Innovating Customer Experience in a Tough Budget Climate

Challenged by the “do more with less” demands of a tough budget cycle, some agencies may shift into paralysis mode, waiting on service initiatives or focusing on cost reductions, not customers. Instead, a customer-focused approach can maneuver a downturn in spending into an upturn in service innovation.

BUDGET PARALYSIS
Views about our sluggish economy and budget debates are rampant, but it’s clear what is around the corner: reduced budgets, hiring freezes, and tighter prioritization. As a result, agencies will be required to handle higher workloads with fewer resources. The usual aim for improving customer experience may be stymied by a paralysis response, leading to even more citizen frustration.

OPPORTUNITY
Citizens’ priorities, needs, and expectations are always shifting. In the current economy, citizens face the same challenges as their service providers and are taking precautionary measures. With that change comes opportunity. Rather than the understandable reaction to hunker down and stall initiatives, perceptive agencies view this budget environment as an opportune time to more deeply understand customer needs and use that insight to drive service efficiency.

In fact, during budget down cycles, commitment to feedback programs and customer service is not expendable; it is imperative—in large part—for purely efficiency reasons. Satisfied customers are more likely to follow regulatory policies. Citizens who receive fast service respond quickly in kind. Citizens who think service providers are listening are more likely to put effort into completing transactions.

CUSTOMER EXPERIENCE INNOVATION

Approach
Agencies can maneuver a budget downturn into a customer experience upturn and improve efficiency at a crucial time. To accomplish this, a customer-driven approach is essential.

- **Consumer focus.** Allow an unrelenting focus on the customer to dominate business planning. Do not blur vision for excellent service with pressing but unrelated challenges such as predicting and resourcing for demand.
  - **Long-term investment.** View customer experience management as a continual process, not a one-time program. Fortunately, ongoing efforts produce steady returns: continued service innovation during any cycle maintains customer goodwill upon which to build.
  - **Open collaboration.** Listen to customers. Some agencies employ only basic tracking surveys. Instead, encourage customer-led improvement by asking for ideas and even co-creating solutions. This develops a relationship of cooperation and spurs creativity.

Strategies
Use customer insights and experience management efforts to identify win/win solutions that drive performance improvement.

Identify areas of high value to both customers and the bottom line. Discovering the overlap of value and service is not always intuitive. For instance, knowing customers generally want calls answered as quickly as possible, an agency could pare its phone wait time. However, customers also value one-call problem resolution. So service providers must know customer trade-off points. By mapping customer experience, an agency can determine where value and service overlap and avoid overspending on an area that would not have the highest impact.

Drive customer behavior to more efficient channels. On average, an organization spends two to four dollars to process a phone transaction, compared to pennies for online resolution. During a tough economic situation, a search for inexpensive ways to hear the voice of the customer may lead an agency to leverage social media,
online communities, or self-service methods. Other organizations have these channels in place but are not actively marketing them. They need creative persuasion techniques to promote customer trial of technologies. These channels are low-cost but real-time and often become preferred methods for many customers, permanently.

Use segmentation to provide the right service to the right people at the right time. A “one size fits all” strategy doesn’t fit with meaningful customer experience innovation. Instead, use deep customer insights garnered through analytics and qualitative research to refine customer segments according to goals, needs, and behaviors. Then, ensure highly valued service is delivered how and when specific customer segments need it.

Partner
As agencies delve into customer experience issues, most encounter little difficulty imagining, even developing, ideal designs. Challenges arise during the implementation phase when ideas meet reality, including budget reality. Agencies need a partner experienced in connecting ideal designs to the limitations of a budget. Pacific Consulting Group (PCG) partners with clients to transform service for a boost to customer satisfaction and the bottom line. PCG helps achieve customer experience improvements during any cycle.

Forward-thinking core capabilities make PCG a valued partner in innovation. The consultancy, based in Palo Alto, California, accelerates customer-driven performance improvement through:
  - **Customer Research.** Leading techniques uncover insights and feedback that allow clients to focus on activities that add value to customers and to service efficiency.
  - **Service Innovation.** Ideation, design thinking creative problem solving help clients find breakthrough solutions that achieve more with less.
  - **Strategic Decision Modeling.** Predictive models, forecasts, and program impact analysis provide guidance on prioritizing customer experience solutions to deliver maximum return on investment.

For more than 30 years, PCG has drawn attention to the needs and values of customers. Its experienced consultants think creatively and strategically about the most efficient ways to provide service. Partnering with PCG for research, innovation, and strategic modeling, agencies can achieve customer experience improvement even in a budget downturn. Innovation is about devising solutions for tomorrow, through the next budget cycle, and beyond.

---

**STRATEGIES IN ACTION**

**Leveraging Technology**
Using the customer perspective as their guide, a federal agency redesigned a complex service process to improve customer satisfaction while increasing service efficiency by 25%. PCG helped create customer experience maps and hone in on gaps. Then, the team used design principles and process reengineering to map out the future, leveraging various technology tools to improve collaboration, knowledge sharing, case management, and customer communication.

**Less Costly Channels**
A utility company wanted to maintain high customer satisfaction while leveraging lower cost self-service channels. PCG’s Customer Research and Modeling team conducted comprehensive customer conjoint research to determine services and channel preferences among customer segments. PCG’s Service Innovation group provided best practice research on emerging digital payment methods which helped the client think about new ways of conducting business in the future.