The CEO Forum

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According To Top CEOs:

Nothing Drives Profitability Like

Great Customer Experience

At The Frontiers In Service Symposium hosted by Fordham University. Frontiers Conference 6.23.17, Fordham University: Adam Goldstein, Sharon John, Dan Hesse, Robert Reiss

Sam Walton said, "The goal as a company is to have customer service that is not just the best but legendary." To better understand legendary customer service, on June 23, 2017, I moderated a roundtable discussion at the world's largest academic customer experience conference, The Frontiers In Service Symposium hosted by Fordham University. We discussed great customer experience today and tomorrow and insights on how leaders think. The three executives were:

- **Adam Goldstein,** President, Royal Caribbean Cruises. The company created the first smart ship in the industry as its 49 ships and 65,000 employees have reinvented the travel experience. *http://www.royalcaribbean.com*

- **Sharon John,** President and CEO, Build-A-Bear Workshop, which offers the "only interactive, make your own stuffed animal retail-entertainment experience" and has been on the Fortune 100 Best Companies to Work For list 9 consecutive years. *http://www.buildabear.com*

- **Dan Hesse,** former CEO, Sprint. Hesse has a history of achievement including turning Sprint into the #1 customer service company in wireless and the most improved US company in customer satisfaction in any industry according to the ACSI, and having been named "Most Influential Person in Mobile Technology" by Laptop Magazine (Steve Jobs was #2). *http://www.danhesse.com*

Robert Reiss: What is the one word that describes the changing customer experience?

Adam Goldstein: Excalibur: Be the company that pulls the sword out of the stone. The question is, how do we do digital enablement in a non-intrusive way that benefits our customers? How do we arm employees with even more information through digital and artificial intelligence that saves them time rather than producing more work?

Sharon John: Storytelling: Tech for tech sake will not be a solution. Build-A-Bear has consumer permission to engage in a different way in order to expand beyond retail and move into more of a content property. Even our unique retail experience can drive story with the potential for Virtual Reality and Augmented Reality to be woven into the Build-A-Bear customer experience.

Dan Hesse: Mobile: Customers increasingly prefer to provide "self-care" on their mobile devices. Also, with wireless chips a part of so many products, the 24x7 always-connected "internet of things" is changing relationships between companies and their customers, providing more opportunity for customer intimacy. And, video cameras on phones capture the customer experience for all to see as we witnessed with the United Airlines incident.

Reiss: What's the core of your customer experience model?

John: "Adding a little more heart to life" is our mission statement, and that folds into everything we do, but it is by allowing children of all ages to be empowered and engaged to build an emotional connection with our

brand beyond a stuffed animal that drives our guest experience model. It is the emotional moments, like our iconic heart ceremony, that we have provided one guest at a time though the creation of each of our 160 million furry friends we have made over the past 20 years that enables our success and that can eventually allow the company to evolve into new areas of revenue such as intellectual property and out-bound licensing.

Goldstein: Whatever it takes for our customers to have the dream vacation they paid for. The #1 generator of positive reviews comes from the service of the wait staff and the stateroom attendants. I give credit to our company's first management team for instilling a commitment to guest satisfaction that has remained a vital part of the company's success.

Hesse: Nothing drives profitability like great customer experience. Great customer service costs less. In wireless, there are two key drivers that determine the customer experience, the quality of the network and customer service. When I got there, we didn't have money to invest in the network, so we focused on customer service. To make improvements quickly, align compensation and rewards. We made every employee's compensation, regardless of department, dependent on improvements in churn and reducing calls to customer care. To show everyone how important this was, the customer experience became the first subject on our team meeting agendas. We used hard data from the "reason codes" from why customers were calling to determine root causes of customer dissatisfaction and assign clear accountability for removing these pain points. We also greatly simplified our business, eliminating 85% of our rate plan combinations to make it easier for our sales associates and care reps to work with customers. Nothing is simpler to customers than the concept of "unlimited", so we introduced the industry's first unlimited plan, "Simply Everything" in 2008 along with a service called "Ready Now" in our stores where we showed customers, one-on-one, how to use their new smartphones, which were a new product at the time. Spending a little more time in the store at the front end eliminated calls regarding how to use the phone's features later on. We also got all departments involved via "Thank You Thursdays," where we'd get together in locations across the country and write our customers hand-written thank you notes. We found that customer satisfaction and employee satisfaction create a virtuous cycle.

Reiss: What advice do you have as to how leaders and executives think and how to approach them with ideas?

Hesse: If you want to connect to a CEO, make sure you know what is most important to him or her and to their company. Listen to or read the transcript of the last earnings call. Translate your message into the specific terms, metrics, and language the CEO used on the call. The proposals that interested me were ones that specifically addressed and quantified improvements in my stated focus areas, like EBITDA, average revenue per user, churn, net promoter score or customer lifetime value. We were receptive to new ideas coming from inside and outside the company, as our culture emphasized innovation and creating what we called "nukes" or bold ideas to stay ahead in our fast-moving industry. In my last two years, we were being granted an average of over two US patents every business day.

John: Don't waste the CEO's time. Come up with an intriguing angle on your idea for the executive. Bring a solution. Understand the role of the position. The CEO must become a master of connecting the dots, he or she needs to see across the company and understand how issues in one area may affect others. The CEO must also sometimes be a change agent, the enabler of the machine. So think through your idea with these things in mind.

Goldstein: As the leader you need to understand where the energy is flowing and if you need to re-direct the flow. It is an extraordinary undertaking for the CEO to change direction from the status-quo. People must be open to new ideas that can supersede or at least be integrated with previous approaches to the experience. One of the main challenges in implementing fundamental changes that need to happen: convincing people change is necessary when the company is already successful.

… In summary, as you seek enterprise growth, focus on the customer experience as the key driver. And to me what's most exciting about our digital future is how technology, including machine learning and augmented intelligence (AI), will actually become essential enablers to help us humanize and personalize the customer experience to the next level.