

ORGANIZATIONAL CULTURE

Why Every Company Needs a Chief Experience Officer

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Customer experience and employee experience are now two of the driving forces of business. Independently, each function leads to valuable relationships – with customers and employees – but when CX and EX are managed together, they create a

unique, sustainable competitive advantage. Companies should consider integrating the two disciplines and installing a Chief Experience Officer to lead the combined effort across the entire organization.

CX has become the new marketing. It influences brand perceptions and impacts business performance just as strongly as traditional marketing such as media advertising and price promotions once did. A good customer experience makes a person five times more likely to recommend a company and more likely to purchase in the future. Forrester reports that 76% of executives say improving CX is a high or critical priority and many companies have established a C-level position to oversee it.

But the customer is only one half of the experience equation. The employee experience is similarly important, and it can often go overlooked. EX – the sum of all interactions an employee has with an organization, from recruiting to an exit interview – also significantly impacts business performance. EX involves far more than human resources functions, including facilities, internal communications, IT, and even corporate social responsibility. Research by Gallup shows that work units in the top quartile in employee engagement outperformed bottom-quartile units by 10% on customer ratings, 22% in profitability, and 21% in productivity – and they experienced lower employee turnover, absenteeism, and safety incidents. Companies that MIT researchers classified in the top quartile of EX developed more successful innovations, deriving twice the amount of revenues from their innovations as did those in the bottom quartile. And their industry-adjusted Net Promoter Scores were twice as high.

This last point illustrates the vital link between customers and employees and the need for companies to attend to experience holistically. Companies that emphasize EX over CX could end up with well-meaning employees who have no idea how to serve customers – or employees who are happy and satisfied but don't produce the

right results. And companies that focus on CX without attending to EX could struggle with labor costs due to high employee turnover and a lack of creative thinking. Or a leader could wake up to find her company in the news because a disgruntled employee decided to post a video about the horrible working conditions they have to endure.

What a lot of companies miss is that a great employee experience leads to a great customer experience. According to the Temkin Group, CX leaders (the percentage of companies that deliver considerably above average on their customer experience) were five times more likely to earn “good” or “very good” employee engagement ratings than CX laggards (companies that deliver average or below average). Diane Gherson, the chief human resources officer at IBM, reports that employee engagement at her company explains two-thirds of their client experience scores.

Skillful leadership that integrates and aligns the customer and employee experiences is needed in the C-suite. This is the case for a Chief Experience Officer (CXO), someone responsible for CX and EX who helps an organization develop and unleash the combined power of both disciplines. Some companies have installed a CXO to drive customer experience, but a true “experience officer” should head up both the CX and EX functions and be responsible for creating a mutually reinforcing link between the two. Therefore, the CXO role referred to here leads the experience effort for customers and employees.

If an organization separates leadership of CX from EX, disconnects between CX and EX are likely to arise, even if those roles are part of the executive team. The fact is, employees can and will only deliver experiences to customers that they experience themselves. If a company wants to deliver a tech-enabled, seamless, and intuitive CX, for example, it’s not going to get there if everything it does with employees is on paper, slow, and bureaucratic. But when CX and EX are aligned, however, and

employees experience firsthand the desired CX, they learn how it makes them feel, how valuable it can be, and how they can start making it happen through their own actions and decisions.

Moreover, separating the CX and EX functions leads to competition between the two for resources and attention. That's an unfortunate, but expected, outcome.

Integrating them into a single department, or at least uniting the two departments with a single leader, lets companies take advantage of synergies between the two. A customer journey mapping tool can be applied to EX design; an internal communications platform can be linked to customer care platform; an employee development program can be deployed to increase customer knowledge and understanding, thereby upskilling the workforce while increasing its CX capacity.

What does this look like in practice? Based on research I did for my latest book on how companies integrate and align brand and culture, I've observed a few patterns. A CXO who leads the company to become more customer- and employee-centered is responsible for:

- Increasing the understanding of customers among all employees
- Increasing the understanding of employees among company leaders
- Driving deliberate, disciplined design and delivery of experiences to customers and employees
- Creating connections between CX and EX, and advocating for the integration they require, whether technical or otherwise
- Championing customers' and employees' perspectives in the company's strategic decision-making
- Measuring the impact of CX on employees, the impact of EX on customers, and the impact of both on the company's KPIs

For an example, consider how Donna Morris fulfilled her role as Executive Vice President, Customer and Employee Experience at Adobe. She focused on the three elements that comprise customer *and* employee relationships: attraction, engagement/retention, and development. To facilitate engagement, she set up listening stations, where employees could go either online or physically in an Adobe office location to hear from customers directly and learn about their successes and challenges. Not only did this increase employee engagement by helping them understand Adobe customers better, but with that understanding, employees developed tools and solutions that better met customers' needs, thus ultimately increasing customer engagement.

Morris also led the implementation of a compensation program that tied every employee to the customer. It was a short-term cash incentive plan based on company revenue performance and customer success measures and ratings. The program made the employees' contribution to the customer experience more tangible, and also produced workforce alignment and synergy because everyone was working toward the same goals.

By integrating and aligning CX and EX with a single CXO role, a company centralizes the value in its people-centered functions— people outside the company (customers) and people inside (employees).



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