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The Challenges Holding Back CX Leaders And How To Overcome Them

Results From Our Survey Of More Than 250 CX
Executives And CMOs

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by Samuel Stern

April 25, 2016

Why Read This Report

In late 2015, Forrester partnered with recruiting firm Heidrick & Struggles to survey chief marketing officers (CMOs) and customer experience (CX) professionals to better understand their roles, goals, and concerns. Respondents reported that their companies' focus on CX and their budgets to support it have both increased in the past two years. But they also identified several challenges that prevented them from delivering superior customer experiences. This report summarizes the findings from the survey and describes how CX pros can overcome those challenges.

Key Takeaways

Customer Focus And CX Budgets Have Both Grown In The Past Two Years

The vast majority of CX leaders told us that their company places a higher priority on customer experience than it did two years ago. And nearly two-thirds of respondents said that CX budgets are bigger today than they were two years ago.

To Overcome Key Barriers, CX Pros Must Expand Their Influence Across Their Company

The ongoing challenges to CX success are complex -- organizational culture and structure, for example. To overcome them, CX pros must focus on cultivating influence and collaboration across their organization.

The Challenges Holding Back CX Leaders And How To Overcome Them

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by [Samuel Stern](#)
with [Michael E. Gazala](#), Will Willsea, Ryan Trafton, and Kara Hartig
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Forrester analyzed responses from 275 global customer experience (CX) and marketing leaders in the Q4 2015 Forrester/Heidrick & Struggles Global Evolved CMO/CCO Online Survey and interviewed four CX leaders to corroborate the survey findings.

Related Research Documents

[How Customer Experience Champions Transform Culture](#)

[Seven Steps To Create And Sustain A Customer-Centric Culture](#)

[The Truth About Customer-Centric Org Structures: They're The Icing, Not The Cake](#)

The Challenges Holding Back CX Leaders And How To Overcome Them

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Customer Experience Is Job No. 1

Forrester, in conjunction with global executive recruiting firm Heidrick & Struggles, recently fielded a survey of more than 250 CX executives and CMOs to understand where they focus their energy and what challenges they face. Since we've seen a growing number of companies make CX part of the CMO's remit, we thought it was particularly useful to gauge CMOs' perspective on CX as well. Collectively, their responses underscore the emphasis that companies place on CX as a differentiator in the age of the customer. For example:

- › **Most companies believe that customer obsession is a strategic differentiator . . .** In our survey, 60% of CX pros and 70% of CMOs who oversee CX said that their companies consider a singular focus on customers to be a competitive advantage. Even 58% of CMOs who don't have CX responsibility said the same thing. Among CX pros, 84% work at firms that place a higher priority on customer experience than they did two years ago (see Figure 1). They're in good company: 69% of CMOs whose remit includes CX and 67% of CMOs who don't oversee CX said the same thing.
- › **. . . And back their aspirations with resources.** Nearly two-thirds of CX pros said that budgets to support CX initiatives increased in the past two years. And for the skeptics among you, that's not just because they're growing from a small base. In fact, it's common for CX pros to have seven-figure budgets and teams with 10 or more people.

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FIGURE 1 CX Budgets And Team Size

Customer experience has grown in importance in the past two years

“Customer experience is a more important priority for our company than it was two years ago.”
 (4 or 5 on a scale of 1 [strongly disagree] to 5 [strongly agree])



CX executives

Base: 56 global CX leaders



CMOs – responsible for CX and marketing

Base: 141 global marketing leaders



CMOs – responsible for marketing only

Base: 78 global marketing leaders

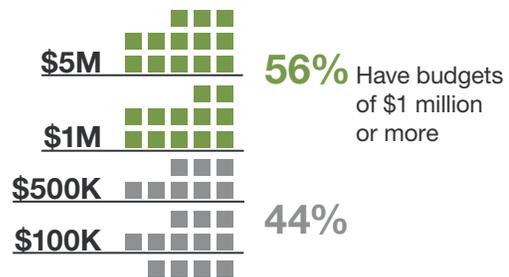
CX budgets are increasing



Of CX execs reported an increase in their budgets over the past two years

Base: 56 global CX leaders

“What is your organization’s dedicated budget for customer experience initiatives, not including staff, in US dollars?”*



Base: 56 global CX leaders

Most CX teams have at least 10 employees



Base: 56 global customer experience leaders

Source: Q4 2015 Forrester/Heidrick & Struggles Global Evolved CMO/CCO Online Survey

*Twenty percent of respondents do not know the size of their organization’s budget for CX initiatives.”

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The Challenges Holding Back CX Leaders

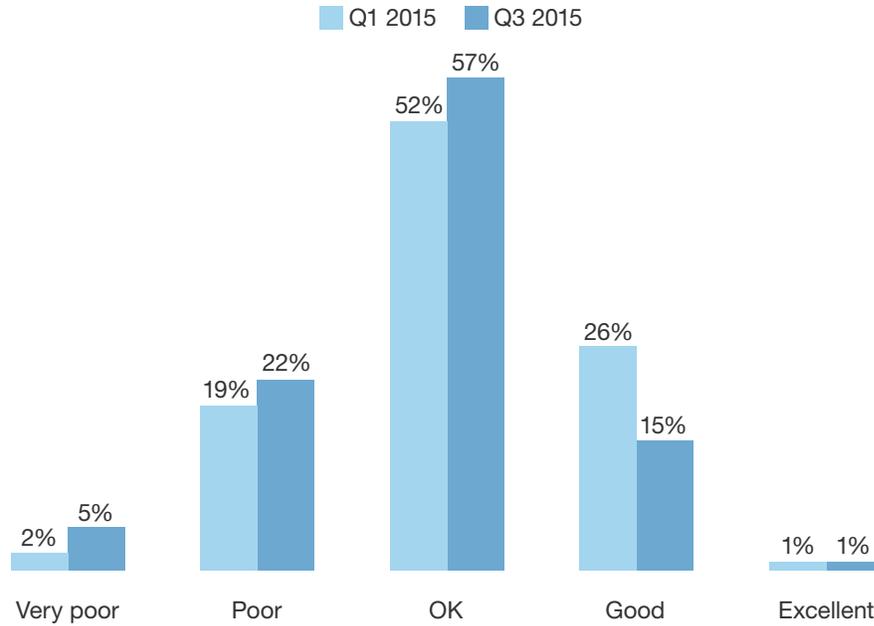
Despite the extra attention and budgets directed to CX, hold off on popping the champagne. The vast majority of brands in Forrester's most recent US Customer Experience Index (CX Index™) survey received "ok," "poor," or "very poor" scores (see Figure 2).¹ Don't blame the usual suspects of limited budget or headcount for these disappointing scores. Most CX leaders don't cite either as a big challenge, instead saying that the size and quality of their team *helped* them adapt to changes in the competitive environment. So what's holding them back?

- › **Lack of customer-centric cultures.** More than half of both CX pros and CMOs responsible for CX said that their organization's culture impedes their success (see Figure 3). Culture and employee experience is the No. 1 area where CX pros wish that they could exert more influence. And although we did see one culture bright spot in the data — 50% of CX pros agreed that employees are empowered to directly affect the customer experience — the challenges were many. For example, most told us that job descriptions and performance evaluations at their companies don't reflect responsibilities for delivering the intended experience vision. That disconnect makes it hard for employees — even if they feel empowered — to effectively improve a customer's experience.
- › **Counterproductive organizational structure and processes.** Forty-five percent of CX pros cited organizational structure as a major challenge to success, and two out of five said the same about company processes. Which processes sideline them? A full 70% said that their organization does not regularly assess projects across the organization for impact to CX. And just 29% said that the strategy planning and budgeting process at their company advanced their cause. These data points align with past research that we've conducted where CX professionals consistently voiced their frustration with how few organizational processes effectively consider customer impact.²
- › **Lagging technology capabilities.** One in three CX pros cited technology capabilities as a challenge, and 61% said that CX technology either hinders or has no impact on the competitiveness of their offerings. With the rapid increase in mobile usage, and the proliferation of digital touchpoints in general, it's no surprise that 46% of CX pros said that they want more influence over digital transformation strategy (second only to their desire for more influence on culture). And technology constraints certainly help explain why 57% said that customer data quality hindered their ability to adapt. For example, the American Cancer Society (ACS) told us that it was common for multiple records to exist for the same donor, which made it hard to compile a complete donation history when donors asked for it.
- › **Insufficient influence, support, and alignment with peers.** It helps that honchos like the CEO and CMO have jumped on the CX bandwagon, but other senior leaders haven't come around — 38% of CX pros noted peer support and alignment as a challenge. It also doesn't advance alignment when two-thirds of CX pros say that their teams are not regularly included in the early stages of strategy development and planning. But there are some bright spots: 68% of CX pros agree that responsibility for delivering the customer experience is shared across the organization, and 55% agree that their companies do a good job of aligning brand and customer experience.

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FIGURE 2 Distribution Of CX Index™ Scores, Q1 2015 And Q3 2015



Base: 299 brands with US online adults (ages 18+) scored in Forrester's Customer Experience Index, US Consumers Q1 2015; Q3 2015

Source: Forrester's Customer Experience Index Online Survey, US Consumers Q1 2015; Q3 2015

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FIGURE 3 The Challenges That Hold Back CX Leaders

“What are your biggest challenges to success?”

CX executives		CMOs – marketing and CX	CMOs – marketing only
Organizational culture	54%	Organizational culture	55%
Organizational structure	45%	Organizational structure	23%
Organizational processes	41%	Organizational processes	26%
Peer support and alignment	38%	Peer support and alignment	28%
Technology capabilities	34%	Technology capabilities	28%
Budget	23%	Budget	32%
Company strategy	14%	Company strategy	12%
Team talent and skill sets	13%	Team talent and skill sets	32%
Disagreement over who owns the customer	9%	Disagreement over who owns the customer	7%
Performance evaluation criteria and measurement	7%	Performance evaluation criteria and measurement	6%
CEO support	5%	CEO support	16%
Personal skill sets	0%	Personal skill sets	2%
			3%

Base: 275 global CX and marketing leaders
 (multiple responses accepted)

Source: Q4 2015 Forrester/Heidrick & Struggles Global Evolved CMO/CCO Online Survey

CX Pros’ Evolution Rests On Their Ability To Expand Their Influence

A common thread among the challenges holding back CX leaders is that CX leaders can’t address them alone. That’s why they must focus on cultivating influence and collaboration across the organization. To make that happen, CX pros should:

- › **Not wait for a reorg and double-down on helping employees be more customer-centric.** We get it. You think that your org structure makes it harder for you to focus on customers — 45% of CX pros in our survey said as much. But here’s the truth: There’s no correlation between org structures and the ability to deliver good or excellent customer experience.³ Instead, regardless of

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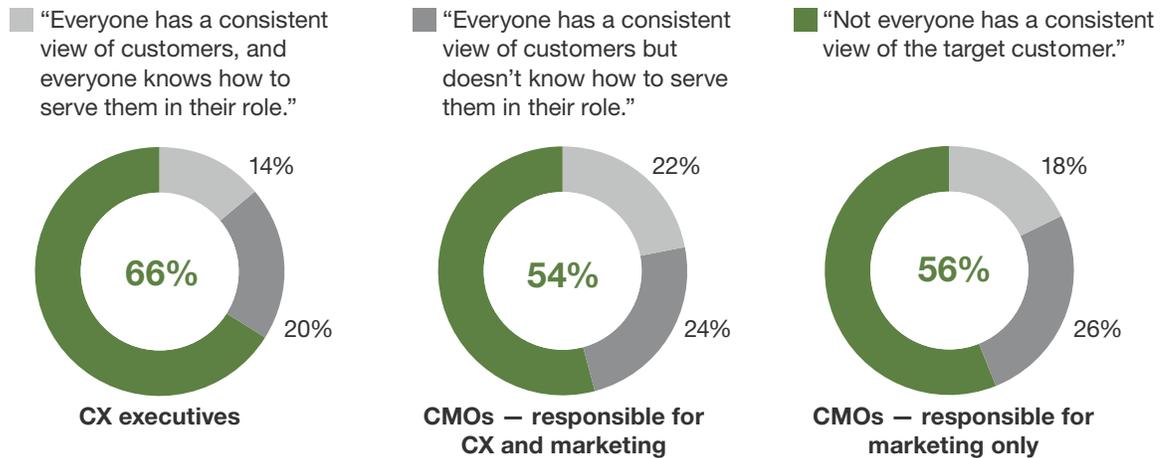
org structure, smart CX leaders focus on creating a compelling CX vision, integrating and sharing customer data, and collectively making decisions about the intended CX. And the good news is that for 39% of CX pros in our survey, creating a shared CX vision is a top objective. Direct your energy like the CX pros at technology consultant Appirio, who focus on helping employees understand how to deliver the right experience. All employees are trained on “The Appirio Way,” a detailed set of processes and tools that help teams deliver projects that maximize value to customers. For example, carefully managing project milestones ensures that far fewer projects fall behind schedule or go over scope.

- › **Strengthen their ties with senior executives and with HR.** If you want to transform your organization’s culture, you must have senior-executive support.⁴ We have not yet seen a successful culture transformation that didn’t have either the CEO or the COO leading the initiative. It doesn’t stop there, though: CX pros must also collaborate with HR. That’s because culture change requires reworking fundamental processes like hiring, training, coaching, and performance evaluation — all of which fall under HR. Unfortunately, just 13% of CX pros, and even fewer CMOs, cited the head of HR as a key partner. Learn from companies like BMO Financial and Humana that embedded CX experts in HR to foster collaboration and to help integrate CX content into processes like employee training and onboarding.⁵
- › **Work more closely with technology management.** Almost half of CX pros want a stronger relationship with their CIO — only their CMOs garnered more focus. Perhaps this is because just 5% of CX pros cited their tech IQ as a personal success factor, and more than 40% have only some or no involvement in CX technology decisions. Who gets it right? Schneider Electric, where CX, marketing, and tech management partner to get things done. The company has grouped its CX initiatives under a larger transformation effort that also includes major pushes in digital and the Internet of Things. The team leading this transformation includes members from technology management and various other business units, ensuring strong collaboration across the org structure. And the involvement of the CX team (which sits within global marketing) ensures customer-centric implementation of new systems and capabilities.
- › **Hone data analysis and storytelling skills to better share customer data.** Majorities of both CX pros and CMOs said that departments across their organization lacked a consistent view of the customer (see Figure 4). Especially for CX pros, who see themselves as representing the voice of the customer, this is a major problem. How to fix it? With better data analysis and storytelling skills, which were among the most mentioned competencies that CX leaders want to improve. The CX team at ACS leans on both skills. For example, it has used voice of the customer data to highlight the gap between the value that ACS derives from its volunteers and the tools and communications that it creates for them. More effectively telling that story has helped make the case for developing better self-service tools for volunteers and for funding new roles that lead volunteer care and coordination.

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FIGURE 4 Do Departments Across Your Organization Have A Consistent View Of The Customer?



Base: 275 global CX and marketing leaders

Source: Q4 2015 Forrester/Heidrick & Struggles Global Evolved CMO/CCO Online Survey

What It Means

CX Continues Its Ascent, But The Rise Of The CCO Plateaus

As we combed through the survey data, we noticed how few of our respondents held a chief customer officer (CCO) title. CCO is a title that can represent a range of responsibilities from sales leadership to CX management. For this report, we’re referring to C-suite leaders who are responsible for CX efforts. A few years ago, that version of the CCO role seemed poised for takeoff as more companies upped their customer experience efforts.⁶ But five years after we published a series of reports on the emerging CCO role, just 10% of Fortune 500 companies have one.⁷ And don’t expect much growth in CCO ranks — just 10% of enterprise-level respondents in a recent Forrester survey say that their firms plan to hire one.⁸ How do these data points jibe with ones showing that more than half of executives want CX that differentiates their firm against industry competitors and another 16% want better CX than any firm in any industry?⁹ Are all of these companies — with aspirations of CX greatness but no CCO — delusional? No. In fact, we believe that:

- › **Not having a CCO is not a sign that a company isn’t serious about CX transformation.** We have seen plenty of successful customer experience overhauls that CEOs or COOs led and CX leaders lower in the hierarchy supported — Safelite Autoglass and Mercedes-Benz USA are two great examples.¹⁰ Conversely, hiring a CCO is no guarantee of success. We have watched many CX transformation efforts of CCOs fizzle, with those CCOs moving on to a new position or a new firm.

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Many times the companies didn't hire new CCOs to replace the departing ones. Cleveland Clinic stands apart for twice backfilling its chief experience officer with a like-for-like replacement — that's the exception, not the rule.

- › **The plateauing of the CCO role will not undermine the rise of CX.** Sustaining customer experience excellence over time requires all employees to internalize what it means to be customer-obsessed in their roles. But if just one C-level executive owns CX initiatives, the subtext is that the rest of the organization is off the hook. In organizations without CCOs, look for existing executives — often the CEOs themselves — to lead CX initiatives; they will direct their teams to translate and embed customer centricity and CX responsibilities within their departments. Smart firms will also empower one C-level executive as the customer advocate.¹¹ For example, Jeff Jones, Target's CMO, owns the architecture and delivery of a consistent guest experience across all channels and touchpoints.

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Supplemental Material

Survey Methodology

Forrester and Heidrick & Struggles conducted the Q4 2015 Forrester/Heidrick & Struggles Global Evolved CMO/CCO Online Survey of 275 organizations to evaluate the roles of the CMO and the CCO. Survey participants included decision-makers in CMO, CCO, or senior-most equivalent roles in the organization. Questions that we provided to the participants asked about strategic objectives and challenges, organizational structure, required skill sets, and personal development.

Forrester's Customer Experience Index Online Survey, US Consumers Q1 2015, is an online survey fielded in November and December 2014 of 46,482 US individuals ages 18 to 88. For results based on a randomly chosen sample of this size (N = 46,482), there is 95% confidence that the results have a statistical precision of plus or minus 0.5% of what they would be if the entire population of US adults who are online weekly or more often had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 46,465. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that respondents who participate in online surveys generally have more experience with the Internet and feel more comfortable transacting online.

Forrester's Customer Experience Index Online Survey, US Consumers Q3 2015, is an online survey fielded in April and May 2015 of 45,320 US individuals ages 18 to 88. For results based on a randomly chosen sample of this size (N = 45,320), there is 95% confidence that the results have a statistical precision of plus or minus 0.5% of what they would be if the entire population of US adults who are online weekly or more often had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 45,320. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that respondents who participate in online surveys generally have more experience with the Internet and feel more comfortable transacting online.

How To Get Access To Forrester's CX Index Data Analysis And Insights

Forrester's CX Index answers three key questions. How good is a company's current customer experience? Why is the customer experience quality what it is? What should a company do to improve? The CX Index captures universal and industry-specific drivers and identifies, through advanced analytics, the drivers that have the most impact on the CX Index score and revenue to help companies focus investments in the right place. Forrester collects CX Index data on more than 900 brands in 18 industries across eight key markets (Australia, Canada, China, France, Germany, India, the UK, and the US). If you wish to find out more details regarding Forrester's CX Index data and services or how you can leverage the methodology, please contact your account manager or data@forrester.com.

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Endnotes

- ¹ Forrester benchmarks CX quality at 299 large US brands twice a year. Only seven brands in our CX Index scored significantly higher than they did earlier in 2015; 85 scored significantly worse. For a review of the 2015 US benchmarking data, see the [“The US Customer Experience Index, Q3 2015”](#) Forrester report.
- ² In a separate panel survey that we conducted of CX pros, just 25% of respondents said that their company uses customer impact as a criterion to prioritize projects and allocate resources. See the [“How To Measure The Customer Impact Of CX Projects — And Get Them Funded”](#) Forrester report.
- ³ In 2015, Forrester interviewed 17 companies that received either good or excellent scores in Forrester’s 2015 CX Index rankings. We found significant diversity in their organizational models and that there is no one right way to organize for CX success. See the [“The Truth About Customer-Centric Org Structures: They’re The Icing, Not The Cake”](#) Forrester report.
- ⁴ Culture transformations are doomed without full buy-in and leadership from executives. See the [“Checklist The Progress Of Your Culture Transformation”](#) Forrester report.
- ⁵ Partnering with HR to change core organizational processes is critical to sustaining customer obsession in organizational culture. See the [“Seven Steps To Create And Sustain A Customer-Centric Culture”](#) Forrester report.
- ⁶ In 2011, Forrester profiled CCOs from companies who we predicted were the vanguard of a new C-level position. See the [“The Rise Of The Chief Customer Officer”](#) Forrester report.
- ⁷ The percentage is higher for Fortune 100 companies, although the article did not break out how many of the CCOs were truly C-level and how many were more akin to chief sales officers rather than CX leads. In our past research, we have found a similar title conflict. Source: Rohit Roy, “Are Chief Customer Officers A Fad Or The Future,” MarTech Advisor, January 25, 2016 (<http://www.martechadvisor.com/articles/are-chief-customer-officers-a-fad-or-the-future/>).
- ⁸ For a summary of Forrester’s observations and recommendations from various client conversations about the emergence of new corporate leadership functions, see the [“Brief: New Corporate Leadership Functions Will Address Rising Digital Pressures”](#) Forrester report.
- ⁹ After studying the companies that shared these ambitions, Forrester concluded that firms that actually succeeded at adopting customer experience discipline over time followed the same four-phase path. To learn what that path is, see the [“The Path To Customer Experience Maturity”](#) Forrester report.
- ¹⁰ For more information, see the [“Case Study: How Mercedes-Benz USA Fosters Customer Centricity Among All Employees”](#) Forrester report.
- ¹¹ The C-suite customer advocate is responsible for delivering exceptional experiences across the entire customer life cycle. See the [“The Operating Model For Customer Obsession”](#) Forrester report.

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Key contacts

Samuel Stern (sstern@forrester.com)
is Forrester's senior analyst serving
customer experience professionals.

John M. Abele
(jabele@heidrick.com) is managing
partner of Heidrick & Struggles'
Marketing, Sales & Strategy Officers
Practice; he is based in the
Chicago office.