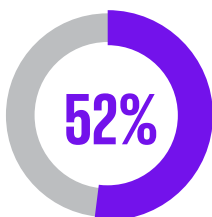# Boardroom questions

**Customer experience:
Relevance in the boardroom**

Board Leadership Center (India)

Digital disruption has changed the way customers look for products and services. To compete in this new reality, businesses need to rethink customer experience (CX) in a connected and digital world. Leadership, especially boards of directors should foster support and investment in long-term transformations and innovative strategies that focus on the overall experience of the customer which includes everything from brand messaging to marketing and sales and servicing journey.

- CX can either positively or negatively impact financials, corporate reputation, and brand image. Hence, monitoring the actions is important

- A recent survey* conducted by KPMG India in collaboration with EQUiTOR finds that superior CX can help businesses enhance their valuation by 125–400 per cent+. Not just that, the potential of CX enabled them to collect USD200 billion of value that they may have been leaving behind. This indicates the strategic importance of CX, hence, it's time for boards foster support and invest in innovative policies that focus on CX.

- Risk of not having the voice of your customer in your strategic planning

- A board must understand the strategic and risk imperatives of CX. If they don't, they run the same risks that were present in the early days of digital – a lot of businesses pushing solutions and no ability for a company to gauge relevance and value

52% *Purchase decisions of the customers are based on the experience with the brand

A boardroom with no CX?

- As pressure to invest in CX increases, boards are facing the risk of investing in solutions that they don't actually understand

- The impact that board of directors can have on a company's CX strategy is significant, yet 70 per cent* of boards reportedly lack CX knowledge.

Does CX start from the top-down?

- From startups to small businesses, not-for-profits to multi-billion-dollar enterprises, a CX transformation process should start from the top and filter down through the organisation. This means ensuring that the decision-makers, C-suite and board members showcase an understanding of CX more broadly

- Organisations take their cues from the top. When the board turns its attention to the company's customers, the entire organisation will become focused on generating organic growth.
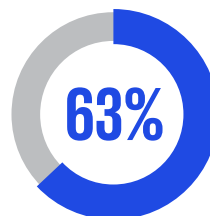
63% *Customers are willing to pay premium for better customer service.

*Link to survey: **Customer Experience | KPMG India**

Why CX?

- CX is a framework which focuses on strengthening the commercial relationship between a brand and a customer by delivering a holistic experience beyond just the purchase transaction to include the entire customer journey

- According to US market research company Forrester[1], experience-driven businesses report enjoying greater employee satisfaction and driving faster top-line growth of 15 per cent versus 11per cent for businesses not driven by CX.

Why should all boards understand CX?

- The board of directors should be able to make strategic CX-based decisions that are informed by customer insights, grounded in evidence-based CX theory and accountable to metrics

- At the end of the day, the board is accountable to the customers of a business and the organisation's ability to exchange value with their customers. If a board does not understand what is fast becoming one of the most effective value creators in modern-day businesses, then they are investing in a horse and cart solution in a T-Model world.

The most important thing is to focus obsessively on the customer. The ongoing problem is that leadership teams in organisations have been unable to measure CX as per measure yield, market share, revenue or churn; and have been largely unable to understand CX due to a lack of best-practice processes.

Boardroom Questions:

- How do we develop a customer first strategy? Are our customers profitable?

- How are we integrating our customer strategy across our organisation?

- How are we creating engaging future customer experiences?

- How do we balance the returns of our customer experience investment?

- How are we introducing new technologies into our business and customers?

- Does the board have adequate skillset to understand and leverage the information coming from CX?

- How to cut the gap between boards and marketing functions?

- What is the value that their company is leaving unaddressed on the table due to poor customer experience?

- How can companies create a value case to embark or improve on select customer experience initiatives?

[1] A commissioned study conducted by Forrester Consulting on behalf of KPMG International, July 2020

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