

CUSTOMER EXPERIENCE INNOVATION

How to Get a Lasting Market Edge

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BY

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INVESTOR IN PEOPLE

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ABOUT THE AUTHOR

Robert Dew began his career as a physicist, but several reinventions evolved his career to consulting in innovation management and customer experience (CX). As the Principal of Coriolis Innovation, he now has almost 20 years of experience in helping companies grow. He has consulted for many large Australian firms, founded 48 start-ups and invested in four other private firms. As an academic, his PhD relates to increasing creativity in organisations with strong corporate governance. He has lectured in Competitive Strategy, Entrepreneurship and Creative Problem Solving as a Visiting Professor at eight universities across Europe, Asia and Australia. As a 10-year member for the International Society of Innovation Managers (ISPIM), he chaired their Advisory Board for two years and continues to front their conference rock band as lead singer.

FOREWORD

Close your eyes and think for a moment about the most innovative companies you know. Chances are a few names jumped up on top of your short-list – Apple, Google, maybe a favourite airline or hotel? They're undoubtedly good at much of the innovation game but it's a fair bet that what helps launch them up there is the quality of customer experience (CX) they are able to create and maintain. Apple wasn't the first with either mp3 player or smart phone – but they came to dominate by virtue of their attention to design and to creating a distinctive CX.

It works the other way as well – think of companies you'd place low down on your list, the kind of firm you'd tell your friends to avoid like the plague. Once again the chances are this judgement is made on the basis of your (bad) experience as a customer rather than coming from a detailed analysis of their financials or R&D profile.

Joseph Pine made an excellent point in his article and book back in 1998 when he touched on the theme of 'experience innovation'. His argument was simple – in a world where things increasingly become commodities (especially services) the real differentiator becomes the personal experience you are able to create in the lives of your customers. His examples included Cirque de Soleil – not your ordinary circus theatre but a very specific mix in which CX is at the heart of the value proposition. Or Virgin's ability to punch above its weight in the highly competitive transatlantic airline game – again based on creating a unique CX around being pampered and supported from the minute the limousine drives up to your door to the Clubhouse which is so much fun that you don't want to leave it to catch your flight.

It's not always so obvious – and the risk with experience innovation is that it can fade. But some organisations succeed; in the UK the first online bank was First Direct and it attracted a loyal customer base by offering a very personal CX despite doing so via call centres and websites. Its real skill has been to maintain that level of satisfaction; it's now coming up on its 30th birthday and continues to grow. More importantly, it has held on to

the majority of its original customers – not through inertia but because of continued and careful attention to CX.

As Rob puts it in the book, ‘markets reward companies when they stand out from the crowd in a way customers value. This is the foundation of CX innovation. If you help your firm do something remarkable, customers will choose it more often, happily pay more for it and then refer you to other customers for free. The challenge is not so much finding the stuff the customers like, it is the standing out from the crowd’.

The idea of innovation as a kind of piracy is a metaphor running through the book – not in its negative sense but as a theme around being prepared to challenge and take risks in order to move around more effectively on the very stormy oceans of today’s business. It’s a concept (if not an image) which Joseph Schumpeter, the father of entrepreneurship theory, would have been happy with and it fits well with his powerful concept of ‘creative destruction’.

Not surprisingly, this is difficult to swallow for many senior managers in established companies. Whilst entrepreneurship would have been at the heart of all of their early days as start-ups once you make the big time you have to be careful. Control and caution come into play – the tendency in innovation towards the incremental, doing what we do better. That’s a good recipe for stability – but without some energy spent on exploration, sailing into uncharted waters, pushing frontiers, taking risks, it is also likely to lead to the demise of the whole venture. Innovation research is pretty clear about that – long-term success is a balance and any organisation needs a degree of piracy, of enabling different behaviours to develop a different offering. CX is at the heart of this.

So the importance of CX is clear; the real challenge is how to develop it and to sustain it. And that’s where this book comes in. Drawing on a decade of research in a variety of sectors it presents a structured framework for thinking about CX – what it is and how it is put together. More importantly, it offers some great examples and insights and an extensive toolkit for dealing with both incremental improvements to CX and more radical and adventurous approaches to transform it.

John Bessant
*Co-Author of *Managing Innovation*, now in its 5th Edition*