What is Excellence in Customer Experience Programs?

How the Compass CX Maturity Instrument was Validated and What the Research Revealed About CX Program Successes, Strengths and Weaknesses

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Introduction

In today's dynamic competitive environment, a mature Customer Experience (CX) program is critical to a company building strong relationships, growing sales and avoiding disruption. For nearly a decade, Confirmit has helped clients evaluate their own program strengths and weaknesses through its proprietary Compass Model that includes a comprehensive inventory of success factors. The model is implemented using the Compass CX Assessment, a checklist that serves as a basis for evaluation.

Recently, Rockbridge Associates, Inc. and Confirmit along with colleagues from the University of Miami and St. John's University business schools, embarked on a project to develop a structured and scientifically validated version of the CX Maturity Instrument. The following tells the story of how we validated this tool, the insights it provides on best practices, and pertinent findings from a national benchmark survey conducted as part of the process. As we reveal later, only 39% of companies consider their CX program to be close to their ideal, while companies face some common painpoints such as demonstrating the economic value of their programs.

The Compass Model

Confirmit Compass was originally developed by consultants with expertise in Voice of the Customer programs, and was designed to assess the maturity of VoC systems as part of a broader customer experience (CX) program driven by measurement, action and strategy. Compass has been used as a consulting tool for scores of companies over the years, proving its value in guiding CX program improvements. Confirmit decided to go to the next level and scientifically validate these diagnostics. Before discussing this validation process, let's look at what the model tells about how to implement a mature and effective CX program.

Compass shows that CX program maturity is defined by five stages: Vision, Design, Engagement, Action and Value (see figure). While the level of maturity can vary across each of the five categories, these are identified as stages because they equate to priorities that should be set in building a program that is successful in the long term. For example, a company will ideally begin by setting strategy and goals (Vision Stage), while the final priority should consist of validating that the CX program contributes to the bottom-line (Value Stage).

Compass CX Model: 5 Stages to Maturity

Vision	Design	Engagement	Action	Value
Strategy, goals, branding, expertise	Data capture, structure, analytics	Dissemination, reliance, results	Driving change, business goals	Demonstrating results

Thus, when a company assesses its CX program maturity, it needs to review a checklist of factors to ensure it adheres to best practices in each of the five stages. The table below provides greater detail on the definition of success in each stage.

CX STEP	COMPONENTS
Vision	Established building blocks for a successful program, including strategy, branding, program goal-setting, and expertise
Design	Built-in components for successful measurement, including data capture, design, analytics
Engagement	Ensures dissemination of and reliance on CX feedback in the organization, as well as achieving visible management support
Action	CX program is used to drive process improvements and set goals for which management is accountable
Value	Taken concrete steps to demonstrate the impact of the CX program on the bottom line

Depending on the level of success in each of the stages, a corporate CX program can be categorized into one of five levels of maturity. The figure below identifies each maturity level, in ascending order, as well the percent of companies falling into each based on a national benchmark. The lowest tiers are classified as Starting or Functional, but few companies remain at this level. These lower tiers usually pertain to new programs that have not been fully developed, though it is safe to say that programs that have been around for many years and are at these levels have not succeeded in adhering to best practice.

Levels of Compass CX Maturity in the Compass Model

Starting	Functional	Effective	Strategic	Transformational
4%	8%	39%	32%	17%

Ideally, a CX program will evolve to the point where it is viewed as Strategic, playing a critical role in the overall success of the company, or Transformational, where the data and its application in decision-making elevates a company to a level where it becomes a disruptor within its competitive arena. Half of CX Programs in this study have assessed themselves as having reached the Effective or Strategic levels, but only a sixth are in the highest tier.

Validating the Compass Evaluation Tool

The Compass CX Maturity Instrument consists of a 25-item questionnaire, organized around the five stages leading to CX Maturity, and includes a system for scoring and categorizing companies as well as identifying areas for improvement. This tool is based on a rigorous scientific validation by a team of researchers from Confirmit, Rockbridge Associates, Inc., and academic colleagues.

The validation process included multiple steps. The first step consisted of refining and expanding the existing instrument version and programming it for data collection among a robust sample of CX managers. Confirmit surveyed 120 managers in charge of or involved in decision-making for active CX programs in the U.S., including 103 from nationally representative research panels and 17 Confirmit customers. With data in hand, the researchers at Rockbridge conducted a variety of statistical tests to assess and refine the instrument. Their analysis confirmed that questions were assigned to logical categories and that the items for each category met two important criteria, **reliability** and **validity**.

Reliability refers to underlying stability and consistency of measurement. Reliability is important because it ensures that when the evaluation is repeated between respondents or over time, observed variations can be attributed to real differences rather than instability in the instrument. The researchers conducted reliability tests to ensure that the group of questions within each of the five Compass stages covered in the instrument met accepted thresholds.

Validity refers to the degree to which an instrument actually measures what was intended, that is, it is meaningful and anchored in the real world. Validity is tested by correlating a measure (in this case, overall CX maturity) with a different measure that we would expect to capture the same or a similar construct. In this case, we correlated the measure of CX maturity derived from the instrument with a measure of CX program satisfaction, the idea being that a mature program leads to satisfied owners.

Satisfaction was measured by building an index comprised of different measures in the survey (overall satisfaction, meeting expectations, closeness to ideal). We found that the CX maturity questions in the instrument were strong predictors of program satisfaction. CX maturity also tracked with other likely indicators of a mature program, including expected growth in budget (assuming successful programs get financial support) and perceptions of how the customer satisfaction level for the company ranked among peers.

The validation also addressed the issue of instrument length and organization. The original survey included 39 metrics, identified by the experts on the project team, that were believed to be meaningful indicators of CX maturity. An effective evaluation tool should be able to capture information with as few questions as possible, and in this study, the team was able to pare the list down to 25 metrics without greatly sacrificing reliability or validity. The analysis also confirmed that the items were assigned to measurement categories that ensured maximum reliability. A more significant recommendation over the original Compass instrument consisted of expanding from four to five stages, the new one consisting of Value, which addresses the importance of not just implementing a program but proving its worth.

What the Compass Evaluation Tool Tells Users

As part of a Compass evaluation, CX professionals are asked to complete the 25 validated questions in the CX Maturity Instrument in order to assess their program maturity in each of the five Compass stages (3 to 6 questions per stage). The instrument measures are then combined into indexes with a score that ranges from 0 to 100, the highest score meaning that the organization is perfect in all areas evaluated. A company receives a 0 to 100 score for each individual CX stage and an overall CX Maturity Index score. Based on the overall index score, a company can be assigned to one of the five CX Maturity levels discussed earlier. The table below reveals the cut-off for each tier, as well as the percent of companies in the benchmark study that fell into each tier, based on their input. The table also presents information on the meaning of falling into a given tier. Companies in the highest tiers have much higher satisfaction, are more likely to expect their budgets to grow, and tend to view themselves as being among the top 10% in their industry in customer satisfaction.

CX MATURITY INDEX	% OF COMPANIES	MATURITY LEVEL	MEAN SATISFACTION INDEX	% BUDGET GROWING	SELF-RATE AS TOP 10% IN CUST SAT
87.5 to 100	17%	Transformational	84	95%	47%
75 to <87.5	32%	Strategic	74	77%	26%
50 to <75	39%	Effective	64	56%	23%
25 to <50	8%	Functional	48	33%	11%
<25	4%	Starting	19	25%	0%
Mean: 70 Median: 75		Strategic	69	68%	27%

The CX Maturity Instrument also provides an overall index, from 0 to 100, for each of the five CX stages. Companies can identify where they need to place the highest priorities for improvement, by stage, and compare themselves to other companies based on benchmarks.

What the Validation Study Tells Us About the State of CX Programs Today

The validation study is based on a benchmark sample in the U.S., which provides users a chance to compare their own programs with a meaningful peer group[1]. The survey tells a story that CX program managers are moderately satisfied with their success, that most companies are at an Effective or Strategic level of maturity, and that the area in need of greatest improvement across companies is in demonstrating Value.

Satisfaction. A good place to start in telling the story is the level of satisfaction of companies with their current program. Recall that satisfaction can be quantified with an index comprised of three questions pertaining to: overall satisfaction, closeness to an ideal program, and meeting program expectations. The index ranges from 0 to 100, but the mean satisfaction index level is 69. Looking at the three individual questions, 69% of companies are highly satisfied with the effectiveness of their program, 39% rate their program as being close to the ideal of what they imagine a perfect program to be, and 35% believe their program exceeds their expectations (compared to only 15% who feel their program falls short of expectations).

Satisfaction with Effectiveness of CX Program

69% Highly satisfied (8-10)
**29%** Somewhat satisfied (5-7)
3% Dissatisfied (1-4)

(n=108)
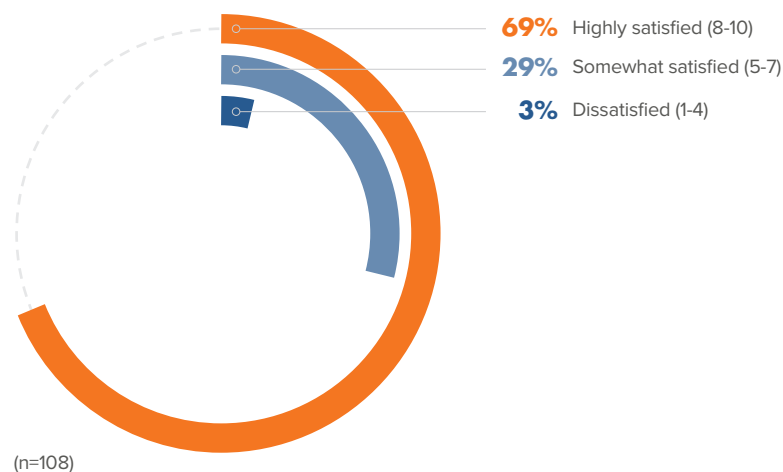
Another indicator of success of a CX program is the degree to which budgets are expected to grow next year. The majority of firms – 68% – expect their budget to increase in the next fiscal year, but only 12% believe their budget will increase by 10% or more.

[1] In the future, the study may be expanded to a larger global sample. Based on past experience, we do not expect the results in other regions to vary substantially in countries with similar economies.

CX Maturity. The mean CX Maturity score across the U.S. companies in this benchmark survey is 70 (see below), while the median is 75. Averages can be misleading, so another way of assessing where companies are is by the distribution of scores (already shown in a table above). Only 17% of companies are in the highest CX maturity tier of being Transformational, 32% are Strategic, 39% are Effective, and only 12% are Functional or Starting. Thus, the industry falls around the cut-off between Effective and Strategic, meaning that most programs tend to be fairly developed but there is room for growth.

The CX Maturity Index provides a breakdown by the five individual stages, showing firms have room for growth in each. Firms are most successful in the area of **Engagement**, which includes ensuring customer feedback information is disseminated throughout the organization, that the information is relied on by stakeholders, and management supports the program. The weakest area is in **Value**, with companies falling short in demonstrating and validating the impact on their CX Program on organizational success, including the internal culture and ROI.

CX Maturity Index and Index by Five Component Areas

Overall CX Maturity	Vision	Design	Engagement	Action	Value
70	70	71	75	70	66
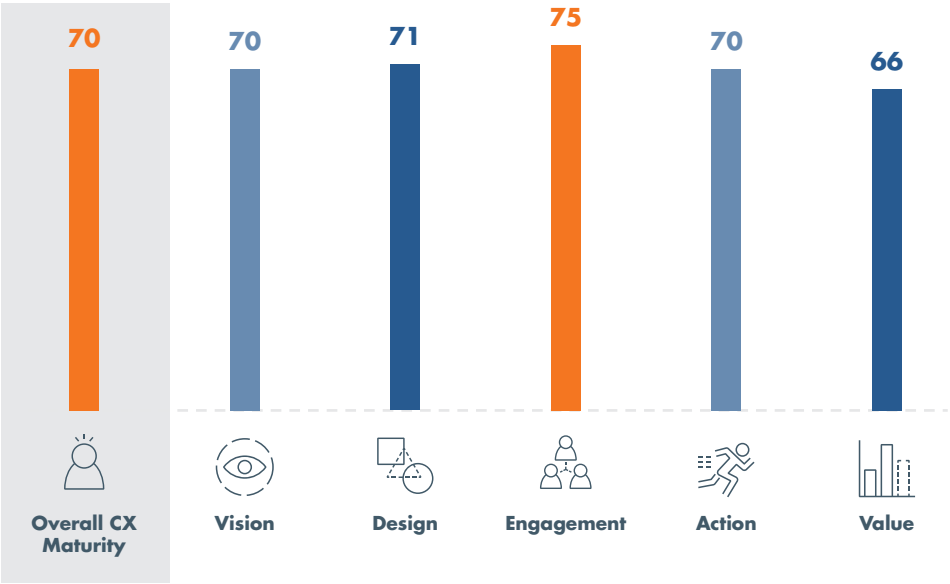
While every CX program is unique, the survey reveals common strengths and weaknesses across the industry, as summarized in the table.

CX STAGE	MOST SUCCESSFUL AREA	LEAST SUCCESSFUL AREA
Vision	▪ CX Program has a strategy that includes a mission statement and measurable goals	▪ Ensures that each listening post has a stated objective and accountable owner
Design	▪ Regularly gathers feedback through unstructured qualitative feedback to ensure discovery of new and emerging issues	▪ Integrates customer feedback data with internal financial and transactional data ▪ Augments customer feedback learning with state-of-the-art analytics
Engagement	▪ Customer feedback is shared with employees and supervisors to help improve staff performance	▪ Management in individual business units and functions rely on, support and promote the CX Program
Action	▪ Company sets achievable but challenging goals for improving the customer experience	▪ Benchmarks performance in satisfying customer needs against most effective competitors and industry disruptors
Value	▪ N/A – this is a generally underperforming area	▪ Develops and implements a methodology for demonstrating the ROI of the CX Program

Industry-wide Strengths and Painpoints. All the areas covered in the CX Maturity instrument correlate with program satisfaction, but some stand out as particularly important. In some of these important areas, companies tend to perform relatively well, revealing them to be industry-wide **strengths**, including:

▪ Regularly gathering feedback through qualitative research to ensure the program captures new issues (Design stage)

▪ Senior management commitment to the CX program (Engagement)

▪ Sharing process improvements and tactical insights with line managers (Engagement)

Some areas are relatively high in importance but companies tend not to be very successful, suggesting these are **painpoints**, that is, areas where there is opportunity for improvement. These include:

- Each listening post has a stated objective and accountable owner (Vision Stage)

- CX team is staffed with professionals experienced and trained in CX measurement and management (Vision)

- Company has a formal process in place to implement changes in product delivery and service based on customer feedback provided by the CX program (Action)

- Able to state that actual sales have been generated as a direct result of referrals from CX/VOC interactions (Value)

- Measured the impact the CX program has had on creating a customer driven culture (Value)

- Developed and implemented a methodology for measuring the ROI of the CX Program (Value)

Conclusions

Companies need to focus on five different stages of CX program development — from Vision to Value — to ensure their program is successful and satisfies the needs of management. With a median CX Maturity Score of 75 out of 100, the industry breaks along the threshold between being Effective versus Strategic in maturity. Companies do the best job in Engagement, which includes building internal support for their programs. The best opportunity among CX programs in general consists of proving that their programs have a positive ROI, build a positive culture and generate sales. Looking ahead, companies also tend to have issues in accountability, staffing and process improvement. The good news for the state of CX is that few companies seem to be mired in the lowest maturity tiers, but only a sixth are truly differentiating.

About Rockbridge

Rockbridge is an outcome-based market research firm that provides research and consulting to companies in the services and technology sectors, as well as leading associations. The firm guides clients on strategic areas including customer loyalty, segmentation, branding, and product development. Rockbridge offers a suite of scientifically proven solutions, including MaxShare™ for measuring the drivers of share-of-wallet, and is the only Wallet Allocation Rule® Certified solution available in the market.

Rockbridge was founded in 1992, and has offices in the Washington, DC and New York metro areas. Rockbridge's award-winning staff possesses decades of experience and includes thought leaders in customer experience and loyalty research, as well as technology adoption.

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