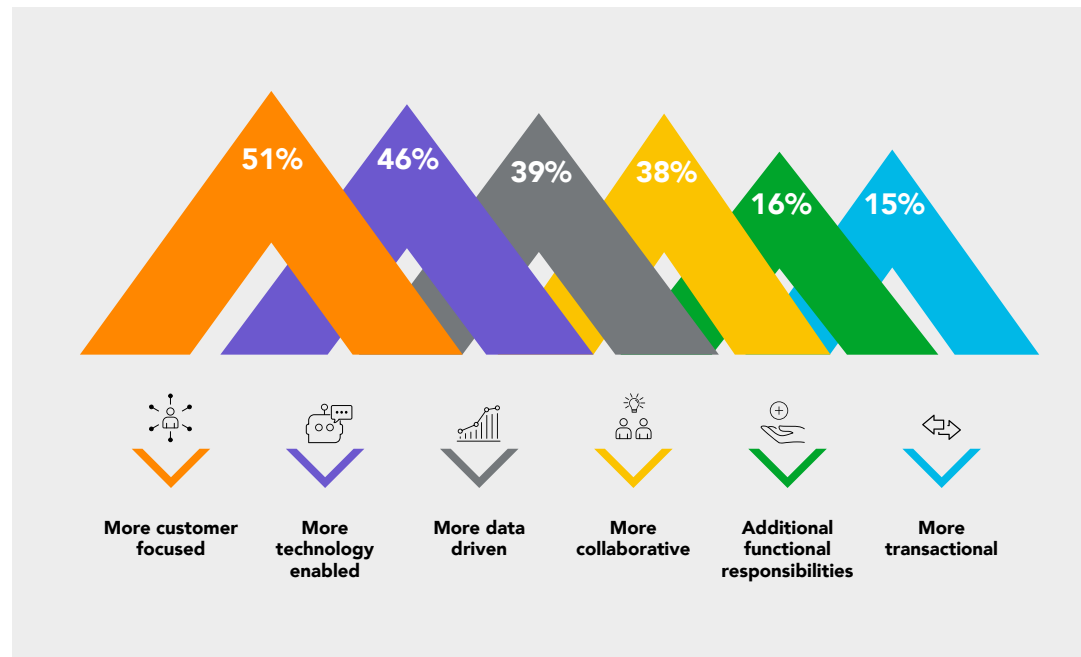

More customer focused	More technology enabled	More data driven	More collaborative	Additional functional responsibilities	More transactional
51%	46%	39%	38%	16%	15%

Figure 3: How the role of CX leader had evolved over the past few years (all respondents)

Viewing CX Through a Single Lens
Centralizing CX responsibility **shapes an organization's worldview.**

The impact a CX leader has on outcomes may depend on whether they work for an organization with centralized responsibility for CX. On the survey, slightly less than half of all respondents (43%) said that one person or team has responsibility for the customer experience. These are **centralized CX organizations**. Contrast them with the 51% who said that their CX responsibility for CX is spread across several functions (**distributed CX organizations**). When comparing the two groups, interesting patterns emerge regarding how each group views and improves the customer experience.
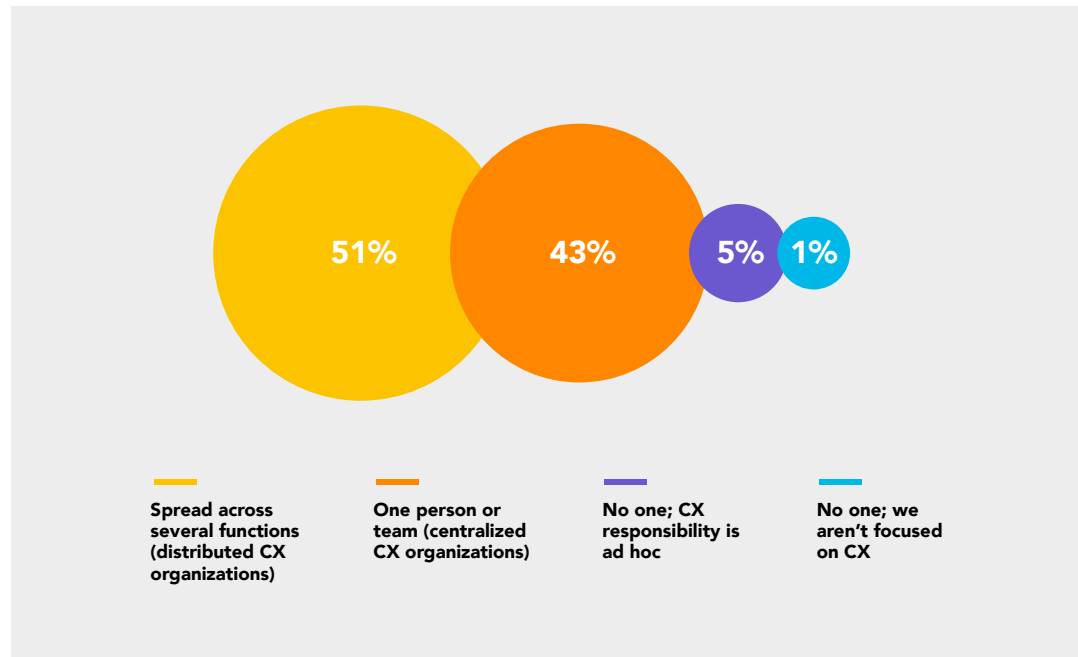

51%	43%	5%	1%
Spread across several functions (distributed CX organizations)	One person or team (centralized CX organizations)	No one; CX responsibility is ad hoc	No one; we aren't focused on CX

Figure 4: Who owns the customer experience at your organization? (all respondents)

How else does centralizing CX shape an organization's worldview? Leaders in centralized CX organizations are more likely to say their work has a great deal of impact on business-critical priorities, such as customer satisfaction, company growth and responsibility. Centralizing CX also increases impact on net promoter score.

Assigning Responsibility

Having a single person or team responsible for CX often goes hand-in-hand with a particular role structure. Centralized CX organizations are more likely than distributed CX organizations to have a Chief Customer Officer (CCO) or equivalent role (85% vs. 56%). Not that distributed CX organizations don't see the need for a CCO. Among distributed CX organizations, 35% say they should have someone in the CCO role. A few things could explain why distributed CX organizations see the need but haven't established that role yet. The first is simply the maturity level of the organization. Smaller organizations might not have the space for a CCO. Organizational priorities might also explain the discrepancy. If distributed CX organizations aren't prioritizing CX, then they might not see the need for a CCO. Regardless, the survey shows a need for more accountability at distributed CX organizations — especially if they want to break down CX silos.

Unifying Ownership to Break Down Silos

At all organizations, centralized or distributed, organizational silos hinder internal efforts to improve CX. This can be especially tricky with distributed ownership among many leaders or teams. Deciding on responsibility for CX breaks down silos.

However, centralized CX organizations are more likely than distributed CX organizations to identify silos as a hindrance to improving CX. It's a matter of priorities. Likely the centralized CX organizations see silos as more of a problem because one person is paying attention to improving CX. If distributed CX organizations aren't prioritizing the customer experience as intently, they aren't as likely to identify silos as issues. Without a single person owning the customer experience, distributed CX organizations might not see the challenges they face, let alone tackle them.

Takeaway

Prioritizing CX relates to profitability and increasing the long-term customer value. Having one person/team with ownership of CX translates to different organizational attitudes and approaches around improving CX. A single leader setting strategies and priorities to improving the customer experience can more easily identify challenges and roadblocks, such as internal silos.

Q: **What change would make the most impact on improving customer experience at your organization?**

A: **"A shared and aligned vision on CX, clarity on the outcomes that will change accordingly."**

—survey respondent at distributed organization, open comments

Making the Data Work for You

Centralized CX organizations take a more **data-driven approach** to efforts to improve CX.

Two key ways centralized CX organizations impact CX change are their ability to drive decisions using data and their cross-functional work. Having centralized CX ownership drives the right revenue and profitability outcomes. Conversely, decentralized CX organizations rely on more anecdotal evidence, and don't use data to show results and drive more change. The result is that because distributed CX organizations don't use data (if they gather it at all), they can't show how CX improvements affect customer actions.

The CX leader of the future is data driven — and it needs to be. Nearly half of all centralized CX organizations (49%) say that their role as a CX leader has become more data driven over the past few years (compared to just 31% of distributed CX organizations who say the same thing). By prioritizing data collection and assessment, leaders can move beyond "we need to make things better for the customer" to "here are the data points we can use to identify where we're failing the customer, which we'll use to improve."

The KPIs of Effective CX

Because centralized CX organizations have data-driven leaders, they assess different metrics, using those key performance indicators (KPIs) to show the real impact CX has on the business. What then are the different metrics and right KPIs that pinpoint customer satisfaction? Survey respondents indicate a difference between anecdotal and harder metrics used to assess the customer experience. For example, centralized CX organizations are significantly more likely to assess customer lifetime value and customer acquisition cost (more objective metrics). On the other hand, distributed CX organizations are more likely to assess customer satisfaction and customer retention rate (more anecdotal metrics).

Why the discrepancy? Centralized CX organizations are reacting to the new reality: acquiring and retaining new customers is harder than ever before. Since that is the case, focusing on creating exceptional customer experiences that will keep customers coming back for more is better for their organization overall. In that instance, what customers say they feel about an organization is less of an indicator of their true feelings than how they act when it comes to sticking with an organization over time. Customer satisfaction might be an easy metric to capture from a survey or an email, but the harder metrics of retention rate and lifetime value can prove more valuable by measuring deeds rather than words.

Of course, tracking KPIs is of no use if something isn't done with the data. As another indicator of their focus on data, centralized CX organizations are drastically more likely than distributed CX organizations to say (definitively) that the KPIs they use to help them improve customer experiences (71% vs. 34%).
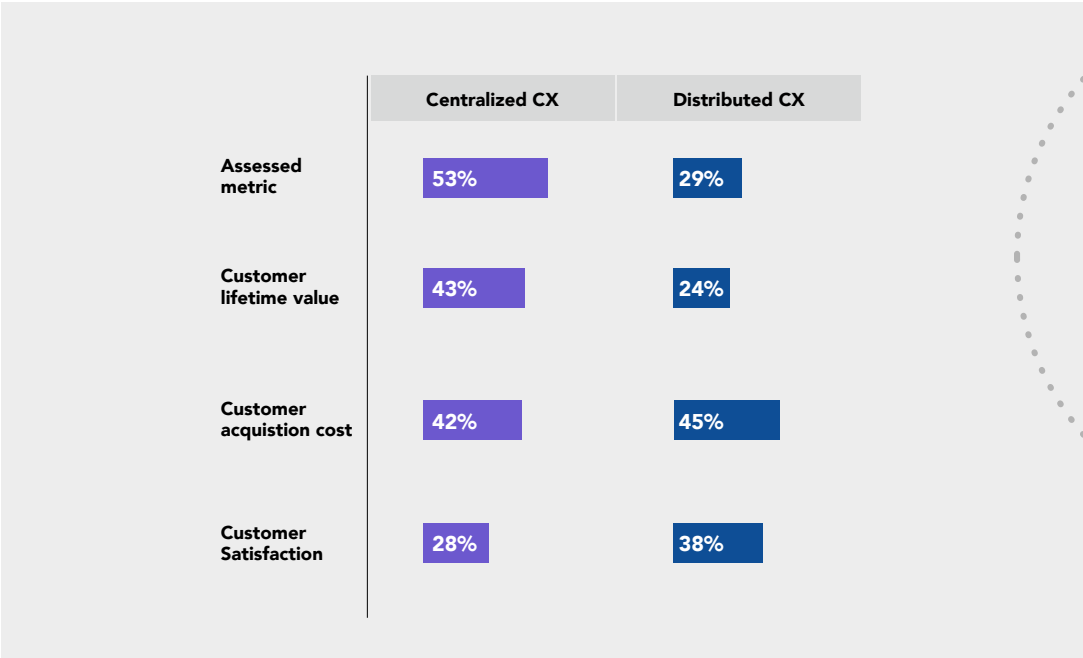
	Centralized CX	Distributed CX
Assessed metric	53%	29%
Customer lifetime value	43%	24%
Customer acquistion cost	42%	45%
Customer Satisfaction	28%	38%

Figure 5: KPIs used to assess customer experience

Takeaway

While KPIs for successful CX seem to be unique to the business, centralized CX organizations measure more granular metrics than distributed CX organizations. This results from centralized CX organizations being more data-driven in their efforts to improve CX. Centralized CX organizations are also more likely than distributed CX organizations to take the metrics they measure and use those metrics to improve CX. Customer lifetime value might not be as simple to measure as customer satisfaction, the lifetime value is both related to revenue and profitability and more useful when making strategic decisions.

71% of centralized CX organizations use KPIs to improve customer experiences.

Q: What change would make the most impact on improving customer experience at your organization?

A: "A better way at quantifying and prioritizing all the CX improvement opportunities."

—survey respondent at centralized organization, open comments

Making the Business Case for Centralizing CX
Centralizing responsibility has a **positive impact** on the organization.

By consolidating responsibility for the customer experience into a single leader or team, organizations can better prioritize CX, align their revenue goals to customer-first decisions, track the outcome of their efforts and draw the line from those efforts to the bottom line. The outcomes experienced by centralized organizations give ammunition to distributed organizations needing to make the business case for putting more attention into CX.

To show that efforts to improve CX have positively affected the business organizations should strive to align their goals with their customer-first decisions. Centralized CX organizations are far ahead in this area compared to distributed CX organizations. More than half of all centralized CX organizations (52%) are significantly more likely to say that their profit goals and customer-first decisions are always aligned, compared to less than 1 in 6 distributed CX organizations (16%). Having KPIs that can improve the customer experience is essential. Nearly three-quarters of centralized CX organizations, compared to a third of distributed CX organizations, use KPIs this way. Finally, Management objectives and outcomes should completely align with a customer-first approach. By being able to identify the effect CX has on customer satisfaction and aligning decisions that positively impact customers to organizational goals, centralized CX organizations have an easier time making the business case for improved CX.

Making the business case starts with accountability and ownership. If multiple functions are accountable for it, there are also others available to blame when things go wrong. Also, if CX responsibility is distributed, it often means that silos have their own KPIs rather than a single set of KPIs everyone is driving toward.
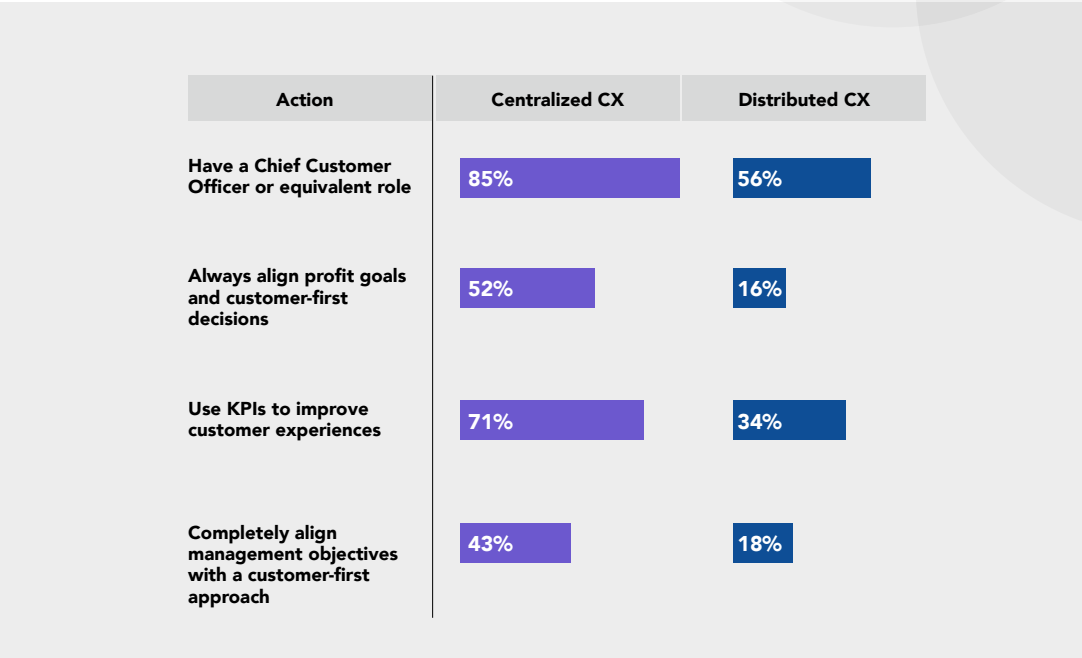
Action	Centralized CX	Distributed CX
Have a Chief Customer Officer or equivalent role	85%	56%
Always align profit goals and customer-first decisions	52%	16%
Use KPIs to improve customer experiences	71%	34%
Completely align management objectives with a customer-first approach	43%	18%

Figure 6: Making the case for centralizing CX responsibility

Takeaway

There's a business case to make for centralizing CX ownership. By having a single person or team responsible for improving CX, the organization can use their experience to align organizational outcomes to customer-first decisions, increasing customer satisfaction and improving the bottom line.

49% of respondents say organizational KPIs help them improve the customer experience.

Q: What change would make the most impact on improving customer experience at your organization?

A: "Streamlined communication across departments and groups and teams."

—survey respondent at centralized organization, open comments

Recommendations

Want to improve the customer experience at your organization? Based on survey responses, we recommend the following actions:

- Merge ownership and responsibility of the customer experience to a single leader or team
- Align organizational goals to CX outcomes
- Tie CX metrics to revenue and profitability
- Recognize that internal silos are a barrier to improved CX and break down silos when and where possible
- Align CX metrics to lifetime customer value, revenue and profitability

At the very least, everyone in charge of delivering some aspect of the customer experience should report to a Chief Customer Officer. Trying to deliver exceptional customer experiences without centralized ownership of CX leads to inefficient processes, greater expenses and poor experiences.

Conclusion

With the world having changed radically over the course of a year, organizations will need all the help they can get in the race to acquire and retain customers. Delivering exceptional customer experiences is one way to get there. However, to accomplish this goal, CX needs to be prioritized throughout the organization.

Centralized CX organizations are often more aligned between profit goals and customer-first decisions, and thanks to the more positive impacts they've experienced, centralized CX organizations are a leading group for improving the customer experience. Their actions provide a roadmap for other organizations to emulate.

By centralizing efforts to improve CX, leaders can more easily identify the internal challenges that prevent improvements from taking hold and work to address those roadblocks. By aligning customer-first decisions with profit goals, organizations can improve customer experiences with an eye on driving business outcomes and improving the bottom line.

Delivering customer experiences without centralizing CX ownership leads to inefficient processes and poor experiences.

Appendix

Demographics in full[3]

Survey name
CX Leader of the Future
Survey dates
December 2020-January 2021
Number of respondents
408
Functional level of respondents
48% at or above director level.
Functional area of respondents
Customer Support: 20%
Customer Success: 18%
IT: 18%
Operations: 13%
Digital Experience: 9%
Marketing: 8%
Other: 14%

CX responsibilities of respondents[4]
Set CX strategy: 46%
Execute CX strategy: 46%
Influence CX strategy: 43%
Company size
1,000–2,499: 21%
2,500–4,999: 23%
5,000–9,999: 21%
More than 10,000: 36%
Industry
Technology: 22%
Retail/e-commerce: 17%
Healthcare: 15%
Financial services: 11%
Education: 9%
Other: 27%[5]

[3] Numbers may not total 100% due to rounding.

[4] Respondents could choose more than one answer.

[5] Represented industries with less than 5% of
respondents: insurance, travel/hospitality, utilities and telecom.

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