



LINDA IRELAND DISCUSSES *DOMINO: How Customer Experience Can Tip Everything in Your Business toward Better Financial Performance*

Why did you write *DOMINO*?

When leaders talk, most dialogues about customer experience are about marketing, or sales, or just the emotional side of things. All of those are important dialogues but, frankly, incomplete. I wanted to put a larger “operating strategy cap” on this that says, “What if you used a target customer experience to drive better financial performance?” I’ve had a “blissfully crooked” career path with the great fortune to be in many different industries. I’ve been seated in leadership chairs in just about every function of an organization. I’ve been a consultant, I’ve served on boards and I’ve seen things from a governance perspective. No matter where I go, I am always amazed at the constant fact that the closer we align all of our daily decisions, not just the marketing and sales decisions, but everything—talent, strategy, even capital investment decisions—to solving a problem well for a target customer, the better we perform. It’s always a rush to be part of that experience. It seems like an unnecessarily well kept secret.

Why did you write a “how-to” book instead of a strategy book?

Because a “how-to” didn’t exist. There are a lot of books on this topic—and I think I’ve read most of them. I admire my contemporaries tremendously. But, in order to unlock the opportunity to use customer experience as a way to drive financial performance, leaders needed opportunity to say, “How do I define a target customer experience for my organization in a way that’s meaningful to *everybody* in the organization?” And once we’ve got that definition: How do we use it? How do we translate it to the person who makes financial credit policy decisions? Or to the person who makes structure decisions such as whether two departments should be one or remain two? Or which of these really wonderful candidates should we hire? Which of these five investments should we make? We needed a way to make all of this practical and accessible.

Why is customer experience important?

I ask a lot of leaders this, and the response is often “duh”. They say, “Of course customer experience is important,” or, “Of course we should focus on our customers.” But these are the same leaders who often experience pain because they feel that their customers have commoditized them and they’re forced to compete on things like price.

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I know it to be true that customer experience is important because, used to drive daily decisions in an organization, a target customer experience drives financial performance. It's really that big and that simple. This is something I've known for years, as an executive in lots of different industries and sitting in many different functional areas of companies. As a consultant, I've seen that organizations that define a target customer experience or an ideal way to solve a problem for a chosen target customer always make more money.

When I came to Aveus, we thought that we needed to prove this hypothesis beyond just our experience and the experiences of our clients. As a result, we've done two rounds of national research, the last one published in late 2008. The research proves that those organizations that use and define a target customer experience and employ it as a driving factor for all daily decisions exceed their financial targets twice as often as those organizations that don't. Sadly, the converse is true: those organizations who've never defined a target customer experience or have but never use it are twice as likely to fall short of their performance targets. For me, it's clear-cut: a target customer experience matters for your organization because if you use it to drive daily decisions, you'll have better performance.

Who are you Linda Ireland?

I've enjoyed every turn of my career path in lots of different industries. I started in government and then, a manufacturing firm that served the automotive industry. From there, I moved to financial products and services, consumer apparel, and technology services. I've been in many different functional areas as well: I started in HR, moved into manufacturing and operations; I've led marketing groups, proprietary product development; I've started a couple of businesses that were later sold; and I've held positions in general management. I've also worked outside of firms as a board member or an investor, and as a consultant, here at Aveus. Because of all my twists and turns, a president that I once reported to had two nicknames for me: his "build that fix that" girl or his "corporate misfit." I relished both of those appropriate nicknames. From my experiences, I've learned that, while the answers are infinite, the questions are very similar, no matter where you go. And solving those big, juicy questions can really give an organization magical performance. Being part of a meaningful change is the most wonderful feeling.

How do you advise leaders to manage the tradeoff between great customer experience and great profits?

A leader recently said to me, "Linda, I'm not sure how much customer experience my company can afford." So, I know the question is out there. The definition of customer experience is to solve a problem better than any other organization for a target customer. I also know that when you can align all of your daily decisions to solve a problem well for a target customer, you make more money. If, by definition, solving a problem well for a target customer makes more money, how can it possibly be a tradeoff to profitability? Here's some proof. In our two rounds of research at Aveus, we've found that those organizations who did the work of using a defined target or ideal customer experience as the driver or litmus test for daily decision making were twice as likely to exceed their financial performance goals. I think it's a myth that customer experience and profits are a tradeoff.

What does, “What’s your front domino?” mean?

“What’s your front domino?” is my personal pest question. It’s a reminder I’m offering to others that I’ve used successfully and that’s helped me with the clients I serve. You know the lines of dominos that stand up on their ends? I think that the front domino is the one that if chosen well and lined up right, will tip all the rest and give you an amazing result -no matter how long or complicated the line.

I’ve experienced leaders arguing over what their front domino should be. On some days they make every decision to maximize profitability, other days it’s revenue growth. On some days it’s maximizing the value of a brand, or an operating capability they might have. I hear leaders arguing about what the front domino should be. That’s the virtue of the question. The reminder is to remember that, if you use target experience to drive all of the dominos in the middle—those daily decisions and actions that take place across your company every day, then your last domino will be outstanding profit, which is the thing that most organizations strive to achieve at the end of the day.

When executives say that their business gets some profit from customer experience, but not enough, what do you think is the problem?

The problem is inconsistency and it can take two forms. The first is an organization that has defined its target customer experience and knows what it’s solving and for whom, and understands what should happen and how customers should feel along every step of the experience. They’ve done a great job of translating it to every department, organization, and level across the company. Yet they don’t use what they know on a day-to-day basis. Not using what you know causes problems.

The second kind is where everybody in one area uses the target customer experience to drive decisions, but those in others don’t. They see some partial payoff because limited parts of the company are using target customer experience. This sad inconsistency story has a happier ending than the first. In our research, we found that while organizations with lonely champions who use customer experience only in certain areas didn’t perform as well as the folks who used it in all areas on a daily basis, they did outperform those organizations that didn’t use it at all.

How does a business leader view customer experience?

Business leaders often find it different to think from the customer’s point of view. Sometimes it’s easy to forget that the all of our daily choices are fundamentally important and affect whether or not the customer will have an experience that will deliver financial performance. Inside the organization, the very first choice that you make is a “two part-er.” The first part is to choose the target customer you’ll serve. When I say target customer I’m not thinking about all the customers your business may serve today, but rather customers who really drive the growth and profitability of your organization.

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The second part is, “What problem do you solve for them?” That’s different from what product you sell. Let’s say I woke up with a stiff neck this morning. I could think that my solution might be to take some Ibuprofen, that I haven’t seen my chiropractor in a while, that I’m paying for not having worked out for a few weeks, or that it’s time for me to get a new pillow. Four very different solutions to the same problem. As customers we often think about the problem we need to solve (that triggering need) far faster than we think about the product or service we might choose. But as business leaders, we get caught up in what product we sell. A company needs to choose a target customer and a problem to solve.

Then, no matter what department or level of the organization a leader is in, make decisions that solve the problem at each step of the experience: Earn consideration by placing yourself on the path customers naturally trek and being where they first turn to look for options. When a customer tries your organization or product out among other options, you must demonstrate to them why you’re unique and the best to solve that problem from their point of view. Don’t say that your organization’s product has five features and your competitor’s only has two. That’s only relevant if those five features solve the customer’s problem. As the customer goes through the buying process, your goal is to do things that give them control and convenience so they feel protected. Once you have a customer and have solved their problem, you need to prove your promise every day. As their needs evolve over time it is very important that you anticipate what those needs are so that you can tap the new demand. Don’t make the assumption based on data that everyone who buys tea saucers will also buy tea strainers. Rather, understand what the customer might need next.

What are some guiding truths or principles that apply to every customer experience?

There are five and I’ll lay them out pretty simply:

- 1) Every customer experience is based on solving a problem, rather than selling product,
- 2) Every customer experience follows the same chronological steps,
- 3) Customer experiences are both tangible and intangible,
- 4) Customer experiences are universal – meaning customers have only one relationship with your company no matter how many ways they interact with you, and
- 5) Customer experiences are cumulative and linear.

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