Qualtrics
XM institute™

INSIGHT REPORT

The Federated Customer Experience Model

HOW TO SUSTAIN CX SUCCESS BY INFUSING CX CAPABILITIES ACROSS THE ENTIRE ENTERPRISE

By **Aimee Lucas**, CCXP
XM Catalyst

Bruce Temkin, CCXP
Head of the Qualtrics XM Institute

March 2016

This report was originally published by Temkin Group and was updated to incorporate the Qualtrics XM Institute™ format. There were no substantive changes made to the content.

EXECUTIVE SUMMARY

When a company starts its customer experience (CX) journey, it often establishes a centralized team to build the necessary internal capabilities and catalyze change. However, that team's effectiveness can be limited by a number of things, including divided attention within lines of business and a lack of resources to reach across the company. In its 2012 report, *The Future of Customer Experience*, Temkin Group identified the need for CX efforts to become more federated. To succeed in the long-run, companies need to focus more on embedding CX capabilities across departments and functions through a federated CX model. A federated model is a *structure for enabling and coordinating a distributed set of customer experience capabilities*, and it operates through *centers of excellence*—which spread specialized expertise beyond the boundaries of the centralized team—and *enterprise CX coordination*—which ensures that company-wide goals and standards are in place—and *distributed CX skills and mindsets*—which infuses customer-centric mindset throughout the company. These centers of excellence include *deep analytics, reporting and data visualization, experience design, customer-driven process improvement,* and *culture change management.* Enterprise CX coordination oversees *enterprise CX strategy and governance, insights, metrics and reporting, standard methodologies and tools, central CX storylines,* and *portfolio management.* And distributed CX skills and mindsets encompasses *CX goal alignment, customer understanding, empathy orientation, improvement focus,* and *organizational awareness.* The path companies take to federation can include multiple phases, such as *centrally driven, cross-functional participation, distributed expertise,* and *federated.* As their companies move down this path, successful CX professionals will be the ones who *learn the business, coach and advise others, embrace empowerment,* and *keep learning*; or, alternatively, they can *choose to specialize* and leave the central CX team to join one of the centers of excellence.

THE LIMITATIONS OF A FULLY CENTRALIZED ORGANIZATION

When companies start focusing on customer experience (CX), they often create a centralized CX team to help guide their journey. A centralized customer experience team is vital to the development and implementation of CX best practices across an organization.[1] Temkin Group examined the structure and contributions of CX teams in large organizations and found that:

- **Most organizations have centralized CX leadership.** We found that 63% of respondents have a senior executive in charge of CX and 69% have centralized CX groups (see Figure 1). More than 40% have had these in place for more than 18 months.

[1] See Temkin Group Insight Report, "Blueprint for a Successful CX Organization" (November 2013).

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

- **CX teams vary in size.** When we looked at the number of full-time employees dedicated to a company's CX efforts, we found that more than 60% have 10 people or fewer committed to their efforts, and that 45% of respondents report having five or fewer employees who are 100% dedicated to CX (see Figure 2).
- **Most CX teams focus on insights and metrics.** While centralized CX teams' responsibilities can vary, most report taking the lead on analyzing customer insights, sharing insights across the organization, and reporting on CX metrics. Less than a quarter are responsible for employee-facing programs, such as training and leading employee engagement projects (see Figure 3).
- **CX teams are best at customer insights.** When we asked respondents to rate the effectiveness of their CX team across a variety of areas, 63% viewed customer insights and analysis as the most accomplished activity of their CX teams (see Figure 4). CX teams are less effective in activities like process analysis and redesign, experience design, and training and coaching.

Centralized CX Efforts Have Systemic Limitations

Although a centralized CX team can be efficient at developing capabilities and influencing change, it can also struggle with turning CX into an ongoing, sustainable discipline across the entire organization. Why is this the case? The success of centralized CX teams is impeded by:

- **Limited access.** Centralized CX teams can struggle with gaining access to and building working relationships with key business stakeholders inside the company. Without connections into different lines of business (LOBs) and functions, centralized CX team members aren't able to build credibility and trust, a key requirement for influencing change.
- **Lack of knowledge.** Because they are separate from the business side of their organization, members of centralized CX teams also find it more difficult to gain a deep understanding of different parts of the business, limiting their ability to interpret the customer feedback and data they gather. Without context, centralized CX teams deliver less relevant insights and recommendations, and fail to inspire action. Consequently, only about one-quarter of companies think they are good at making changes to the business based on those customer insights.[2]
- **Divided attention.** When it comes to setting priorities for the company, centralized CX teams often have a blind spot when it comes to the business objectives LOBs are held accountable to. As a result, sometimes the areas that the CX team identifies for an LOB to focus on may not align with where the LOB is willing or able to act. It's no surprise then that seven out of 10 CX professionals selected "other competing priorities" when asked which obstacle they considered the most significant impediment to their company's CX efforts (see Figure 5).
- **Limited resources.** Centralized CX teams have to compete with other corporate functions for their share of funding and resources. Because companies try to allocate resources somewhat equitably among its centralized functions, a CX team can be left with too few people to fully engage the parts of the business that need to change. It

[2] See Temkin Group Insight Report, "State of Voice of the Customer Programs, 2015" (October 2015).

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

can also limit the team's ability to add new skills and capabilities in order to expand the value it delivers to the organization.

THE FEDERATED CUSTOMER EXPERIENCE MODEL

If centralized CX teams can't fully drive and sustain change across their organization, then what's the right approach? Federated CX. In the 2012 Temkin Group report, *The Future of Customer Experience*, we identified the need for CX efforts to become more federated, stating that, "as CX processes become more well-defined, companies will enable employees across the company to adopt CX practices, like customer journey mapping (CJM) and interpreting voice of the customer (VoC) insights, as a part of their normal "day jobs."[3] While that was more of a prediction in 2012, we're starting to see elements of this shift.

Temkin Group defines a federated CX model as follows:

> *A structure for enabling and coordinating a distributed set of customer experience capabilities.*

In a federated model, the company is able to generate a greater impact from its CX efforts because it can tailor best practices to work within individual parts of the business, embed CX deeper into the company's culture, and leverage centralized learnings to affect significantly more decisions and processes across the company.

To better understand how best to architect the move towards a federated CX model, Temkin Group spoke to a number of companies.[4] Based on our research, we believe that the ideal federated CX model is built upon three components (see Figure 6):

1. **CX centers of excellence.** Organizations must maintain a strong set of capabilities in some areas. Rather than having them all reside in a centralized team, organizations can develop centers of excellence (COEs). COE members will then continue to build capabilities, while sharing best practices and supporting the rest of the organization in those areas.
2. **Enterprise CX coordination.** Within a federated model, a centralized CX team serves as a coordinator, overseeing the setting of collective goals and objectives, enforcing enterprise-wide standards to prevent localized deviation, and acting as a hub for cross-pollination of ideas and success stories.
3. **Distributed CX skills and mindset.** Dispersing CX capabilities through COEs does not eliminate the need to infuse a customer-centric mindset and skills across the company. Sustainable CX success will only happen when everyone in the organization understands how they each make the desired customer experience a reality.

[3] See Temkin Group Insight Report, "The Future of Customer Experience" (August 2012).

[4] Companies interviewed for this report include: Andrew Riese Consulting, Blue Cross Blue Shield of Michigan, Ciena, Concur, Confirmit, EMC, HP Inc., InMoment, John Deere, Medallia, Microsoft, Oracle, Satmetrix, Verint, VMware, Walker, Waypoint Group, and Wheaton|Bekins.

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

#1: CX Centers of Excellence: Maintaining and Nurturing Strong Capabilities

Employees who are a part of a center of excellence (COE) maintain strong specialized knowledge and skills that they share across lines of business (LOB).[5] A fully federated CX model will often include these COEs (see Figure 7):

- **Deep analytics.** In order for decision-makers to be able to take action based on customer insights, they need the data to be provided within an appropriate business context. This requires data architects and analysts who can tap into the entire ecosystem of the organization's data, using text and predictive analytics to uncover what is contextually meaningful to the specific LOB. Blue Cross Blue Shield of Michigan (BCBSM) combined its market research and data analytics so it could take a more holistic look at the organization's customer data. This team combines primary and secondary research with VoC program outputs from surveys and website feedback, along with insights gleaned from customer call notes. By analyzing these data sources in conjunction with internal customer data, including persona segmentation, BCBSM is able to use the resulting findings across the organization to both find and fix problems where they exist and build experiences it wants its members to have. Different parts of the business have access to the data through their own portals so they can develop their own plans and monitor their progress.
- **Reporting and data visualization.** In order for LOBs to actually embrace and use customer insights and metrics, they cannot be obfuscated by 100-plus detailed charts and graphs compiled in a single PowerPoint presentation. Instead the company needs individuals who can synthesize inputs from across sources and present the most important and relevant CX findings in a compelling, easy-to-understand, and shareable format, while encouraging decision-makers to embrace a data-centric mindset (see Figure 8). Microsoft uses a team of approximately 100 *Customer and Partner Experience (CPE) Leads* who work across geographies and global business segments to drive insights analysis and action. The CPE Leads align their efforts with their LOBs' business plans and biggest business challenges and use insights to help them achieve success. These CPE Leads identify key insights from the company's centrally-generated customer research and then determine root causes, share findings and develop recommendations for the business, and motivate and influence their respective LOBs to define CPE action plans and execute recommendations.
- **Experience design.** It's critical that any team designing an experience pay attention not only to the basic requirements of an interaction, but also to how that interaction will make the customer feel. This requires that LOBs deploy techniques like applying user-centered design, using customer journey mapping to identify key moments of truth, and testing and iterating on new experience designs before declaring them "done." Under the umbrella of its *Design Matters* initiative, Citrix uses a network of *Design Catalysts* to help employees use design thinking on a daily basis. This team of select employees and managers complete an intensive customer-focused innovation workshop and then help individuals and teams practice the company's five design principles, including *Make It Simple* and *Focus on Users*. Design catalysts guide teams

[5] Throughout this report, line of business is used to refer to the way an organization may identify distinct units in its structure, including product line, geographic region, industry verticals, etc.

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

through integrating customer feedback into solution design, collaborating on ideas to meet customer needs, and prototyping and testing with customers.[6]

- **Customer-driven process improvement.** During any given year, an LOB could identify multiple CX improvement opportunities, and it then has to thoughtfully prioritize, plan, and manage the projects that move forward. This requires the LOB to be able to bring together key stakeholders to define projects to align with company-wide objectives, appropriately scope and manage its projects, and learn from others both inside and outside the company. EMC uses *Business Partner Advocates (BPAs)*, who are senior Quality professionals, to lead *Total Customer Experience* (TCE) Forums within individual business units. The BPA is both a communicator and change agent, bringing the full view of TCE metrics, analysis, and insights to a team that's made up of business unit representatives from various functions, such as product management, engineering, global product operations, global services, and others. During the forum, the BPA takes the team through a review of product metrics and customer feedback to identify quality trends, diagnose root causes, and identify solutions that can be delivered through services or support channels or considered during product design.
- **Culture change management.** Culture is a critical ingredient to ongoing CX success, and LOBs must focus on how to influence how employees think, believe, and act in alignment with the company's desire for CX change.[7] This means LOBs, working in concert with the company, need to pay attention to how they communicate with, train, and coach employees, along with how they recognize and reward those who demonstrate desired behaviors. At Verint, the *People and Culture* steering committee, sponsored by the head of HR, is a working group that draws members from across the organization and focuses on addressing how employees and culture can support customer experience. Included in this group is a member of the customer support team who customers have most frequently mentioned as embodying what good customer experience is all about. With a new focus on developing a "customers for life" mindset, the members of this group work to shape internal communications, behavioral competency development, hiring approaches, and reward and recognition programs.

#2: Enterprise CX Coordination: Building and Maintaining Alignment

As a company introduces federation into its CX model, the centralized CX team spends less time driving specific CX tactics into the business. Instead, it sets the direction and defines the standards that steer the federated CX efforts of the individual COEs and LOBs. To support enterprise CX coordination, the centralized CX team strategically facilitates (see Figure 9):

- **Enterprise CX strategy and governance.** Working with the CEO and other senior leaders, the centralized CX team defines a common CX vision, strategy, and priorities for the organization. These senior leaders—representing the different functions and LOBs of the company—usually advise the CX team on company strategy, critical objectives, and resource allocation to drive the CX agenda forward. The members of this steering committee also serve as key mechanisms for overcoming obstacles and

[6] See Temkin Group Insight Report, "Lessons in CX Excellence" (January 2013).

[7] See, "Hungry for CX, Culture Eats Strategy for Lunch" Customer Experience Matters blog, October 6, 2015.

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

holding their respective parts of the organization accountable for their CX results. HP Inc.'s customer experience team drives its company-wide CX strategy through an *executive steering committee*, with representatives from each business group, and *regional councils*. These regional teams are made up of local director-level counterparts of members of the executive committee and work with the corporate CX team to adopt centrally defined approaches to customer metrics, customer journey mapping, and competitive intelligence. Ciena has established an *Executive CX Champions* (ECXC) group to help align the CX strategy with the critical business objectives the organization is pursuing. The ECXC confirms high-level CX initiatives and makes sure that stakeholders are accountable for delivering on commitments. This group also ensures that CX initiatives are part of organizational objectives by doing things like tracking progress and providing guidance on customer experience initiative improvements for global and regional impact. Through both one-on-one and group meetings, the ECXC reviews KPIs and communicates the CX focus within each functional area and across the organization, taking into consideration recommendations from the centralized CX team.

- **Insights, metrics, and reporting.** The most valuable asset of any CX effort is a VoC program that provides relevant and timely insights for the organization. To ensure that the company is working from a single "source of truth," the central CX team coordinates everything from the data rules and standard surveys of the VoC program to the company's CX metrics and executive reporting. At VMware, the *Insights* team is the "flywheel" of its customer advocacy efforts. This group is responsible for representing the customer, partner, and employee voice to the organization through a variety of listening and synthesis efforts. It puts a heavy emphasis on ensuring unquestionable data integrity and on keeping everything as simple as possible in how it measures and reports feedback in order to get to the most important things the company needs to change. As part of its Total Customer Experience (TCE) core team, EMC's *Analytics and Insights* (A&I) team is responsible for managing the "data lake," EMC's storage repository that holds a vast amount of quality data, including product metrics, customer data, survey feedback, and text analytics. The A&I team ensures data entered into the lake is valid and credible. A&I data scientists support the organization's TCE efforts by evaluating findings, generating predictive models, and visualizing the information. This team works closely with TCE's *Voice of Experience* (VoX) team to leverage feedback collected from customers, partners, and employees.
- **Standard methodologies and tools.** In order for the broader organization to become more "self-sufficient," the centralized CX team introduces and institutionalizes CX tools and approaches for the COEs to use. This includes establishing a company-wide definition of CX to shape CX training as well as defining how the company uses tools like customer journey mapping (CJM), customer communities, or internal CX ambassadors. The centralized CX team disseminates the knowledge, tools, and approaches and also coaches the COEs or LOBs so CX practices can be adopted across the company. For example, at Microsoft, the centralized CPE team supports the use of CJM with a dedicated practice. With this specialty, the CPE team leads internal CJM projects and enables the skillset across the company. Microsoft has developed its own internal training and resources so its federated CPE Leads can to do "light" versions of CJM with their groups in order to drive a more customer-focused mindset across the company. Meanwhile, Blue Cross Blue Shield of Michigan's (BCBSM) customer experience team and HR group collaborate on creating a

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

customer-centric culture. Through multiple learning and development modules, this program touches employees from the leadership team to the front-line, and delivers a consistent message to help individuals understand why customer experience is important, what unmet needs BCBSM's customers have, and how they can apply practices for their own CX success.

- **Central CX storyline.** Even as LOBs are pursuing the CX opportunities that will have the most impact on their specific market or product, employees across the company need to have a shared understanding of why customer experience is important and what success looks like. The centralized CX team creates the CX storyline for the company by identifying key themes, which it pulls from both the company's CX strategy and its customer and employee feedback. This storyline impacts everything from employee communications and training to how brand promises are communicated and demonstrated to customers. Oracle's customer experience storyline is driven by its own analytic and reporting tools, and includes a *Top Ten* list—a compilation by the centralized CX team of the top customer themes, which are drawn from across its qualitative and quantitative listening posts. To share CX insights and information with employees, the team uses a combination of tactics, including its *Customer Feedback and Response Bulletin* and a series of *integrated read-outs* with executives and their teams. The team also uses videos featuring Oracle customers sharing personal stories about the impact the organization has had on them to drive the CX message enterprise-wide. Within Oracle's centralized CX team, the *Communities* program is responsible for ensuring that communications with customers, user groups, third party analysts, and new customers gained through acquisition are coordinated and aligned with the company's key corporate and customer experience messages.
- **Portfolio management.** As more and more CX-related efforts become distributed across the company, the centralized CX team will manage fewer individual CX projects and instead focus on the portfolio of work being done by others in order to track progress across the organization. Tracking progress is important not only to make sure that the LOBs' pursuits stays aligned with the overall CX strategy, but also because it enables the CX team to understand both what else the COEs need to support their work and when to step in and provide assistance with tactics that the business cannot do on its own. At Concur, a senior director of CX Projects and Governance runs global projects and oversees a global group of *CX Catalysts* who represent functions across the organization. Every two weeks the catalysts get updates on what the CX team is focused on and the progress of key projects. The catalysts can share their own input, volunteer to participate on a project, and—most importantly—share where there may be related projects underway in other parts of the company that are related to the CX team's efforts. Ciena's *Customer Experience Champions* (CXC) is a cross-functional team comprised of Directors and Senior Directors who establish and execute on initiatives based on VoC feedback. The CXC is considered an extension of the customer experience team, and its members are responsible for acting as change agents and influencers within each functional area. They meet regularly to provide updates on the individual CX improvement initiatives for which they are responsible. They also get updates on customer feedback, which they personalize for their teams. Periodically during the year, the group meets in-person with the centralized CX team to review specific customer research, create

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

customer journey maps, learn CX best practices, and hear presentations from customers and executives.

#3: Distributed CX Skills and Mindset: Embedding Customer-Centric Beliefs and Behaviors

When operating within a federated model, there are ways that all employees—from leaders to individual contributors—need to think and act to support the company's CX efforts (see Figure 10). In a federated model, these skills and mindsets center around:

- **CX goal alignment.** Employees need to be aligned with the organization's goals and understand the customer promises they are expected to keep. To help themselves become aligned, they should have opportunities to acquire the necessary knowledge and skills to be successful. They need to embrace being empowered to keep promises with customers. Ciena uses its Inside Out / Outside In scorecard to align leaders and employees on how customer-defined success measures compare to internally-generated operational metrics (see Figure 11). This scorecard addresses multiple touch points along the customer journey such as quality, delivery, training, support, and service. Functional stakeholders and executives review this scorecard monthly in order to drive actions that bridge any gaps they identified as well as understand regional needs and expectations. From this scorecard, Ciena has gained a deeper level of customer engagement, positively changed its culture, and changed the cadence around taking action promoting accountability across the organization.
- **Customer understanding.** It is important that all employees have a deep understanding of the company's target customers. This includes paying attention when customer feedback is shared and getting to know any design personas the company has created. And it's not enough for employees to simply understand target customers, they need to actually incorporate that knowledge into how they make decisions concerning customers. To raise customer understanding at Concur, a senior manager for CX Communications manages an engagement campaign designed to help employees embrace CX. This includes getting CX content into Concur's weekly company-wide newsletter and creating a monthly *NPS® infographic* that helps employees understand how the company is performing, why the score moved, the top things customers like and dislike about the experience, and an action spotlight highlighting efforts that are underway (see Figure 12).[8] Wheaton|Bekins develops customer knowledge with its agents and corporate employees through a variety of activities, such as a *Family Feud*-style game with questions like "What's important to our customers when they move?" and "What's our customers' biggest complaint?" and a *customer video contest* to connect employees to customers and show them the real stories of why people move. Its most recent celebration of CX Week included inter-department competitions with a *Chutes and Ladders*-inspired game based on actual customer feedback gathered through surveys, follow-up interviews, and a video contest.
- **Empathy orientation.** It's in the nature of most organizations to stifle the natural empathy of individuals. For CX excellence, employees need to heighten their emotional intelligence and learn to perceive how others feel, reflect on the effect their

[8] Net Promoter Score and NPS are registered trademarks of Bain & Company, Satmetrix Systems, and Fred Reichheld.

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

actions had on those feelings, and then adjust their actions accordingly.[9] At Verint, a 22-foot long rendition of its customer journey map made the complete experience "real" to leaders and employees across the company, broadening their perspective of what happens with and to customers beyond their individual silos. Complementing this was the experience the company's leaders had observing customers in its CX Zone, where customers interacted with an *Emotion Board* and used emotion stickers to capture how they felt during their recent experiences across customer lifecycle changes.[10] To help its employees, Beacon Health System uses *Empathy Board Workshops* to frame discussions around negative customer feedback. Using patient personas depicting what they may be hoping/fearing/expecting at the hospital, small groups address the negative scenario and brainstorm ways to delight the patient. The ideas are tested and shared after the workshops to see which can be authentically delivered. When the workshops finish, the empathy patient scenarios, complete with photos and quotes, are formatted into a poster and placed in back stage staff areas to serve as constant reminders of the people in their care and all they may be dealing with.[11]

- **Improvement focus.** As companies extend CX capabilities enterprise-wide, it's also important that employees adopt a continuous improvement mindset. This means that they are constantly looking for ways to make it easier for customers to accomplish their goals and remove obstacles that get in the way of fellow employees. They also actively participate in closing the loop with customers following feedback. VMWare's *Take Three* program allows employees to put their current job "on hold" and take a three-month assignment with a different team or group. Take Three participants who join the centralized Customer Advocacy team help to drive CX improvement projects and grow their knowledge about the Customer Advocacy program at the same time. When they return to their day jobs, Take Three alumni have a stronger customer-centric orientation and a mindset to drive ongoing improvements. There is also a two-week version of this program for shorter learning and improvement projects. Tommy Bahama shares its timely, role-relevant customer feedback to multiple levels on its corporate team and down to the store level. Exposure to this information over time has resulted in corporate employees noticing developing trends in the data and comments, which have led to a number of store layout and design changes. Store managers are also using the available insights in *micro huddle learning sessions* to celebrate successes, resolve customer issues, and test and try new ideas.[12]
- **Organizational awareness.** In a federated model, it's important that all of the employees in the organization understand the CX resources at their disposal, including the centralized CX team and COEs. In addition, they need to be open to cross-functional collaboration and be willing to ask and answer questions for each other. HP Inc.'s centralized CX team offers two programs to raise organization awareness. Its *Forum* brings in different people from across the company to present about all things CX—from how the company measures the brand and customer experience to what CX training it offers to employees. *Quality Brown Bags*—taking its name from the legacy of CX growing out of the quality function—are open to anyone

[9] See, "Building Organizational Empathy: Perceive-Reflect-Adjust" Customer Experience Matters blog, February 21, 2014.
[10] See Temkin Group Insight Report, "Maximizing Value from Customer Journey Mapping" (September 2015).
[11] See, "Winners of the Amplify Empathy Challenge" Customer Experience Matters blog, August 26, 2014.
[12] See, "Customer Feedback: The Greatest Source of Innovation" accessed at https://vimeo.com/143635416

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

in the company and share how HP measures CX, where employees can find different CX resources, where to access centralized research, and other useful information. VMware nurtures the growing community of employees who are avid about customer experience by feeding them internal information, links to CX expert blogs, and opportunities for CX training. It also tells them how to get involved early in new research, such as customer panels. These employees also engage in discussion boards with customers to ask specific questions, gather additional information, and uncover new opportunities.

THE PATH TO FEDERATION

If a company is truly committed to broad CX transformation and wants to ensure that its work has an impact over the long run, then it must define a path towards Federated CX. We expect that companies will evolve through different degrees of federation (see Figures 13 and 14):

- **Centrally Driven.** As CX efforts get underway, the CX core team has control over CX management efforts across the entire organization. In this model, the CX core team focuses on building strong internal CX capabilities to serve the company. The group oversees CX management processes and a number of CX projects, while evangelizing CX to drive action company-wide. The CX team derives its authority from senior executives who review and approve the company's CX objectives. LOBs can use the outputs of the centralized team, such as standardized CX metrics reporting, or be participants in relevant cross-functional projects that the CX team has underway. One company using a centralized model to drive CX is Concur, whose CX team's charter states that it is, "*focused on driving a seamless and great customer experience...by engaging with teams all across the business to define, design, and ensure delivery of our Concur customer experience vision*" (see Figure 15). To accomplish this, the company's VP of Customer Experience oversees a team that manages its customer listening, journey mapping, governance, CX projects, and CX communications. The team ensures it is building the right connections across the business by completing *stakeholder mapping* to identify the key players they need to work with for each role they play or project they lead.
- **Cross-Functional Participation.** A company can begin to experiment with federation by enabling groups to begin to do some CX work on their own by introducing either a CX working group or CX ambassadors drawn from across the company. In this model, a centralized CX team manages the company's CX efforts and works with the working group or ambassadors, who serve as liaisons with the business units they represent. The CX core team continues to focus on executing critical CX processes and leading projects, while at the same time creating stronger connections with LOBs to collaborate on identifying and executing specific CX opportunities. Ciena is beginning to tap into the power of the federated model with two cross-functional groups that work with the centralized CX team—the *Executive CX Champions* and *Customer Experience Champions* (see Figure 16). The Executive CX Champions are part of Ciena's CX governance, and they prioritize high-level CX initiatives. They drive accountability throughout the organization to deliver on CX commitments while continuously monitoring customer experience and readjusting the focus year-round. The Customer Experience Champions represent different groups across Ciena and

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

work with the central CX team to translate customer insights into specific projects in their respective LOB.

- **Distributed Expertise.** As a company moves further down the path towards federation, it begins to naturally extend some of its central CX capabilities into different parts of the business. As a company starts to distribute CX expertise, not only are the LOBs learning something new, but the centralized CX team is as well. The centralized team learns how to take its processes and practices and structure them so they can be deployed across the business, along with how to teach and coach others through the learning curve of successfully adopting the practices within their specific LOB. VMware's customer advocacy group, whose purpose is to drive the organization's CX strategy forward, answers directly to the executive team. Members of this group bring specialized expertise and skills in insights, root cause discovery, and experience transformation as they engage directly with different parts of the business. VMware credits the evangelism of its customer advocacy COEs—through compelling storytelling and very focused insights-based recommendations—for their success in helping people across the company commit to taking action to improve CX.
- **Federated.** When a company is fully federated, the centralized CX team coordinates enterprise-wide CX priorities and standard methodologies while working with and through COEs that support specific initiatives and projects with the LOBs. Dedicated employees in the LOBs manage and execute specific CX plans and projects and tap into the COEs for what they need to fulfill their responsibilities. The company has a clear governance model as part of its enterprise CX coordination to ensure that the company and LOBs stay aligned in their CX direction. At Microsoft, its Customer and Partner Experience (CPE) team coordinates enterprise CX within an ecosystem of Customer and Partner Advocacy programs that provide expertise to drive the overall CX for the organization (see Figure 17). Embedded across 70+ geography and 17 global segments, CPE Leads connect CX to how Microsoft does business. CPE Leads are responsible for analyzing insights based on data from the research team, and then use their understanding of their assigned business segment to identify key insights and make recommendations that complement its business challenges and plans.

FEDERATED CX REQUIRES NEW SKILLS

Shifting from a centralized to federated model will involve changes not only in the services a centralized CX team provides to the company, but also in the members of the team themselves, as they adapt their skill sets to complete new challenges. Successful CX professionals will be the ones who:

- **Learn the business.** As CX becomes federated, the LOBs will expect CX insights and guidance to be customized to their specific needs and interests. While the ultimate goal is for COEs and LOB stakeholders to be responsible for this customization, during the transition, CX professionals will need to tap into an increasing level of business knowledge around the LOBs' objectives, offerings, customers, and market dynamics to make sure their work delivers meaning and value.
- **Coach and advise others.** Most centralized CX team members are tasked with "doing" the work of CX for the entire organization, especially when there is little-to-no

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

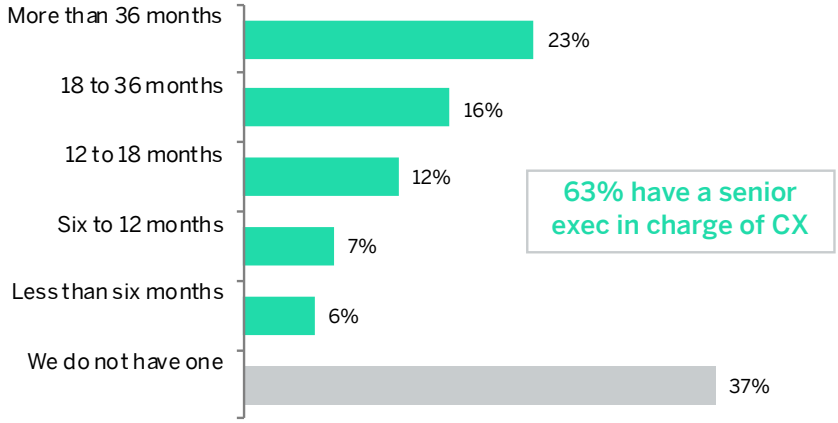
CX understanding or ability across the company. As a company moves to a federated model, CX team members will have to help their colleagues learn to do things on their own. This means being able to package information and practices so others can use them independently and stepping in to provide coaching and guidance when they detect a group is struggling.

- **Embrace empowerment.** Successful CX professionals will embrace the mindset that it is okay to give up control in order to empower others to meet their objectives. As CX federates across the company, CX professionals will need to be able to align others around the goals of the organization, motivate them to accept ownership for helping the company achieve those goals, and devise effective ways to hold them accountable with help from company leaders.
- **Keep learning.** As established methodologies are distributed across the organization, CX teams will still need to pay attention to new developments within the CX discipline that may have a bearing on their work. Successful CX professionals will seek out and experiment with emerging CX practices and tools to assess their usefulness at the company.
- **Choose to specialize.** A federated model will push more ownership and accountability out to COEs and across the business, driving groups other than the CX team to assume the role of "expert" for things like insights analytics, experience design, or culture change management. Some CX team members may decide to specialize and deepen their expertise around a specific skillset as a member of a COE, leaving their centralized role behind.

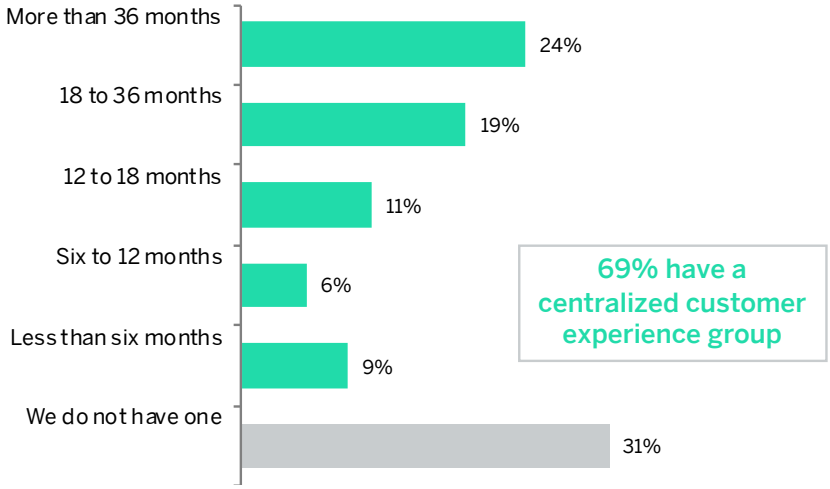
Copyright © 2016, 2019 Qualtrics®. All rights reserved.

Customer Experience Leadership and Coordination

How long, if at all, has your organization had a senior executive in charge of customer experience across products and channels?



How long, if at all, has your organization had a centralized customer experience group?



Base: 199 organizations with $500 million or more in annual revenues
Source: Temkin Group Q1 2015 CX Management Survey

Copyright © 2016, 2019 Qualtrics®

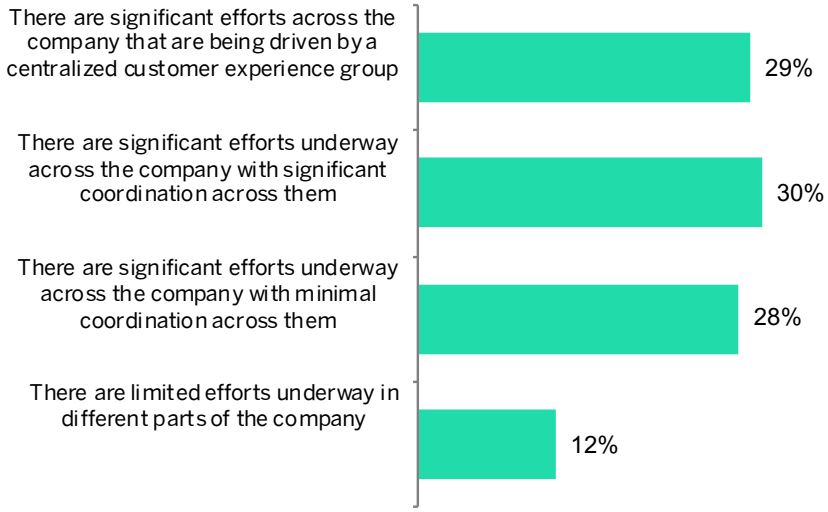
Qualtrics XM institute™

Figure 1

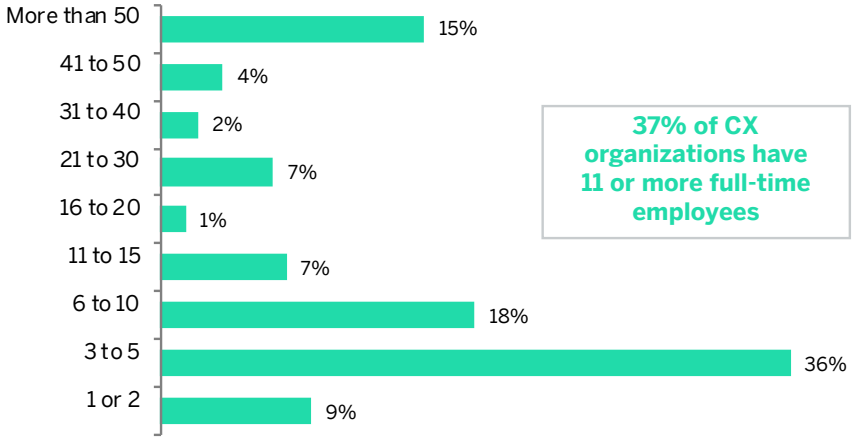
Copyright © 2016, 2019 Qualtrics®. All rights reserved.

Customer Experience Coordination and Staffing

Which of the following best describes the customer experience efforts within your company?



How many full-time employees are dedicated to your company's customer experience organization?



37% of CX organizations have 11 or more full-time employees

Base: 199 organizations with $500 million or more in annual revenues
Source: Temkin Group Q1 2015 CX Management Survey

Copyright © 2016, 2019 Qualtrics®

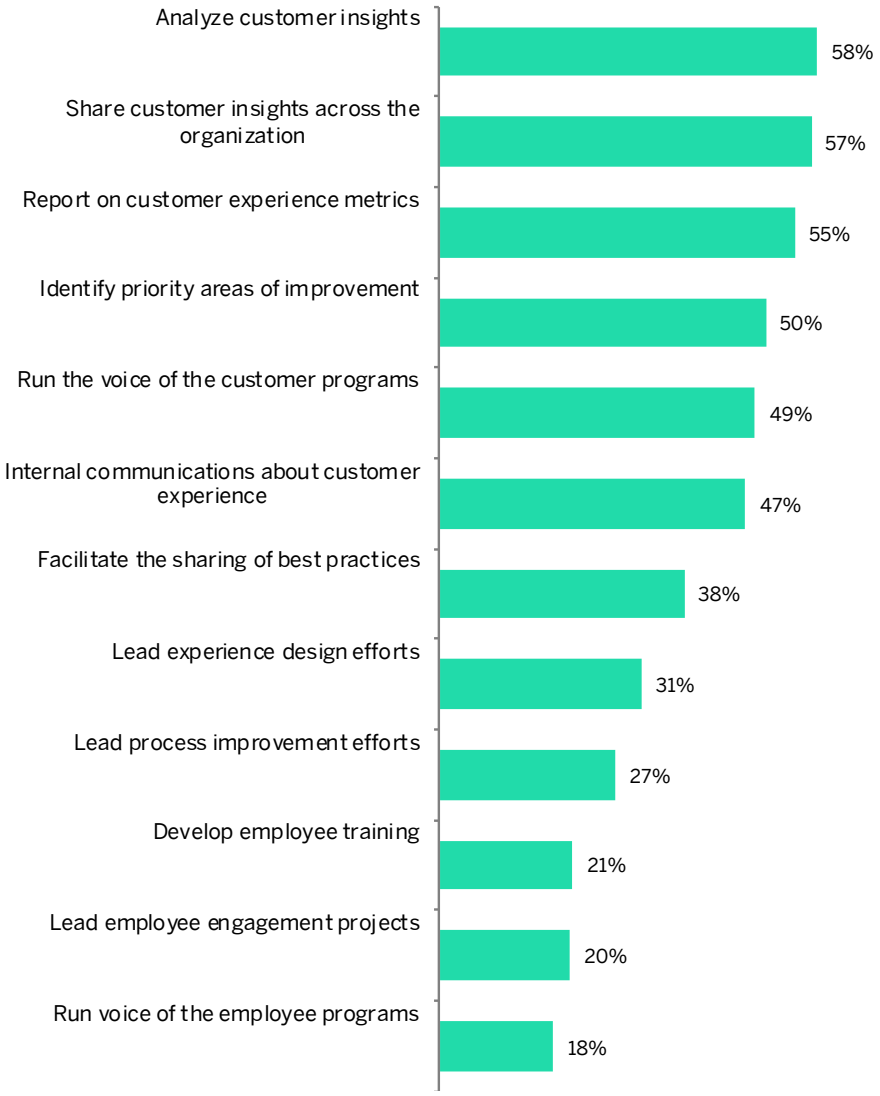
Qualtrics XM institute™

Figure 2

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

Customer Experience Activities

Which of the following are the explicit responsibilities of your organization's centralized customer experience group?



Base: 199 organizations with $500 million or more in annual revenues
Source: Temkin Group Q1 2015 CX Management Survey

Copyright © 2016, 2019 Qualtrics®

Qualtrics XM institute™

Figure 3

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

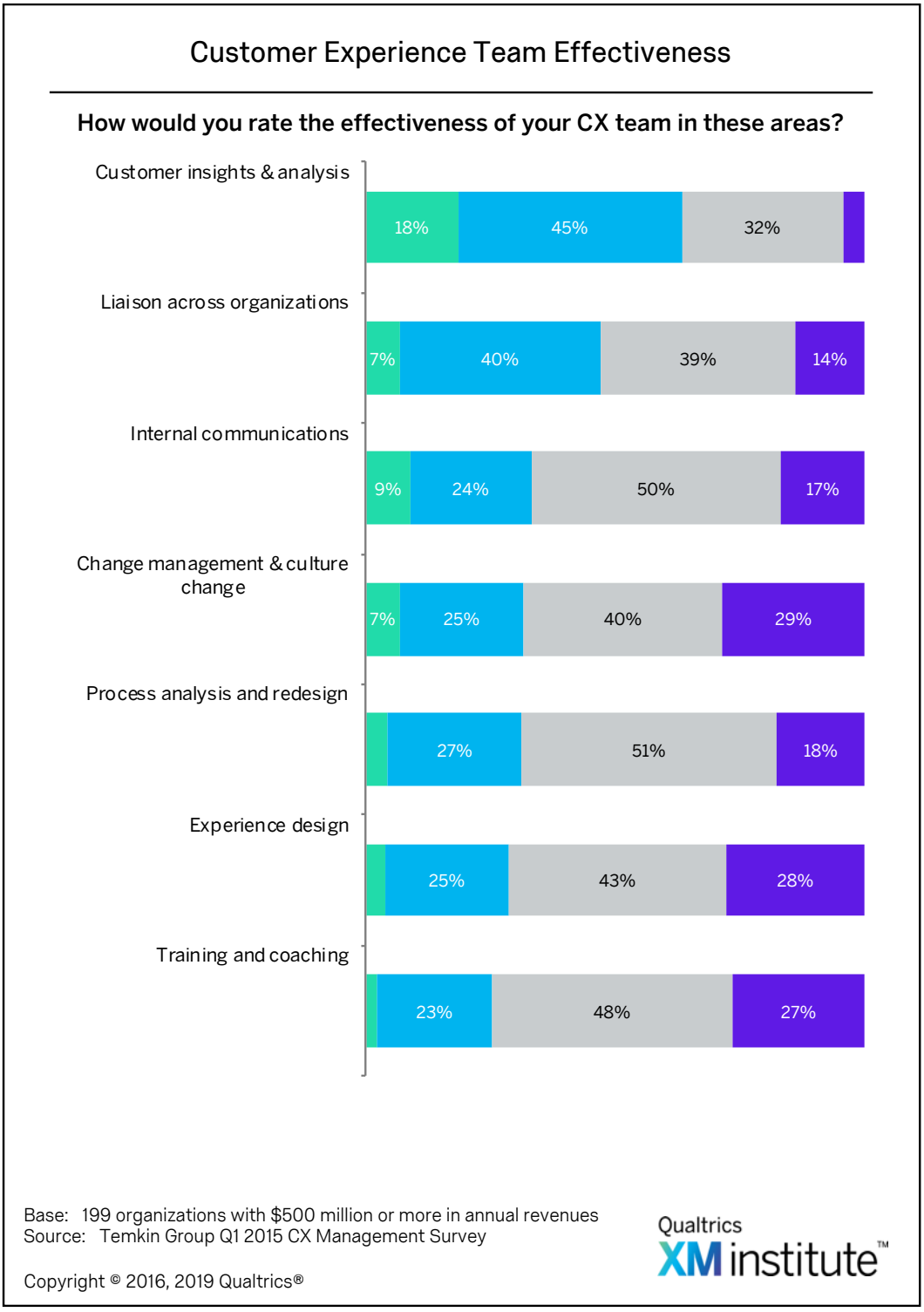


Figure 4

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

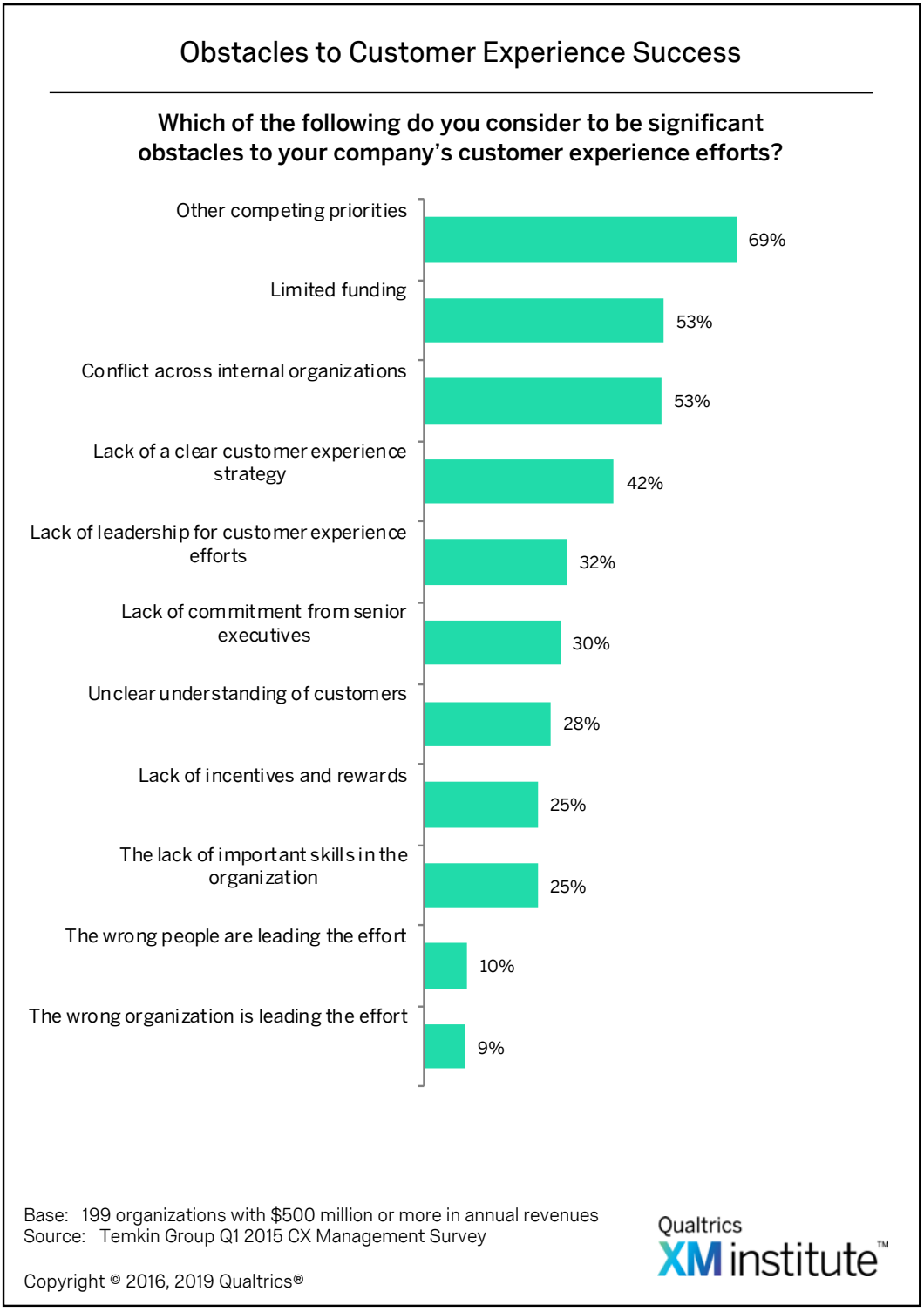
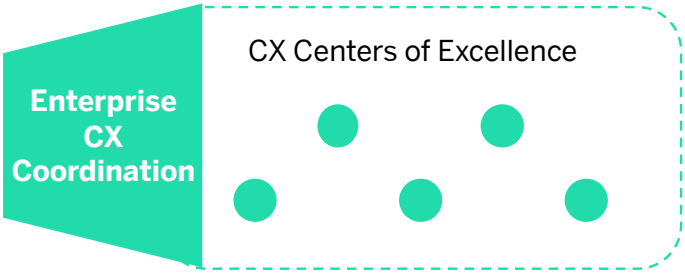


Figure 5

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

The Federated Customer Experience Model

A structure for enabling and coordinating a distributed set of customer experience capabilities.



Distributed CX Skills and Mindsets

Elements of Federated Model	Description
CX Centers of Excellence: *Maintaining and Nurturing Strong Capabilities*	Centers of excellence (COEs) will be developed across an organization to maintain a strong set of capabilities that support CX. COE members will continue to build capabilities, while sharing best practices and supporting the rest of the organization in those areas.
Enterprise CX Coordination: *Building and Maintaining Alignment*	A centralized CX team will oversee the setting of collective goals and objectives, enforce enterprise-wide standards, and act as a hub for cross-pollination of ideas and success stories.
Distributed CX Skills and Mindset: *Embedding Customer-Centric Beliefs and Behaviors*	Dispersing CX capabilities through COEs does not eliminate the need for everyone in the organization to understand CX and how they each play a role in delivering it to customers.

Copyright © 2016, 2019 Qualtrics®

Qualtrics XM institute™

Figure 6

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

The Elements of a Federated Model: CX Centers of Excellence

COE	Capabilities
Deep Analytics	▪ Partners well with data owners across the organization ▪ Manages line of business voice of the customer (VoC) efforts within enterprise program to capture data for tailored insights ▪ Understands interaction data and connects insights across interactions ▪ Discusses results & elicits additional context from business stakeholders ▪ Able to create predictive models using a variety of data sources ▪ Uses text analytics tools and can interpret results from outputs
Reporting and Data Visualization	▪ Uses enterprise VoC tools to create dashboards for business stakeholders and extract relevant insights ▪ Tracks line of business metrics and regularly reports results ▪ Facilitates insights-based conversations with business stakeholders and data analysts to diagnose and uncover root causes ▪ Understands internal goals and needs to anticipate insights requirements ▪ Has skills and tools to create effective data visualization ▪ Prepares business stakeholders to share & discuss findings with others
Experience Design	▪ Uses customer insights to improve CX design in appropriate channels ▪ Evangelizes taking the customer's point of view in decision-making ▪ Helps to monitor and assess feedback on deployed CX designs ▪ Understands and applies the principles of design thinking ▪ Knows how to create customer journey maps to improve CX ▪ Balances the logical, left-brained elements of CX with the right-brained, emotional side
Customer-driven Process Improvement	▪ Able to facilitate prioritization and action planning sessions with cross-functional stakeholders ▪ Integrates customer and employee insights into projects ▪ Uses structured project management methods and tools ▪ Applies formal process improvement techniques ▪ Seeks out best practices and ideas from across the organization
Culture Change Management	▪ Follows a thorough CX communication plan that shares both practical and inspirational messages through a variety of channels ▪ Develops training programs to help employees be successful ▪ Engages middle managers with ongoing reinforcement & coaching of CX ▪ Introduces individual and team rewards, recognition programs, and CX celebrations ▪ Gathers employee feedback and input about CX efforts through formal and informal methods

Copyright © 2016, 2019 Qualtrics®

Qualtrics XM institute™

Figure 7

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

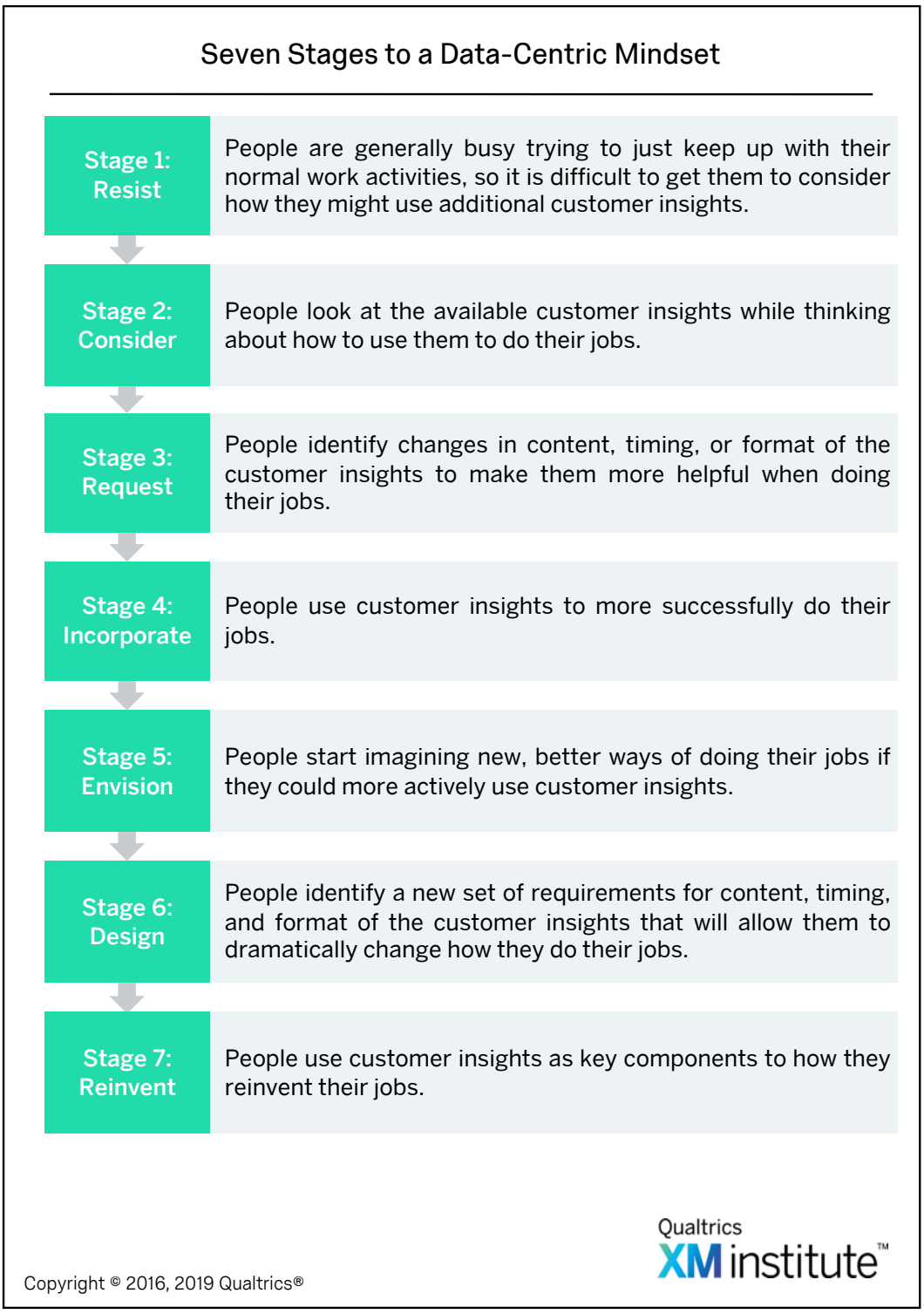


Figure 8

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

The Elements of a Federated Model: Enterprise CX Coordination

Area	Centralized CX Team:
Enterprise CX Strategy and Governance	▪ Aligns CX strategy to business and brand strategy ▪ Builds buy-in among senior executives for company's CX strategy ▪ Prioritizes how CX resources (time, money, people) will be invested to support CX strategy ▪ Establishes governance council and engages regularly to share updates, gather input, and request assistance ▪ Implements accountability model for line of business CX efforts ▪ Builds and manages network of company-wide CX champions
Insights, Metrics, and Reporting	▪ Manages all elements of enterprise VoC program, including standard surveys and reporting ▪ Defines universal CX metrics and measurement frameworks ▪ Delivers all executive-level CX reporting ▪ Selects CX vendors and other service providers and identifies emerging practices and tools ▪ Monitors VoC efforts within COEs and lines of business to ensure compliance with enterprise standards
Standard Methodologies and Tools	▪ Identifies established and emerging CX practices and tools and defines how they are used at the company ▪ Selects CX vendors and other service providers to support use of standard methodologies and tools ▪ Collaborates to shape CX related employee training, performance management, incentives, and feedback processes at the company level ▪ Establishes a process assurance approach to review the effectiveness of COEs in using standard methodologies and tools
Central CX Storyline	▪ Defines enterprise-wide CX communication plan that cascades across the business ▪ Leverages employee social networks to support enterprise and local CX efforts ▪ Coaches executives on content of CX related messages ▪ Contributes input to customer-facing messages about CX
Portfolio Management	▪ Shares key learnings and best practices across the company ▪ Identifies cross-functional collaboration opportunities ▪ Monitors line of businesses' progress on their CX commitments ▪ Engages with COEs to support overall CX strategy ▪ Looks for signs indicating company's CX priorities or investments need to be adjusted

Copyright © 2016, 2019 Qualtrics®

Qualtrics XM institute™

Figure 9

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

The Elements of a Federated Model: Distributed CX Skills and Mindset

	Senior Leader	Middle Manager	Individual Contributor
CX Goal Alignment	▪ Discusses CX goals and progress alongside other financial and performance goals of the company ▪ Willing to make tradeoffs between other goals and CX goals	▪ Translates company-level CX goals and objectives to what they mean to his/her team ▪ Helps team members connect contribution of their roles to CX goals ▪ Uses CX rewards and recognition programs	▪ Understands specific on-the-job behaviors that support company's CX goals ▪ Recognizes co-workers for demonstrating desired CX behaviors
Customer Understanding	▪ Reviews customer feedback as part of decision-making process ▪ Regularly visits with customers	▪ Reviews and shares customer feedback with team ▪ Understands key customer segments of company	▪ Pays attention when customer feedback is shared by leaders ▪ Shares feedback from customers with company
Empathy Orientation	▪ Supports CX projects like customer journey mapping to elevate internal customer empathy	▪ Coaches team on how to recognize emotions during interactions and adapt behaviors	▪ Pays attention to emotional cues the customer sends and adjusts own actions for most positive outcome
Improvement Focus	▪ Actively participates in closed-loop VoC processes with customers ▪ Holds organization accountable for CX change efforts	▪ Creates an environment that encourages CX feedback from employees ▪ Celebrates successes with team for making CX improvements	▪ Shares feedback and ideas on how to make CX better for customers ▪ Open to new ways of working to improve CX
Organizational Awareness	▪ Regularly shares CX updates with company ▪ Supports CX team's outreach efforts to employees	▪ Uses available tools and resources for own CX learning and with team ▪ Encourages team to participate in CX activities	▪ Joins internal CX lunch and learns or webinars ▪ Reviews available CX resources and updates

Copyright © 2016, 2019 Qualtrics®

Qualtrics XM institute™

Figure 10

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

CX Goal Alignment:
Ciena's Inside Out/Outside In CX Scorecard

Sample Dashboard

Ciena uses this scorecard to assess how each of the operational areas of the business is performing in comparison to the perception of customers. Leaders regularly review and discuss scorecard results and identify relevant CX opportunities to improve.

Internal Key Performance Indicators (KPIs) were identified by the responsible department from among their operational metrics

Customer Perception KPIs were defined through a process of customer interviews and are measured through targeted surveys

	Inside-Out (quantitative KPI metrics)							Outside-In (customer perception)								
	Portfolio	Sales Engagement	Pricing	Training	Delivery	Support	Service	Portfolio pulse	Sales Engagement Pulse	Pricing pulse	Training pulse	Delivery pulse	Support pulse	Services pulse	CXI	
2014 Q1																2014 Q1
2014 Q2																2014 Q2
2014 Q3																2014 Q3
2014 Q4																2014 Q4
Target	A	B	C	D	E	F	G	A	B	C	D	E	F	G	xx.x	Target
Status																Status

The scorecard highlights any gaps and leads to investigation on why discrepancies exist. Results are compiled and reported monthly.

Reprinted with permission of Ciena.

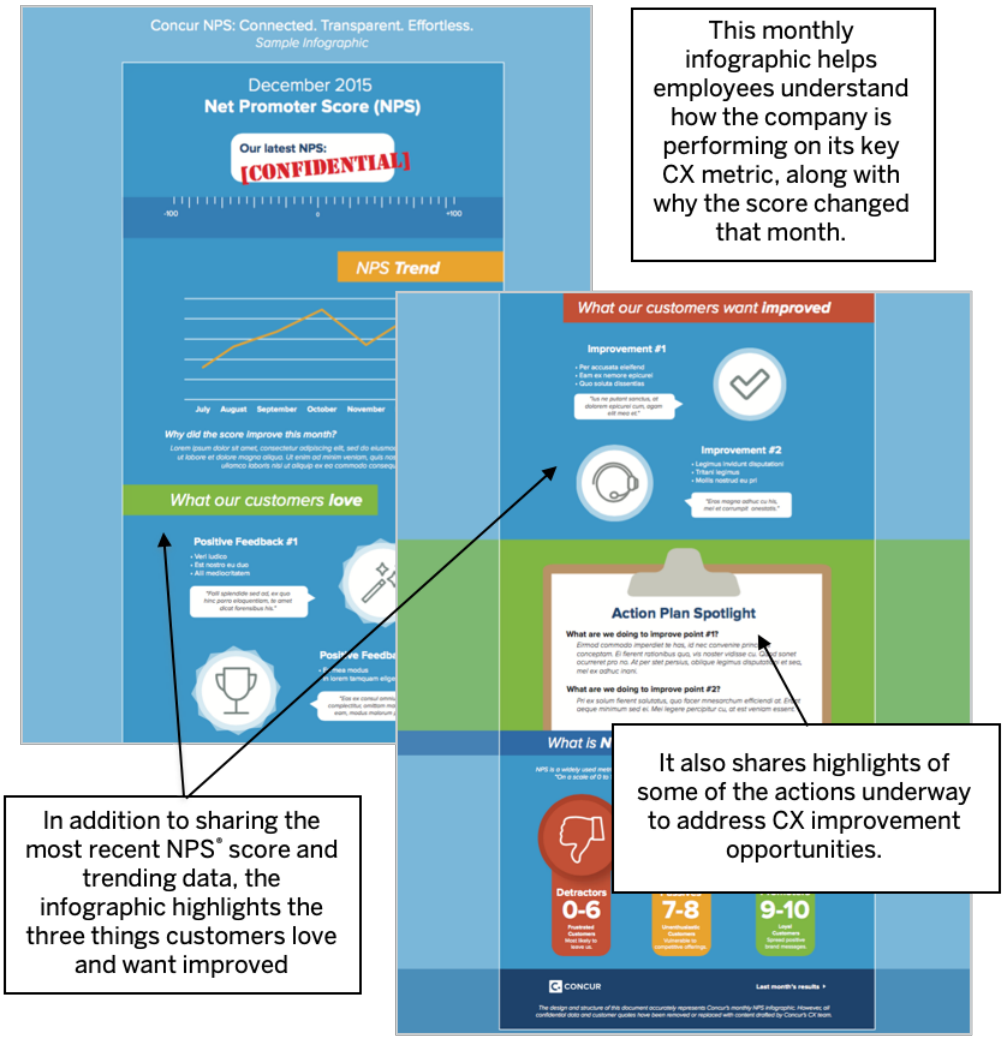
Copyright © 2016, 2019 Qualtrics®

Figure 11

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

Customer Understanding: Concur's NPS® Infographic

Sample Graphic



This monthly infographic helps employees understand how the company is performing on its key CX metric, along with why the score changed that month.

In addition to sharing the most recent NPS® score and trending data, the infographic highlights the three things customers love and want improved

It also shares highlights of some of the actions underway to address CX improvement opportunities.

Reprinted with permission of Concur.
Copyright © 2016, 2019 Qualtrics®

Figure 12

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

The Path to Federation

	Centers of Excellence	Enterprise CX Coordination	Distributed CX Skills and Mindsets
Centrally Driven	▪ All of CX expertise built within the centralized CX team ▪ Team taps into other functions (e.g., HR, marketing) or vendors for skills missing on CX team	▪ Institutes common and consistent CX approaches ▪ Works with senior leaders to define priorities and investment decisions related to CX efforts	▪ CX knowledge infused into existing training programs and employee onboarding ▪ Senior leaders' messages reinforce importance of CX
Cross-functional Participation	▪ Centralized CX team manages CX efforts ▪ Works with a working group or CX ambassadors from across the company who help to bring CX efforts into their LOBs, in addition to their "day job"	▪ Creates initial connections into the LOBs while still maintaining control over common approaches and standards ▪ CX prioritization and program mgmt. still centralized	▪ Working group or ambassadors build own CX skills with help from CX team ▪ Same individuals supplement centralized efforts to spread CX understanding and skills into LOBs
Distributed Expertise	▪ Some CX COEs exist outside the CX team with the introduction of formally dedicated resources ▪ CX team delivers other expertise	▪ Continues to set corporate CX goals, while guiding COEs and LOBs into alignment ▪ Increase in formal CX portfolio management	▪ More employees not only knowledgeable but able to practice or participate in CX activities as they reach deeper into the organization
Federated	▪ COEs customize CX initiatives within LOBs ▪ Deeper levels of expertise developed within COEs ▪ LOBs have dedicated resources responsible for working with COEs to help LOBs meet their specific CX objectives	▪ Centralized CX team defines company's CX strategy and coordinates enterprise CX standards with COEs and LOBs ▪ Governance and standardized approaches drive right amount of consistency and accountability	▪ CX skills embedded into employee engagement efforts by LOBs and central CX team ▪ COEs help develop skills through how they interact and involve employees in their activities ▪ Company leaders committed to building CX culture

Copyright © 2016, 2019 Qualtrics®

Qualtrics XM institute™

Figure 13

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

The Path to Federation

	Centers of Excellence	Enterprise CX Coordination	Distributed CX Skills and Mindsets
Centrally Driven	▪ All of CX expertise built within the centralized CX team ▪ Team taps into other functions (e.g., HR, marketing) or vendors for skills missing on CX team	▪ Institutes common and consistent CX approaches ▪ Works with senior leaders to define priorities and investment decisions related to CX efforts	▪ CX knowledge infused into existing training programs and employee onboarding ▪ Senior leaders' messages reinforce importance of CX
Cross-Functional Participation	▪ Centralized CX team manages CX efforts ▪ Works with a working group or CX ambassadors from across the company who help to bring CX efforts into their LOBs, in addition to their "day job"	▪ Creates initial connections into the LOBs while still maintaining control over common approaches and standards ▪ CX prioritization and program mgmt. still centralized	▪ Working group or ambassadors build own CX skills with help from CX team ▪ Same individuals supplement centralized efforts to spread CX understanding and skills into LOBs
Distributed Expertise	▪ Some CX COEs exist outside the CX team with the introduction of formally dedicated resources ▪ CX team delivers other expertise	▪ Continues to set corporate CX goals, while guiding COEs and LOBs into alignment ▪ Increase in formal CX portfolio management	▪ More employees not only knowledgeable but able to practice or participate in CX activities as they reach deeper into the organization
Federated	▪ COEs customize CX initiatives within LOBs ▪ Deeper levels of expertise developed within COEs ▪ LOBs have dedicated resources responsible for working with COEs to help LOBs meet their specific CX objectives	▪ Centralized CX team defines company's CX strategy and coordinates enterprise CX standards with COEs and LOBs ▪ Governance and standardized approaches drive right amount of consistency and accountability	▪ CX skills embedded into employee engagement efforts by LOBs and central CX team ▪ COEs help develop skills through how they interact and involve employees in their activities ▪ Company leaders committed to building CX culture

Copyright © 2016, 2019 Qualtrics®

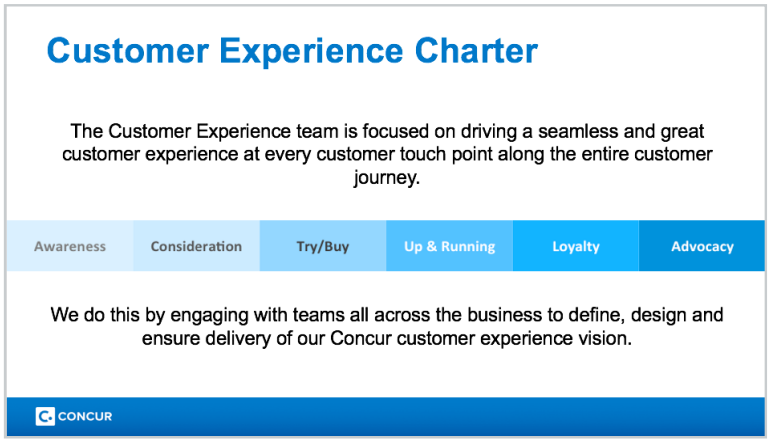
Qualtrics XM institute™

Figure 14

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

Concur's Centralized CX Team

Concur's CX Charter



Elements of Concur' s CX Organization

- **VP, Customer Experience:** Oversight of all enterprise-wide CX efforts, CX standards and tools, executive CX collaboration and reporting, team supervision and coaching; temporary oversight of escalation desk and service transformation initiative
- **Sr. Manager, Customer Listening:** Runs CX measurement (NPS®) and other feedback programs for company; works closely with product team - conducts deep dive analyses, participates in quarterly meetings and helps build customer cases for new product features (plus two analysts)
- **Director, CX Projects and Governance:** Identifies right balance of global vs. local/regional projects; runs a selection of global CX projects; works directly with CX catalysts from across the business
- **Sr. Director, CX Projects and Journey Mapping COE:** Leads customer journey mapping projects company-wide while running 2-3 other CX projects
- **Sr. Manager, CX Communications:** Coordinates all internal CX communications and culture/employee engagement campaigns; produces CX annual report
- **CX Designer:** Provides graphic design and related services to entire team to support projects, CX reporting, and communications

Reprinted with permission of Concur.
Copyright © 2016, 2019 Qualtrics®

Qualtrics XM institute™

Figure 15

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

Ciena's Cross-Functional Champion Teams Work Closely with the Centralized Team

Ciena's Centralized Team

Under the guidance of the Global Director of Customer Experience Specialists, four CX specialists support Ciena's:

- VoC and CX measurement program
- Data visualization and scorecard creation
- Communication, culture, and training initiatives
- CX project leadership.

Each specialist also works directly with one geographic region. They focus on building relationships with leaders in their assigned region in order to engage stakeholders, understand the region's specific needs, and work with them to determine which CX initiatives can have the most impact locally.

Cross-Functional Teams	Description
Executive CX Champions	▪ Works with CX leader to govern company-wide CX, giving representation to groups across the company to set CX strategy in alignment with business objectives ▪ Regularly meets with CX leader to review key performance indicators and monitor progress of CX initiatives ▪ Helps to clear obstacles impeding CX efforts among their stakeholders ▪ Shares CX information and updates with their teams
Customer Experience Champions	▪ Working group representing 20 different areas of the company ▪ Responsible for understanding customer insights and helping to identify and drive CX initiatives for their organizations ▪ Provides regular updates to CX leader and executive CX champions ▪ Leverages job aids and other learning opportunities with members of the centralized CX team to grow their own capabilities

Reprinted with permission of Ciena.
Copyright © 2016, 2019 Qualtrics®

Qualtrics XM institute™

Figure 16

Copyright © 2016, 2019 Qualtrics®. All rights reserved.

Customer and Partner Advocacy Organization at Microsoft

Customer and Partner Advocacy Programs	▪ *Customer and Field Advocacy:* Captures issues from field personnel, provides case management for resolution, identifies systemic improvements based on issues ▪ *Insights & Advocacy:* Triages, resolves, and mitigates company-wide top issues and risks. Liaison between engineering and sales and marketing for feedback analysis and action; runs Excellence Councils; drives large cross-company CPE initiatives ▪ *Engineering Group CPE:* Focuses on customer lifecycle policies and works with engineering on strategic initiatives impacting CX
Customer and Partner Experience (CPE) team	▪ *Rhythm of the Business Reporting:* Produces CPE-specific metrics and insights and CPE scorecard, runs quarterly business reviews with leaders across company ▪ *Culture:* Works with HR and CPE leads on embedding CPE into employee-facing programs to drive behavior change, including communication, training, rewards and recognition ▪ *Customer Journey Mapping:* Leads internal projects, enables skillset/delivers training around company ▪ *CPE Lead Community Management:* Monitors CPE leads needs and finds right forums for connections, including small and large group update and sharing calls, CPE website, CPE newsletter, in-person CPE Lead events, learning circles; also handles onboarding of new CPE Leads ▪ *Research and Measurement:* Analyzes and drives action at program and individual level working with product, engineering, and field teams
CPE Leads	▪ Embedded across 70+ geographies and 17 business segments ▪ Hired and managed/coached by their individual lines of business ▪ Responsible for using CPE VoC outputs and leading insights analysis and action planning to drive action locally in support of critical business requirements ▪ Support culture efforts in ways that helps leaders and LOB employees accomplish their own goals ▪ CPE leads from largest geographies work closely with CPE team's general manager, who also controls the blueprint for CPE Lead headcount and locations and participates in hiring and performance management

Copyright © 2016, 2019 Qualtrics®

Qualtrics XM institute™

Figure 17

Copyright © 2016, 2019 Qualtrics®. All rights reserved.