The age of the customer

KPMG's perspective: Not-for-Profits must adapt

Empowered customers are ushering in the "Age of the Customer" with higher service and experience expectations. Successful organizations are committed to understanding and delivering on the expectations of their most valuable customers by investing in customer experience. Simply put, customer experience is the sum of all interactions an individual has with an organization. Not-for-profit organizations face unique challenges in achieving mission objectives in an increasingly "customer-centric" environment. Here's why:

Aligning around a common definition of the "customer" is challenging yet important.

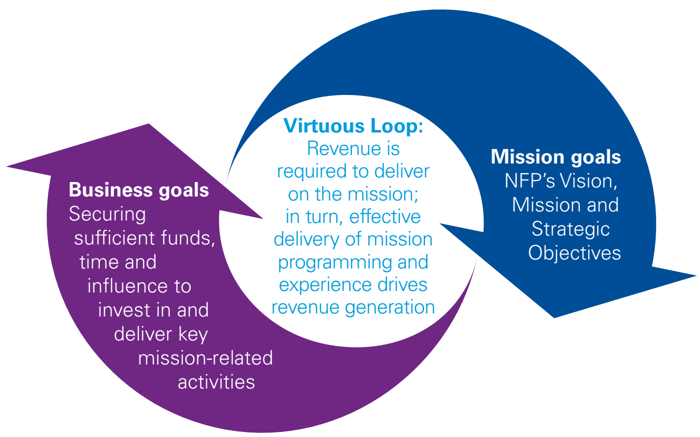
The mission-driven nature of not-for-profit organizations creates a set of relationships which go beyond the traditional definition of "customer". An individual can establish a variety of relationships over the life time of interactions with a not-for-profit, such as donor, event participant, volunteer, information seeker and mission beneficiary. Each of these interactions have elements of a "customer" relationship, and individuals may have varying expectations as they take on different "customer" roles. It is important to align internally on a common definition of the customer, to understand the evolving expectations and to promote a coordinated and consistent experience.

Common Not-For-Profit relationships with potential Customers

- Mission beneficiary
- Information Seeker
- Donor
- Event participant
- Volunteer
- Other

The complex balance between Mission and Business objectives complicates decision-making for Not-for-Profits

Delivering excellent customer experience is difficult enough for traditional companies whose sole focus is on profitably delivering products and services to help drive shareholder value creation. Not-for-profit organizations face a unique challenge, as their "customers" can be recipients of "Mission" and/or providers of "Money, Time and Influence" at any given time. Not-for-profits who understand the true moments of need for their mission beneficiaries and aim to deliver the critical support – how they want it, when they want it, where they want it – can reap the long-term benefits of that interaction. Individuals who have been touched by the mission in a meaningful way are more inclined to become advocates for the not-for-profit, encouraging their network to give time and money based on that personal connection. A clear customer-focused strategy can provide practical decision-making tools that help alleviate the inherent tension between "Mission" and "Money" to promote that mission-delivery and revenue-generating activities reinforce – rather than compete – with each other.



Not-for-profits have not traditionally focused on the "life-long customer journey"

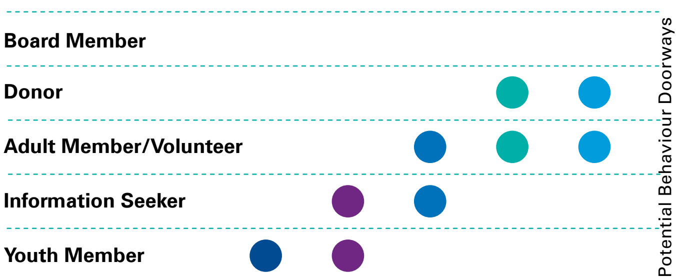
Meeting the needs of both "Mission" and "Money" customers cannot be limited to a single, point in time connection. For most not-for-profit organizations, "Mission" interactions occur on a needs basis, while "Money" interactions happen as a series of one-off touchpoints which can be years – or even decades – apart. These customers undergo changing needs and expectations throughout their different life stages. Not-for-profit organizations cannot afford to be everything to everyone at all times. As such, it becomes critical to identify the key inflection points in customers' lives where the cause will be most relevant to them, and tailor the intensity and messaging of outreach and offerings accordingly. Understanding their lifelong journey and evolving with them is critical to helping transitioning from periodic transactions to longer-term, more valuable relationships. Not-for-profits tend to focus on acquisition of new donors, volunteers, members, etc. rather than maintaining connection with existing relationships. However, maintaining relationships and connections is often less costly and more efficient. A customer-focused strategy can provide the tools to help define the right experience to provide at each "life stage" so that relationships last longer, and so that cumulative lifelong engagement and giving is maximized.

Illustrative life-long customer journey

Child
- Enjoys having fun, being active
- Wants to do things with friends
- Influenced by authority figures

Teenager
- Wants to or may need to engage in volunteerism/build resume
- Interested in fun with friends
- Concerned about public image

Adult
- Strong influencer of child's involvement
- Looking for leadership opportunities in their communities



Young Adult
- May want to participate somewhere outside work
- Looks to give back to organizations from their past

Senior
- May organize or participate in events with the community or work
- Thinking about how to leave a meaningful legacy

Delivering customer experience is a unique challenge for not-for-profits

Effective delivery of a customer experience promise requires a more customer-centered culture and an integrated mix of people, processes, and technology. Not-for-profit organizations face unique challenges in each of these areas:

- **Culture:** Nurturing a customer centric culture is important to help reinforce and improve customer experience. It is important that leadership embeds customer in a consistent way across: a) what they say about the organization (mission and values), b) what they do (the organizational structure, processes), and c) what behaviours are supported and rewarded from employees and volunteers. Successful implementation of a customer experience strategy requires not only implementing the tools and processes to support it, but also providing mechanisms and incentives to encourage resources to change behaviour.
- **People:** Not-for-profit organizations often rely on large-scale volunteer networks to be the front-line face of the organization and largely shape customer experience and satisfaction. Given the powerful influence volunteer bases can wield, it is important to think of them not simply as additional capacity, but as customers themselves. Investing in simple customer training and tools for volunteers can enhance their experience and help create the consistency and stability required to deliver the desired end-customer experience.
- **Process:** The size and geographic dispersion of many not-for-profit organizations makes it difficult to establish universal processes to help ensure consistent customer experience delivery. Not-for-profits can focus on defining a clear approach to the customer and establishing key measures of success, while retaining elements of flexibility to allow different chapters to adapt to local market conditions.
- **Technology:** In a resource-constrained environment, investments in systems to capture and analyze data must be made with great care. Looking at technology from a customer perspective can help not-for-profit organizations understand the most relevant data they need to capture to efficiently and effectively deliver a life long journey and to help share leading practices across chapters to improve impact.

While the task of adapting to the "age of the customer" may seem daunting, not-for-profits of any scale who are willing to invest sufficient time and energy can develop a clear customer-focused strategy that helps prioritize resources to have greater impact on your objectives. The end result is an organization that is more effective at helping to turn both "Mission" and "Money" customers into engaged, long term supporters and advocates.

KPMG has deep experience serving the Not-for-Profit sector, including charities, foundations, governments and their agencies, and membership, cultural, ethnic, educational and religious organizations.

Through working with our clients in both not-for-profit and for-profit sectors, we have developed a proven approach and the tools to understand your customer/member expectations and how best to strive to align your team to deliver on them and become a more customer-centric organization.

We encourage you to consult with our Customer Experience professionals to explore ways that we can help.

Contact us

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