

Customer Experience (CX) Engineering: The *New-Game* Competitive Advantage

APPEALING TO HIGHER VALUES: How and why in the *new-game* of 21st century rivalry, brands are increasingly integrating social and environmental missions into their customer value propositions.

September 8, 2020



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**Customer Experience (CX):
What it IS and ISN'T**



**Customer Value
Proposition**

**CX engineering concepts
developed at Stanford GSB:**

Designed Value Delivery System

**CHOOSE
THE CVPs**

**PROVIDE
THE CVPs**

**COMMUNICATE
THE CVPs**

**Day-In-The-Life-Of-
The-Customer**



DITLOC

**Lives
'As-Is'**

vs.

**Lives
'To-Be'**



**Customer Community
Value Delivery Chain**



My practice in helping companies to implement CX and CVP best practices is global and cross-sector.

Pharm & BioPharm



Aerospace



High Tech



Financial Services



Media & Publishing



Energy & Natural Resources



Telecommunications



Transportation & Logistics



Engineering & Construction



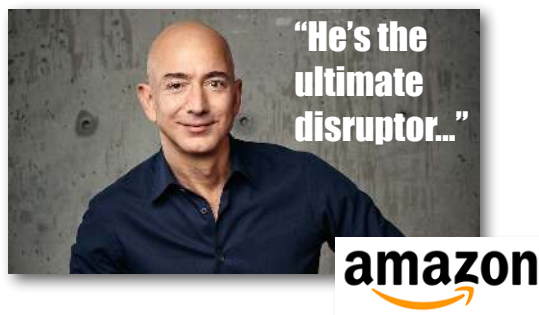
Powerful converging forces have combined to create '*new-game*' competitive landscapes where the legacy business models for creating value for shareholders, customers and the world at large is rapidly changing.



These forces have transformed the way enterprises compete on CX, primarily due to generational shifts in customers' value hierarchies and *'digitization'*, a game-changer altering economics across all sectors.



"We're at the brink of a revolution that will bring more change in the next 20 years than the last 200."



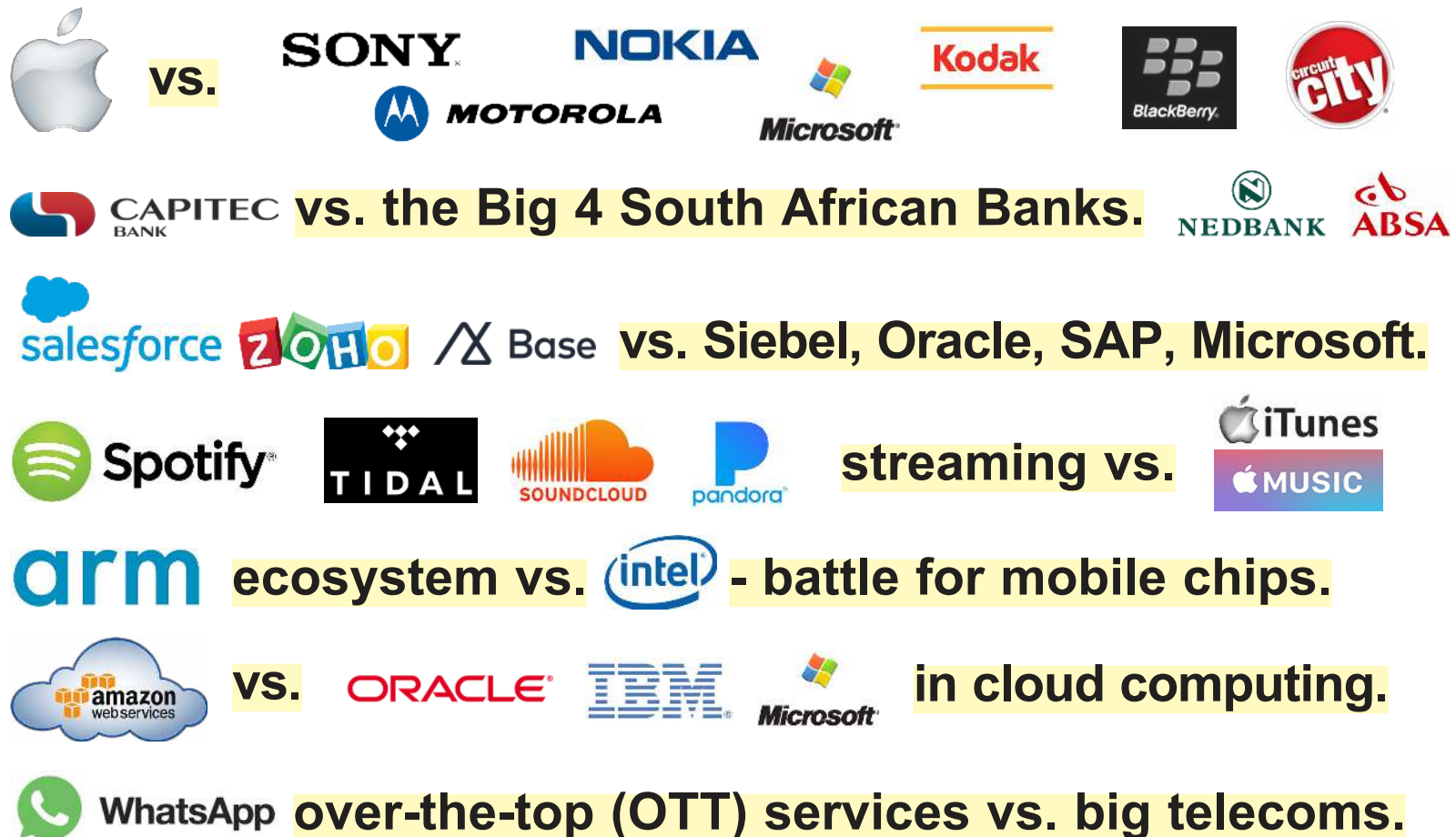
"There is no textbook for what we are trying to do."



CX engineering advances flowing from a tsunami of new digital technologies and business models have demonstrated their powers to overturn incumbents and reshape markets faster than any force in history.



Examples of CX engineering breakthroughs based on digital technologies and business models that have overthrown dominant incumbents in the 21st century are abundant, worldwide and cross-sector.



The life cycle of industry leaders has shortened and *old-game* predictors of competitive advantage—size, scale, product-range, brand valuation, geo-footprint, assets, resources, incumbency etc.—no longer apply.



Dr. Gordon Hewitt

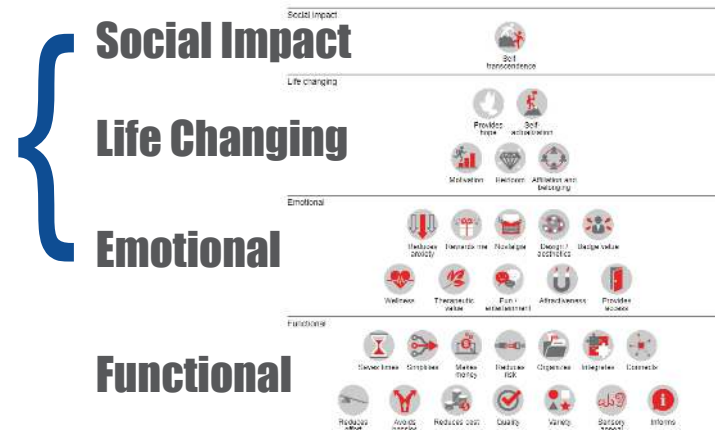
CX engineering as the crux of competitive advantage doesn't just rest on anecdotal case studies. Research shows brands that embrace this approach outperform others, esp. those scoring high on social mission CXs.

Companies embracing CX engineering approaches to CVPs far outperformed S&P 500 over an 8 year period.



See *The Outside-In Approach to Customer Service*, Ranjay Gulati
<http://hbswk.hbs.edu/item/6201.html>

Brands that score high on emotional-social mission CVP elements outperform those with CVPs spiking on functional-only values.



Social missions far transcend traditional ESG values like sustainability and are increasingly integrated into CVPs as *new-game* branding shifts from trying to sell products to standing for causes customers care about.

Worker rights ♦ Animal rights ♦ Native American rights ♦ Social and racial injustice ♦ Local community support ♦ Sustainable agriculture ♦

Gender inequality ♦ Income inequality ♦ Low cost medicines ♦



**BRANDS
WITH
PURPOSE**



HUFFPOST

Ad of the Day |
Vodafone: Raising Voices

★ 9.7 ★★★★★★

**LITTLE GIRLS QUESTION THE GENDER EQUALITY GAP IN VODAFONE'S
INTERNATIONAL WOMEN'S DAY FILM**

Hanna Maria Heidrich Directs Film for Santo London

By Alexandra Tuckman Published on Mar 05, 2018

Vodafone focuses on issue of gender stereotypes

UBNow

Company that makes OxyContin could become
'public trust' – what would that mean?



Climate change, pollution ♦ Biodegradable packaging ♦ Nuclear

... Data Privacy ♦ Helping disadvantaged kids ♦ Citizen-centric government ♦ Fighting poverty ♦ proliferation

Companies and brands today are transitioning faster through Simon Zadek's stages of being a responsible corporate citizen, moving from defensive/compliance tactics to see CX as a strategic competitive advantage.



Simon Zadek

Harvard
Business
Review

The Path to Corporate Responsibility

THE DEFENSIVE STAGE



THE COMPLIANT STAGE



THE MANAGERIAL STAGE



THE STRATEGIC STAGE



THE CIVIL STAGE

Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility



Harvard
Business
Review

Most companies and brands I work with in my practice have transitioned to this stage but face key challenges on how to measure-monitor the impacts of their social mission and influence policy to gain further advantage.

"Through our Environmental Business Initiative the bank will have deployed \$445 billion between 2007 and 2030 to accelerate the transition to a low-carbon, sustainable economy."

Brian Moynihan, BofA CEO



POMONA
FARMING

Financing
a sustainable
world



Improving
lives through
community
development



LOCAL SEEDS
LOCAL NEEDS
Hawaii Seed Growers Network

BANK OF AMERICA



RADIX should ask how these trends impact its agenda—e.g., pursue a *dual* mission of aligning public policy with responsible business practice *and* encouraging firms to innovate building social-environmental CXs into CVPs?



What more could RADIX do to support the early adopters spearheading this movement?