

## COMPLEXITY AND THE CUSTOMER EXPERIENCE

*By Dennis Gershowitz, Principal, DG Associates, and Sam Klaidman, Principal Advisor, Middlesex Consulting Group*

When we buy a product, we expect it to work the first time we use it. And we expect to be able to use it somewhat easily after a few uses. We expect its quality to be ever present, and we expect to use the product's features—if not in their entirety, at least the ones we expected to use when we made the decision to buy it. In essence, we, just like our customers, have a set of expectations that come with the purchase.

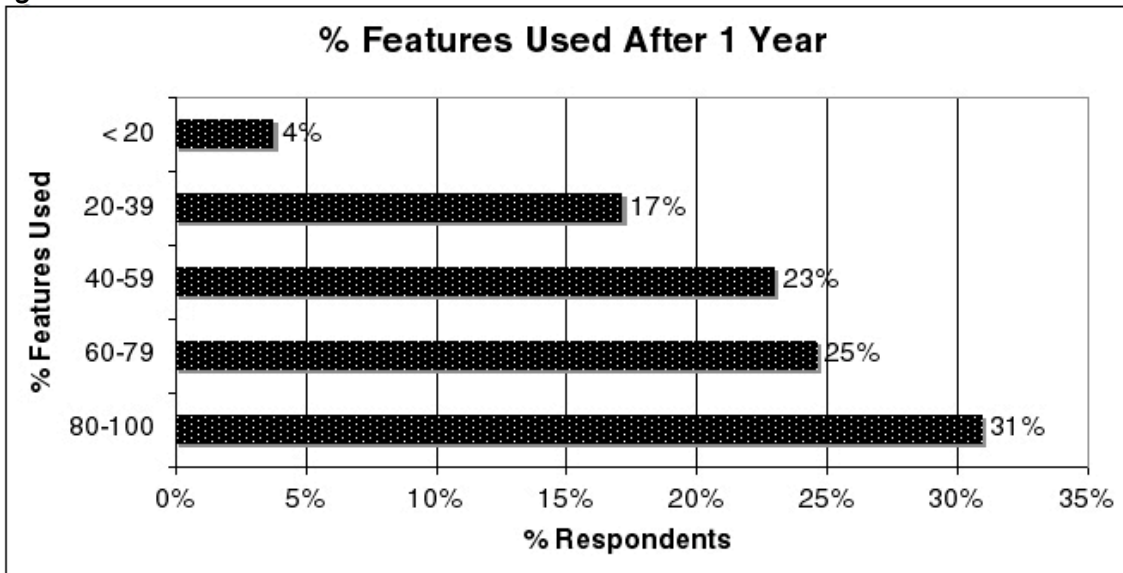
As service executives, we continually face the challenge of redefining customer expectations and the business processes that support our customers, as well as understanding the value of those customers and delivering service at a level beyond their expectations. Considering this, the challenge becomes one of developing a customer-driven business strategy that meets or exceeds the customer's expectations while delivering a loyalty-earning customer experience that creates customer advocates. Thus, keeping the customer not only requires best practices in engagement, loyalty building, and voice of the customer (VOC) insight, it also requires focus on reducing the complexity of our products, services, and processes.

Recently, Bruce Tempkin of the Tempkin Group published a blog titled "Customer Engagement Phase Is Completely Neglected", Bruce defined a phase in the customer lifecycle as the Engagement Phase. He defined it as, "the period where customers initially realize their expected value from a purchase." He says the phase starts immediately after a customer makes a purchase decision (the Selection Phase) and ends at the Point of Value (PoV): "The point where customers get the value they were expecting from their purchase and are satisfied with their decision." The PoV marks the start of the Service Phase.

In many hardware companies, the engagement is a responsibility shared with manufacturing (fulfill the order) and service (install the product, train the users, and maintain the product). With software customers, the responsibility is shared by professional services (install, configure, and train) and service/support (provide telephone and remote technical support). So at the critical phase of the customer experience, the supplier divides the responsibility for satisfying the customer between two or more organizations—quite a challenge to get right each time.

However, in addition to traditional obstacles preventing customers from achieving full value, our industry has added a new, and quite daunting, challenge—our products are extremely complex. Just how complex? To find out, we recently conducted a survey of 76 service executives to see how they felt about the complexity of their products and services. *Figure 1* illustrates the results.

Figure 1



As we see, after one year of use, only 31 percent of product owners can use 80 to 100 percent of their product's features, and slightly less than one-third can only use less than 40 percent. If this is not enough to demonstrate we have a lot work to do, consider the following:

- In his recent book, *Complexity Avalanche: Overcoming the Threat to Technology Adoption*, J.B. Wood discusses the significant issues associated with the increasing complexity of high-tech products: "Only a small percentage of features are ever used. The full value is never achieved, resulting in a sub-optimal number of actual users. Fewer software licenses are sold per installation than could be achieved." So, he points out the concerns about complexity but does not quantify this as we have begun to do in the above referenced survey and with the work we do.
- There are over 100,000 fonts available, and most office suites come with well over 100 fonts. However, most people routinely use only four fonts (Times New Roman, Arial, Helvetica, and Verdana).
- People estimate they use between five percent and 20 percent of MSWord's features.
- There are over 100,000 iPhone apps. Yet, no matter how many apps users download, they rarely use more than six.
- Product complexity not only confuses the users, it also confuses technical support reps and individuals charged with building and maintaining a knowledgebase.

So you begin to get the picture. To help customers reach the PoV, we must develop services to find out what each customer needs, and then develop delivery methodologies to achieve that objective. This takes real work. However, there is good news in that these services may well be revenue-generating if the product is configurable or if it is the type of product where customers expect training.

Sometimes there is a level of training required just to make the product marginally useable—enough to get the customer started. A colleague just purchased a smart phone with the Android operating system. He found it easy to turn on, but has no idea how to make a call, enter a

calendar item, or send an e-mail. But using Google was a snap. The wireless store set up an appointment with a “device specialist” who provided very useful training and gave out contact information for answering user questions without calling call tech support.

So how do we suggest you proceed to address the complexity question? At a very high level, here are the top six steps:

1. In conjunction with your sales and marketing peers, identify the core value they are selling.
2. Determine if the product is configurable with different features sold to different customers.
3. Determine how to identify when an individual customer reaches the PoV—the point where they are getting and using exactly what they purchased. *This step is not trivial.*
4. Determine how your operation can monitor your customer’s progress toward PoV.
5. Figure out ways to assist customers as they move toward PoV:
  - For expensive and relatively low-volume products, you may want to appoint a technical account manager (TAM) to each customer to ensure success. As an extreme example, when Boeing sells a new model to a new customer they include many hours of one-on-one training with chief pilots, maintenance managers, and other key individuals. The company never completely disengages because the risk of failure is unthinkable.
  - For low-cost volume products, you may want to publish technical books, train third-party trainers, or even deploy your own training organization. For example, a few years ago a friend in the UK was given a birthday present of a one-day, limited-access class presented by Nikon on how to use his model SLR camera. Also, if you purchase Photoshop, you can buy “how-to” books, find high-quality training in almost any city or town, and in general, get a good running start on using this application even though the low-end version sells for under \$100.
6. Once you have your initial list, you can begin to expand it to include additional fee-based services to take the customer beyond the PoV and on to fuller utilization of the features and capabilities inherent in the purchased product.

Another of our goals must be to reduce the complexity of doing business with our company. Consider that one of the most important elements of your relationship with your customers is to build loyalty, but to do so in a profitable manner. Imagine the improvement you can gain in the return on your investment with the customer if both your offering and doing business with your company is uncomplicated. We should not only be focused on exceeding a customer’s expectations on delivery, features, and support, we also should work on aligning our operations and processes to become seamless with the customer. This helps build customer value; not doing this can adversely affect the relationship.

Recently, IBM completed a study of CEOs called, “Capitalizing on Complexity.” A couple of their key takeaway points were:

- ***Today’s complexity is only expected to rise, and more than half of CEOs doubt their ability to manage it.*** Seventy-nine percent of CEOs anticipate even greater complexity ahead.

- **Better performers manage complexity on behalf of their organizations, customers, and partners.** They do so by simplifying operations and products, and increasing dexterity to change the way they work, access resources, and enter markets around the world.

In the technology world everyone knows everything. So competing on product differentiation is short-lived and nearly impossible to maintain. Likewise, in manufacturing companies everyone has access to the same small group of contract manufacturers, which removes the differentiators of cost, delivery, and quality. Software companies are migrating to SaaS which removes the installation challenge and forces the company to be great at configuration and training. So, how do we differentiate ourselves?

Here are the six high-level steps:

1. If you are doing relationship surveys, start asking how easy your company is to do business with.
2. Evaluate the results, but take them with a grain of salt. They may be true but not complete.
3. Assign a number of individuals, including yourself, to contact your company in every way you can imagine.
  - Look at your website from the point of view of a prospect looking for product information, from the perspective of an analyst trying to find financial and business information, and definitely from the point of view of a customer. Do you have FAQs or a knowledgebase that is easy to access, provides valuable answers, offers links to chat sessions for difficult problems, and asks for feedback in order to collect customers' impressions of their experience?
  - Call accounts receivable and try to "straighten out" a delinquent account.
  - Call sales operations for product information and schedules of trade shows they will be attending (although this should be on the website).
  - Perform any other interaction you can imagine.
4. Impartially share your results with your peers in the other departments, and develop and implement plans to remove each objection.
5. Continue to survey and see if the changes cause an improvement in loyalty and satisfaction levels.
6. Repeat frequently.

Fred Collopy, Ph.D., Weatherhead School of Business, Case Western Reserve University points out in a recent article on Learn Design in the Weatherhead Collection: "Management is about dealing with the ambiguous, the complex, the uncertain and the irregular. Predictable tasks are delegated to automated systems or lower level functionaries, and the problems that find their way to managers are those without pat solution strategies." He further illustrates his point with the work by Malcom McLean on container shipping. McLean concentrated on loading and unloading boats, when the focus was on the ocean time. He reduced transit time significantly for the cargo. What an excellent example of undoing complexity.

We think we can all agree that the time has arrived to attack how complex we are to do business with and to attack making our products and services appear seamless and easy to use. And, if

we choose to lead the way in doing this, we also will lead the way in building customer loyalty and strengthen the profitability and growth of our business.

**About the Authors...** *Dennis Gershowitz is principal of DG Associates. An accomplished senior executive, he is recognized for leadership in aligning business and development strategy to achieve best-in-class business success. He has served on various boards for AFSMI (now merged with SSPA and TPSA to form TSIA) and is a member of the AFSMI President's Club. Hear Dennis speak at Technology Services World, being held October 18-20 in Las Vegas. He may be reached at [dennisg@dgassociates.net](mailto:dennisg@dgassociates.net). [www.dgassociates.net](http://www.dgassociates.net)*

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## ***About Middlesex Consulting Group and Sam Klaidman***

**Middlesex Consulting Group specializes in:**

- Service Strategy**
- Services Marketing**
- Identifying and commercializing value-added services**
- Go to market assessments**
- Creating and retaining customers**
- Operational improvements**

**Sam Klaidman is the Principal Adviser at the Middlesex Consulting Group. A thought leader in service excellence, Sam is an experienced executive with a deep and varied background that spans nearly 45 years. During that time, Sam led several world-class service delivery organizations and has more than 20 years of service and support experience.**

**He is an accomplished speaker on Service Strategy and Marketing and has published numerous articles on Services Marketing and Services revenue.**

**For a no obligation discussion about how we may help your business grow revenue, profit and customer loyalty please contact us;**

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