



The Impact of the Chief Customer Officer

by Curtis N. Bingham

**CHIEF CUSTOMER OFFICER
COUNCIL**



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Curtis Bingham is the recognized authority on chief customer officers and the first to promote this role as a catalyst for competitive advantage. He is the creator of the CCO Roadmap, a groundbreaking work containing 100+ critical strategies essential for customer centricity. As an international speaker, author, and consultant, Curtis is passionate about creating customer strategy to sustainably grow revenue, profit, and loyalty.

Today's customers require access to a company's offerings through many forms of media in order to meet their preferences and lifestyles. Furthermore, they also require a consistent customer experience across these channels since they can easily choose to change vendors if they do not receive support that meets their expectations. So multi-channel accessibility and consistency of experience across those channels have become essential components to winning the competition for customers. More and more, companies are recognizing the financial benefits of customer satisfaction and its proportionate relationships with loyalty and profitability.

With accessibility and the consistency of customer experience in mind, many companies have turned to creating a chief customer officer (CCO) position in the C-Suite. This still-emerging and evolving role can be defined as: the executive responsible for the total relationship with an organization's customers. The challenge has been to tie this position to financial gains and losses to clearly justify the investment. A recent study conducted by the Chief Customer Officer Council has shed some light on the effectiveness of CCO's over a two year period and the numbers are compelling.

This research shows that 67% of evaluated companies saw positive fiscal effects during the tenure of the CCO, with an average growth excess of industry of 5.98%. Given the minimum threshold of \$1B annual revenue, this represents a difference of hundreds of millions of dollars. On the flip side, 33% of companies experienced an average of 5.2% decrease in growth excess of industry. Clearly, not all positive or negative results can be attributed to the CCO. It is equally clear however that the influence of the CCO is positively correlated with improved company fiscal performance.

In an effort to identify the impact a chief customer officer has on company financials, the Chief Customer Officer Council researchers narrowed a population of more than 300 companies to a sample of 51 CCOs at 46 separate companies with a CCO in place for at least two years and with nominal revenues of one billion dollars (US) in 2010. For each of these companies, sales revenue, operating margin, and industry sales data were gathered. Where possible, data were gathered from five years prior to the CCO's appointment up to the current time or end of the CCO's employment, whichever was shorter.



To eliminate overall industry effects from altering the analysis of the companies' effectiveness over a period of time, company growth excess of industry was computed by subtracting industry from company growth for each year evaluated.

Key Findings and Implications

There are a number of key findings and implications from this research, as follow:

Customer Centricity is a two-year investment

Developing and improving customer strategy is a profitable but longer-term investment. While there may be plenty of low-hanging fruit for the CCO to pick in terms of crises to resolve or bad business practices to improve, *it takes at least two years for the CCO's activities to flow through the company* and make a significant impact on top- and bottom-line results. Once these results begin to materialize, however, they appear to continue to grow commensurate with the investment. B2C industries tend to see results more rapidly than B2B. It appears that there is a correlation such that industries with intense competition show heightened impact from the CCO.

Recommendation: *CEOs and Boards must commit from the outset to support and invest in the CCO and his/her initiatives for a minimum of two years to ensure the highest ROI. In turn, CCOs must manage the expectations of the CEO and Board to allow for this two-year probationary period.*


The CCO must show contribution to long-term revenue and profitability improvements

Companies have demonstrated measurable improvements in revenues and profits while employing a CCO. In some cases, overall revenue drops after the CCO's departure. This research shows that the CCO can and should be accountable for improving top-and bottom-line results, although the impact may not be measurable on a quarterly basis.

Recommendation: *CEOs should expect the CCO to provide, in addition to intermediate metrics, quantifiable impact on revenue and profits, and ensure the systems are in place to properly track the CCO's contribution. The CCO should begin by providing a clear line of sight from his or her actions to revenue and profitability. In some cases, the CEO and CCO may need to begin by agreeing upon an intermediate goal of driving loyalty and accept academic research proving that loyalty drives revenue and profit. However, this can only be temporary.*

In absence of growth, the CCO may help prevent a slide

In some industries that experienced negative growth, the presence of the CCO helped stem the decline suffered through competitors and maintain revenues/profits through stronger customer relationships and trust.



Recommendation: *The CCO must "bank" customer trust and loyalty to protect customers against hard times. CEOs need to take a less transactional view of activities that may pay dividends at a later date.*

Everyone says they are customer centric...

Every company claims to be customer centric, but fewer actually live up to the claim. Many publicly-stated company policies remain company centric rather than customer centric, and in the end, those whose actions are aligned with their customer needs are more successful.

Recommendation: *The CCO should, with the support of the CEO, examine the policies, actions, and restrictions to ensure that customer needs are met on balance with business needs.*

Strength in Numbers

This study clearly shows one thing: CCO's are adding value to the bottom line. While growing steadily from fewer than 30 in 2003, CCOs are the newest, and by far the smallest, component of the C-suite. Many companies look at the CCO position and question if they can afford to add it to their C-Suite team, but the numbers turn that question on its head and ask how they can afford NOT to do so.

Whether you are a company looking to create a CCO position or currently a CCO looking for resources, we invite to you to explore the CCO Council (www.ccocouncil.org) to give you and your company a true competitive advantage.



About CURTIS N. BINGHAM

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About THE CHIEF CUSTOMER OFFICER COUNCIL

The Chief Customer Officer Council is the first of its kind; a member-led peer-advisory network offering unparalleled insight into the critical issues facing CCOs. It was created to provide a safe environment where CCOs can share ideas, concerns, and build best practices that will help them, their companies, and especially their customers succeed. The Council includes CCOs from diverse industries, purposefully cross-pollinated with the most forward-thinking companies, large and small. For more information, visit www.ccocouncil.org, email info@ccocouncil.org or call 978-226-8675.



Navigating the Storm – In this article by Curtis N. Bingham, featuring Helen Burt, Chief Customer Officer of California’s largest utility company, Pacific Gas & Electric, you’ll learn four proven practices for managing customer crises that you can begin to implement *before* crisis strikes.

Download your free copy today at www.ccocouncil.org/exclusiveresources/

For more resources from Curtis Bingham and the CCO Council, including articles, videos, and *The Bingham Advisory*, visit www.ccocouncil.org.

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