

# **Delivering Loyalty Via Customer Experience Management at DHL Freight**

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*Creating a positive customer experience enables a company to differentiate itself from the competition and avoid the commoditization trap. This is particularly true in the highly fragmented road freight business, where the offering has become highly commoditized and price-driven. DHL Freight, a leading provider of international road transportation solutions, set out to enhance the customer experience by bringing the voice of the customer into the organization, improving customer interactions, and developing an organization-wide customer-driven vision, common purpose, and value proposition. The need to engage the whole organization, across multiple locations and countries, in delivering an excellent customer experience was critical to the success of the initiative. Within 12 months of implementation, DHL Freight is seeing a major change in the culture and operations of the company. Encouraged by this success, each country in which DHL Freight operates is taking steps to appoint a dedicated customer experience leader in their respective senior management teams. The company's experiences point the way for implementing an effective customer management approach in other operations-driven businesses.*

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The importance of customer experience management (CEM) as a source of competitive advantage has been well documented in many service industries, including retailing, public transportation, hospitality and vehicle repair (Verhoef et al., 2009; Rawson, 2013; Clatworthy, 2012; Johnston and Kong, 2011; Wilson et al., 2012). In the road freight market, however, there are a multitude of companies competing with limited differentiation, resulting in an extreme

focus on price. Success and failure are often determined by the ability of the road freight operator to manage costs. These companies, therefore, tend to be very operationally driven, with the customer relationship frequently reduced to that of a simple discussion on price versus service delivery standards.

Logistics is a highly complex undertaking. The process of comparing offers, making bookings, preparing shipments, and getting goods to their recipients at the right time is a daunting task, even for the most sophisticated and experienced shippers. Using a customer-focused approach to make this end-to-end journey simple and effective should significantly improve customers' positive perceptions of their road freight operators and engender loyalty to those that can consistently deliver not only their freight, but also a positive business experience.

## **[H1] Customer Experience Management Defined**

Walter et al. (2010) defined customer experience as the customer's direct and indirect exposure to the service process, including the organization, its facilities, and interactions with the service firm's representatives and other customers. This focus on experience and interaction is also emphasised by Biedenbach and Marell (2010) who define customer experience as being the result of the customer's interpretation of his or her total interaction with the supplier and the perceived value of each encounter. Managing these interactions end-to-end over the telephone, online, in the depot, and with truck drivers to provide a seamless and consistent experience is the ultimate objective of customer experience management in the road freight industry.

Rawson et al. (2013) discuss managing the whole customer journey from the initial inquiry to the final billing for the service. This means analyzing the various steps from the customer's or shipper's viewpoint rather than from an internal operational perspective. Verhoef et al. (2009) suggest that a company needs to know what is important to customers at each stage of the process and at each "touch point" that they experience. Therefore, identifying the key criteria and putting in place measurement tools to assess whether these criteria are being delivered are critical to the effective management of customer experience and may offer suppliers a way to differentiate their services from those of the competition (Berry et al., 2002).

Improving the customer experience is not a straightforward task, however. Meyer and Schwager (2007) stress that it only happens when customer experience becomes a top priority and an organization's work processes, systems, and structure change to reflect that. All parts of the organization have a role in delivering a satisfying customer experience; therefore, it cannot be seen as a task to be undertaken only by the customer service department. Nor can responsibility for customer satisfaction be limited to only those employees with front-line exposure to customers.

### **[H1] Finding Out What Customers Value Most at DHL Freight**

A leading provider of international road transportation solutions in Europe and beyond, DHL Freight is the road freight arm of Deutsche Post DHL (DPDHL), a global market leader in the logistics industry. It offers a full range of transportation services—less than truckload (LTL), part and full truckload (PTL and FTL), and intermodal (for example, a combination of rail and

road transport)— customs services, and a variety of special services, such as trade fair and event logistics and lead logistics provision (LLP).

The road freight market is highly fragmented, with many providers offering seemingly similar services. To determine which attributes were considered most important, DHL Freight conducted a survey of 700 customers in five countries: Germany, the Netherlands, Poland, Sweden, and France. The results revealed that 70 percent of customers that use multiple providers are indifferent about them. The various organizations are perceived as offering more or less the same services and providing similar value. Unlike in many other consumer businesses, in the road freight industry the level of emotional engagement between the customer and the provider is low, with the relationship primarily involving negotiations concerning operational service quality (for example, on-time delivery) and price. This results in price competition and yield erosion for the road freight provider. Customers do not feel a sense of loyalty and, therefore, tend to switch providers easily.

As **Exhibit 1** shows, customers most expect their road freight provider to offer operational quality at a good price, but many also wished that it were easier to do business with their provider. The findings suggest that in the minds of the shippers, quality is not only about operations, but also about service support. DHL Freight did not judge its performance in the same way. Like most companies in the industry, DHL Freight uses functional scorecards to measure how well its various functions perform in terms of such aspects such as deliveries made, invoice claims, invoice correctness, and number of complaints. But its ratings on these measures did not correlate with customer survey results relating to satisfaction, loyalty, or likelihood of

recommending the road freight provider to others. Clearly, there was a need to further explore what shippers really wanted.

**[PRODUCTION: Insert “Exhibit 1. Key Attributes Sought by Shippers” about here.]**

As part of the customer survey, shippers were asked to rate the importance of various attributes on a ten-point scale. As expected, quality and price were rated highly, but they were not the only characteristics that customers identified, or even the most important. As **Exhibit 2** shows, customers identified ease of contact, quick action, and having a knowledgeable staff as equal to or more important than quality and price. The survey results demonstrated that the relationship between a company and its customers in road freight is more complex than widely assumed.

**[PRODUCTION: Set “Exhibit 2. Detailed Attributes and Their Importance to a Shipper” about here.]**

DHL Freight was keen to address its level of customer relations along these dimensions so that shippers would be:

- Less likely to leave, reducing churn rates.
- More likely to award their preferred supplier more business, increasing up-trading.
- Prone to spread positive word of mouth, attracting new business.
- Easier to serve, reducing relationship maintenance costs (for example, as a result of fewer claims and complaints).

## **[H1] Implementing Customer Experience Management**

The survey results indicated that to manage the customer experience, DHL Freight needed to change its traditional focus on operational management. Under the leadership of the Transformation Department, the management board jointly took the following five steps to drive the necessary changes:

- Define a clear, compelling vision, common purpose, and value proposition for DHL Freight.
- Define the DHL Freight customer journeys and determine what matters most to customers.
- Continuously improve the customer journeys.
- Engage the entire organization in providing high-quality customer service.
- Create a performance management system with defined metrics.

## **[H2] Defining Vision, Purpose and Value**

Before entering into dialogue with customers, it was important to define how DHL Freight wanted to be seen as a company. The overall vision, common purpose, and value proposition needed to be clear to everyone in the organization, from top management to blue-collar employees, so they could focus their daily work on what needed to be done to achieve corporate objectives.

Companies go about defining their vision in various ways. All of them require intensive discussions and alignment at the top management level. As **Exhibit 3** shows, the DHL Freight

management board used the business transformation management methodology of Uhl and Gollenia (2013) to define the challenges it was facing, as well as its aspirations in six key capabilities:

- Innovation management
- Transformation management
- Effective knowledge worker development
- Customer-centricity
- Operational excellence
- IT excellence

The outcome was a clear consensus on where the company wanted to be in the future, as well as what steps it needed to take to get there.

**[PRODUCTION: Set “Exhibit 3: The BTM Digital Capability Framework” about here.]**

When it came to establishing a common purpose, DHL Freight found that getting the board to achieve consensus on one sentence that describes what the company does, for whom, and how is not easy. Everyone has their own perspective, which is entrenched in their professional experiences and specific functional or country views. Agreement on a common purpose statement was considered essential, however, to ensure that it would guide the behavior of the employees and the decision-making processes throughout the company. If customers described the company in a way that was similar in meaning to the common purpose, that would be evidence that the company was consistently delivering across all touch points.

DHL Freight also established a value proposition describing the benefits the company promised to its customers and that, when taken together, constituted the most desirable experience for them — thereby setting the company apart from its competitors. The value proposition needed to be aspirational, but not such a stretch that the organization would risk failing to deliver on it, which would hurt its credibility with customers and its ability to inspire confidence among employees. Customer research provided a clear picture on what customers truly valued, and competitor research helped to narrow down the attributes that would help set the company apart from others. Once again, however, the management board needed to determine how the company should differentiate itself. Many discussions were held to figure out where DHL Freight aimed to be at market level, at peer level, or in terms of best-in-class performance. The results of the board members' deliberations are shown in **Exhibit 4**.

**[PRODUCTION: Set “Exhibit 4: DHL Freight: Common Purpose and Value Propositions” about here.]**

## **[H2] Determining What Matters Most to Customers**

To improve the customer experience, it was necessary for DHL Freight to understand the various steps the shipper undertakes when doing business with a road freight company, as well as the types of experiences the shipper typically encounters. A customer journey is a series of sequential interactions between a customer and a provider that has a distinct origin and endpoint (Rawson et al., 2013). A shipper's interaction with a road freight supplier usually involves several customer journeys.

It would have been a mistake to simply list the different touch points that the various functional departments came up with as being relevant to them. Plenty of customer satisfaction surveys have done exactly that, and yet failed to grasp the customers' overall perception of a company, making it nearly impossible to pinpoint loyalty drivers. Instead, DHL Freight conducted customer workshops in Germany, the Netherlands, Poland, Sweden, and France to mirror the quantitative research that was done. This provided a much deeper understanding of customers' opinions. The company was able to not only identify the different steps customers take while doing business with DHL Freight, but also to determine where things go very well and where goodwill is destroyed. These experiences were shared with employees across all relevant functions of the organization. This helped create an awareness of how customers perceive the organization when dealing with different DHL Freight departments and how they are related to each other. It also helped identify root causes for failures.

As **Exhibit 5** shows, three types of customer journeys were identified for DHL Freight:

- D2B: Demand to Booking – This typically starts with the customer's need to move goods, followed by the choice of shipping provider and booking the service.
- P2P: Pick-up to Pay – This entails the physical transportation of the goods and ends with the customer paying the invoice.
- S2S: Seek to Solve – Along the way, the customer might contact the provider as questions or issues arise.

**[PRODUCTION: Set “Exhibit 5. The Three Customer Journeys in the Road Freight Market” about here.]**

The concept of customer journeys provided DHL Freight with comprehensive insights into customers’ thoughts and feelings during each phase of their relationship with the company. The insights gained via this approach made it possible to craft the ideal customer journey and, as a result, the ideal customer experience. This then allowed DHL Freight to pinpoint the departments and employees within the organization that influence customers’ perception at each step.

## **[H2] Continuously Improving the Customer Journeys**

DHL Freight management recognized the need to capture the voice of the customer on a continuous basis and to respond to shippers’ changing expectations. This had to happen in every part of the company: across the entire front line that interacted with customers directly (customer service, billing, operations, sales), as well as at all the other levels in the organization, from the senior management teams down to the shop floor. Typically companies conduct customer research to capture their customers’ opinions and use the information they collect to design their improvement initiatives. Although customer satisfaction studies are plentiful, DHL Freight found that they do not make employees more customer-oriented and they rarely lead to any sustainable improvements for customers. Although some top-down guidance and role-modeling is necessary to create awareness in an organization, change needs to happen from the bottom up. DHL Freight put in place two simple customer dialogue platforms to address this. One was the Net Promoter Approach based on the net promoter score; the other was Straight to the Top.

**[H3] The Net Promoter Approach:** DHL Freight adopted the Net Promoter Approach (NPA) to engage employees while creating tangible improvements for customers. It involves polling a sample of shippers who had recently interacted with the company to not only get their opinion about their experience, but also to identify potential areas for improvement.

- **Step 1:** In this first call, no reference is made to the nature of the interaction. The conversation starts with questions about overall satisfaction with DHL Freight over the past 12 months. The caller then asks about the likelihood of recommending DHL Freight to a friend, colleague, or business partner (on a scale of 0 to 10), based on recent interactions. This is the Net Promoter Score. The customer is also asked to rate DHL Freight against the four value propositions shown in Exhibit 4. The responses indicate how well the company is delivering against its brand promise over time. Finally, customers are given the opportunity to comment. Although it is important to keep the conversation short in this first call, experience has shown that when customers are asked only to rate their experience (in order to generate a Net Promoter Score), they may feel as though they are merely being rushed to provide a number to satisfy the market research department rather than genuinely valued for their opinion of the company. Some companies prefer to use an agency to make these calls. DHL Freight, however, used its own staff members in the belief that they would make the calls more personal and meaningful and that the company stood to gain from having employees engage with customers and get their feedback first-hand.

- **Step 2:** Here the focus was “detractors”— customers that gave a score below 7. A supervisor or line manager called them back to delve into root causes and work out a solution. In most cases, the senior management team responsible for the country was also trained to make these second calls so that they could also directly capture customer feedback and take responsibility for providing the customers with a satisfactory response. This involvement of high-level staff has had an important effect on the rest of the organization, as workers at all levels can see their leadership team walking the talk. During this step, “promoters”— customers who gave a score above 8— also got a call to clarify what had been done particularly well. These calls proved motivating for employees who got to hear from satisfied shippers.
- **Step 3:** Typically the Net Promoter Approach ends with Step 2. The third step added at DHL Freight calls for having the person who made the second call to provide the customer with specific feedback on what has been done to resolve the issue and what improvements have been made. Getting to that point requires some effort, as the person making the call normally cannot provide a resolution without the help of others in the company. This last step is needed for two reasons. First of all, the aim of the NPA is not just to listen to the customer, but also to make the customer happier. Ending the process after the second call would fall short of satisfying customers. Second, involving others in the solution helps to make the whole organization more customer-centric. Without this last step, the NPA might influence only the callers.

Typical comments from detractors at the beginning of the NPA process included:

- You should realize you are making mistakes. You don't listen.
- Whenever something goes wrong with deliveries, you should be more helpful in solving the problem.
- Complaints management is too complicated and cumbersome. It does not look as if you want to be customer-friendly.

Typical customer comments from these detractor customers at the end of the process included:

- I was very happy with my contact. I feel you listen to your customers.
- I am happy with the response and have had a visit from a representative of your company. We have discussed the problems.
- You take your customers seriously.

DHL Freight found that this methodology was simple to implement and had a positive impact on both customer perception and employee engagement.

***[H3] Straight-To-The-Top (STTT):*** This initiative allows customers to get directly in touch with the CEO or country manager via an e-mail address posted on the DHL Freight website and included in customer communications. This puts the leadership team directly in front of the customer and demonstrates DHL Freight's commitment to the customer experience. The key to making this work effectively is ensuring that the task of communicating with customers is not delegated down the organization. To ensure timeliness, responses to customer concerns are made within hours. This requires a back office team that enables every function to review the cases with the management team and contribute to the reply (see **Exhibit 6**).

**[PRODUCTION: Set “Figure 6: Straight-To-The-Top (STTP) Process” about here.]**

## **[H2] Engaging the Entire Organization**

Customer centricity is not something that can be enforced by senior management top-down. No amount of key performance indicators, rule books, service standards, and the like will ensure that when a customer needs help, employees will act in the right way. They must want to be customer-centric and to do the right thing instinctively. In many cases, road freight companies are represented by third parties, such as suppliers and distributors, that influence shippers’ brand perceptions. They, too, affect the customer experience and, therefore, need to be included in any customer experience management program.

Starting in one of its main markets, DHL Freight introduced the company’s common purpose and value propositions to the owners of the major haulers that provide DHL Freight with trucking capacity. The company also shared voice of customer insights from both CEM surveys, as well as direct feedback obtained from customers through the NPA. In addition, drivers were introduced to the overall CEM program, which not only made them feel like part of the DHL Freight family, but also raised their awareness of the DHL Freight brand values that they are asked to represent. They were also given soft skills training very similar to that which is provided to customer service agents to help them deal with customers when picking up or delivering goods.

Research at DHL Freight that included 1,000 employees across five countries found that there was sometimes a perception gap between employees and customers. Comparing customers' and employees' ratings of the DHL Freight experience showed that there is a functional bias in favor of one's own work. For example, operations overrated its ability to learn from mistakes and to be proactive, sales underestimated price competitiveness, and customer service overrated the personal attention it provides to customers.

With so much attention aimed at customers, it is easy to overlook employees when developing and implementing a CEM program. To avoid making this mistake, DHL Freight asked employees questions similar to those that were posed to customers. People working at the front line as well as behind it, across various functions and at all levels were asked a set of questions to gauge their job satisfaction, their likelihood of recommending DHL Freight as a place to work, and the ease of doing their job. The results showed that there is often a strong correlation between employee and customer satisfaction. Employees were allowed to add their own comments, which further shed light on underlying issues. Surprisingly, very few responses related to pay or the quality of the workplace. The issues raised by employees who gave the company low ratings revolved mainly around the lack of collaboration between departments and cooperation with colleagues to solve customer issues. Team leaders were subsequently asked to discuss the results of the opinion survey and to make improvements, just as was done to address customers' concerns in the NPA process.

Communications about CEM in the form of articles, flyers, and posters that were distributed throughout the company helped raised awareness. But a comprehensive training program that

would take employees through the various mentioned stages of the CEM framework was needed. Although a consulting firm was employed to structure the program and train the trainers, management felt that if the program was to have any credibility and make a lasting impression, DHL Freight's own managers should deliver the training.

The formal training took managers away from their day-to-day activities and was instrumental in effectively inspiring them and getting them to understand and adopt the essence of the brand essence while giving them the tools to deliver it to others in a convincing manner. During the training, all country managers and their Customer Experience heads were taught how to tell the DHL Freight story in their own words and tasked with passing on the message to their teams.

## **[H2] Creating a Performance Management System with Defined Metrics**

Performance management is essential to keep the CEM process described above viable within DHL Freight. When using methods like the Net Promoter Approach, the temptation is to rely on scores to measure success. It is risky, however, to manage the company solely according to CEM scores; statistically accurate numbers require a very large and random sample size.

In practice, DHL Freight was calling only a fraction of its customer base on a weekly basis, which was unlikely to provide the robust numbers needed to give a true picture of how the entire customer base assesses the company. Also, there was some fall-out of customers willing to participate in the process, which meant there was a potential for respondent bias. Typically, those who were least satisfied did not want to spend their time answering questions, while many very satisfied customers may have wanted to cut the interview process short since they did not see the

point of delving deeply into particular topics. DHL Freight's management thought that linking incentives to scores too quickly might have the wrong effect, leading employees to find creative ways to meet targets — for example, by giving customers rewards for positive evaluations—but without improving customer satisfaction.

Making sure that the voice of the customer is captured, shared, and discussed within the company is more important than scores. At DHL Freight made a tool available to allow employees to enter customer feedback and pass it on to others for follow-up. The tool builds a queue of customer calls that can be monitored as they go from 1<sup>st</sup> call (scores) to 2<sup>nd</sup> call (elaborate on issue), and finally to 3<sup>rd</sup> call (resolution and feedback). Key metrics are tracked, such as the 1<sup>st</sup> to 2<sup>nd</sup> call conversion, the number of 3<sup>rd</sup> calls made, the number of calls per 2<sup>nd</sup> caller per week, and response times. In addition—and more important—this process lets team leaders, department heads, and senior managers see what customers are saying and what the organization is doing to improve the customer experience. As more customers have positive experiences and more employees become adept at delivering customer satisfaction, the company's ranking among customers will increase. And happier customers and employees lead to faster and more profitable growth.

## **[H1] The Impact of CEM on DHL Freight**

Although DHL Freight only started implementing its CEM program in two pilot countries at the end of 2013, with other countries going live sequentially after January 2014, the impact has been very encouraging.

- **Improved customer dialogues:** The CEM research that DHL Freight conducted showed that many customers do not have a specific company representative to speak to in person or over the phone. Typically, customers who are not supported by a salesperson or key account service desk tend to feel left out, as there is little communication going on between them and the company that would build a relationship. Since the introduction of the CEM program, several thousand customers have been contacted as part of the Net Promoter Approach or the Straight To The Top platform. Just over half of them warranted a call back and many of them saw their issues addressed as a result. Not only has this made a real difference in the lives of these customers and their perception of DHL Freight, it has also given the management teams valuable insight into what the company is doing well and not so well in the eyes of its customers.
- **Change in the organizational mind-set:** Implementing the CEM program at DHL Freight has created a strong awareness across the company of the importance of being customer-centric. One consequence of this is that leadership teams have started to push the topic at the forefront of their agenda and are putting in place their own initiatives to engage with customers. These include customer dinners where the topics that are discussed center on helping customers rather than on operational performance and upcoming tenders. Other initiatives, focused on employees, encourage them to share customer stories and give all teams, not just those in the marketing and sales department, the opportunity to present ideas on what they can do to make customers happier. The country management teams now spend time during every board meeting talking through the customer feedback that has been gathered, and they often lead and monitor follow-up

actions. Finally, at the global management level, a head of customer experience was appointed to the management board, and each country is taking steps to appoint a dedicated customer experience head in their respective senior management teams.

- **A better way to address issues:** In some countries that are facing serious customer issues, such as an unusually high churn rate, country management teams are turning to the CEM instruments for help in addressing the problem. In the past, these may have been tackled by a lean or six-sigma team or with the help of an outside agency engaged to conduct a costly and cumbersome market research survey. Now the management team and some department heads call lost or down-trading customers to find out why they are turning away from DHL Freight. This gives decision makers first-hand knowledge of the root causes very quickly and at no cost, allowing the company to quickly address concerns so improvements can be made in timely fashion. At the same time, the calls tend to be very much appreciated by the customers—which is a beginning to winning them back.

## **[H1] Recommendations for Implementing CEM in an Operations-Driven**

### **Business**

DHL Freight's experience with CEM implementation to date reveal several lessons.

*CEM is not a project, but an ongoing process.* Creating a best-in-class customer experience takes time, and there is no defined end to the effort. It is an ongoing and continuous process of listening to the customer, learning, and improving what you do. Success requires a change in the

mind-set of the people at every level of the organization, with everyone integrating this way of thinking and doing into their daily job. At DHL Freight, CEM initiatives such as the Net Promoter Approach were implemented only after they obtained the full support of the board of management as well as the country senior management teams. The country managers then played a key role in convincing their direct reports of the relevance and importance of CEM for the business, as well as in creating awareness about the initiative across the organization.

***Your common purpose and value proposition need to drive everything you do.*** They should not change over time and must be valid for every part of your business, regardless of the function or the country. They are more than simple attributes relating to employee behavior. At DHL Freight they are integrated into all decision-making processes. This means, for example, that when hiring new staff, it is important to ensure that they share in the organization's common purpose. This also means that investment decisions are made on the basis of whether they strengthen the company's value proposition.

***Everyone needs to take part.*** Everybody in the organization either directly or indirectly influences the customer experience. There are many more people at the front line than the customer service team. Also, sales, finance, operations, and various other functions interact directly with customers and, therefore, influence how customers regard a company. The people who are behind the front line play an important role in delivering a good customer experience, too. Without cooperation within the teams and between the functions, it is impossible to deliver a consistent and satisfying customer experience. At DHL Freight, managers in a wide variety of functions, as well as the entire senior management team, call and visit customers.

***It is all about customer dialogue.*** Customer experience management is not complicated. It simply requires that the voice of the customer be captured at every opportunity. At DHL Freight, this is especially important because, unlike in a consumer business where employees are often customers of their own products, in the case of road freight there are very few employees who can view the service from the customers' viewpoint. This makes it all the more difficult to really understand what customers want and like. This is why at DHL Freight, CEM revolves around setting up customer dialogue platforms across all levels of the organization to ensure that everyone from top management down to the shop floor can take the pulse of the customers.

***Speed is of the essence.*** When it comes to customer service, there is little worse than calling customers and then not following up on what you discussed and promised. This is why DHL Freight measures how quickly customers who gave their feedback are called back. Whether the customer reached out proactively or was contacted by DHL Freight, the time taken to reply to or to resolve an issue is always measured.

***Look at your company from the viewpoint of the customer, and not at the customer from the viewpoint of your company.*** Managers' understanding of what customers want is typically biased. Influenced by their functional role, they tend to interpret what customers are saying from where they stand in the organization. This is a natural, since people generally have little understanding of what others do and tend to focus on the things that are strictly within their own area of responsibility. Customers, however, are influenced by the sum total of all the experiences they have when dealing with all the members of an organization as they go through the entire

end-to-end process— the so-called customer journey. To make sure that this opinion is good throughout the relationship life cycle, every encounter with DHL Freights needs to be equally good and consistent. This is why DHL Freight checks to what extent customers experience the intended value proposition each time they are contacted.

***The voice of the employee is as important as the voice of the customer.*** A company cannot have happy customers if the employees are not happy with their job. DHL Freight has been careful to ensure that employees are not overlooked in the implementation of CEM. Customers immediately pick up on the level of happiness and engagement among staff. Therefore, it is essential to enter into dialogue with staff, understand what is affecting their job satisfaction, and work on improving working conditions when needed. At DHL Freight, there is a continuous dialogue with employees to understand what is going well and what can be enhanced. Although some of the comments from DHL Freight employees related to compensation and working conditions, the majority of the feedback related to the ability of employees to serve customers better and was, therefore, instrumental in improving the customer experience.

***Don't get hung up on scores.*** In implementing the Net Promoter Approach, it was tempting to try to manage people by incentivizing them against the scores. At DHL Freight, the Net Promoter scores are tracked, but they are not used to measure or incentivize performance. The reason to contact customers is to obtain a better understanding of what the organization does badly or well, and to learn from that. Doing that consistently and continuously will automatically lead to better satisfaction and loyalty.

***Align the leadership team before getting started.*** To leverage CEM, an organization needs to become extremely customer-centric. Changing the mind-set of employees is a time-consuming transformational process that must start from the top. At DHL Freight, a great deal of effort was made to get the management board to agree on the fundamentals of the company — its vision, common purpose, and value proposition. Formal training also is critical to ensure that CEM is instilled in the hearts and minds of management. The leadership team then needs to take charge of cascading the CEM message and initiatives down the organization. DHL Freight found this to be more effective and, therefore, desirable than delegating this task to an outside agency.

***Involve everyone that plays a role in delivering the brand.*** Another aspect of improving customer satisfaction, one that is often overlooked, is the inclusion of third parties in the transformation. A road freight company like DHL Freight typically contracts hauliers in the open market. As they are the company's face to the customer at important touch points, such as when shipments are picked up or delivered, they play an important role in delivering the brand promise. Therefore, they also need to take part in any CEM program. For many other companies as well, limiting communication and training to employees will prevent the capture of all the interactions that influence customers.

A big challenge that many companies face when trying to get CEM off the ground in their organizations is that managers typically want to know what the P&L impact is going to be before investing time or money into such an effort. Although the theory that managing the customer experience results in lower churn rates, higher up-trading, more rigid prices, higher hit rates, and lower customer service costs is generally accepted, in practice it is difficult to prove early on. It

could take DHL Freight as long as 24 to 36 months to generate the data to produce hard evidence that can be measured in euros. The could result in the topic falling off management's agenda or the organization allocating so few resources and support that the effort fizzles out or is reduced to a mere communications exercise that does not transform the business at all.

The CEO at DHL Freight played a key role in overcoming this obstacle. His measures of success are based on the answer to these two questions: Do we have happy customers, and do our employees have a sparkle in their eyes? He knows that if the answer to each question is yes, then business success and the financials will follow.

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### **[Bios]**

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