What's inside:

Driving Stakeholder Value

Service value is always co-created by users, customers, sponsors, service providers, and any other parties involved in the service. To **drive stakeholder value**, all stakeholders must contribute to the co-creation of service value throughout the customer journey.

Customer journeys are important sources for **customer experience** (CX). **Customer experience** or user experience is the sum of the functional and emotional interactions with a service and service provider as perceived by a customer or user. According to one study, 30% of customers will leave a brand and never come back because of a bad experience (IDC, 2020). On a more positive note, a 1-point increase in customer experience scores can lead to a $1B increase in annual revenue (Forrester, 2019).

CUSTOMER EXPERIENCE

Reflects how the journey, services, products, brand, and environment are perceived and make the customer *feel.*

Each service consumer is different and should be treated differently. Personas may be used to summarize key characteristics for customer and user archetypes and help the service provider to understand their needs and aspirations. A **persona** is a fictitious yet realistic description of a typical or target customer or user of a service or product. By following the personas on their journey from touchpoint to touchpoint towards service outcome, a service provider can experience the customer experience firsthand.

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With this insight, combined with design thinking, behavioral psychology, and cultural insight, the service provider will be able to design and master customer journeys that lead to unique customer outcomes and experiences.
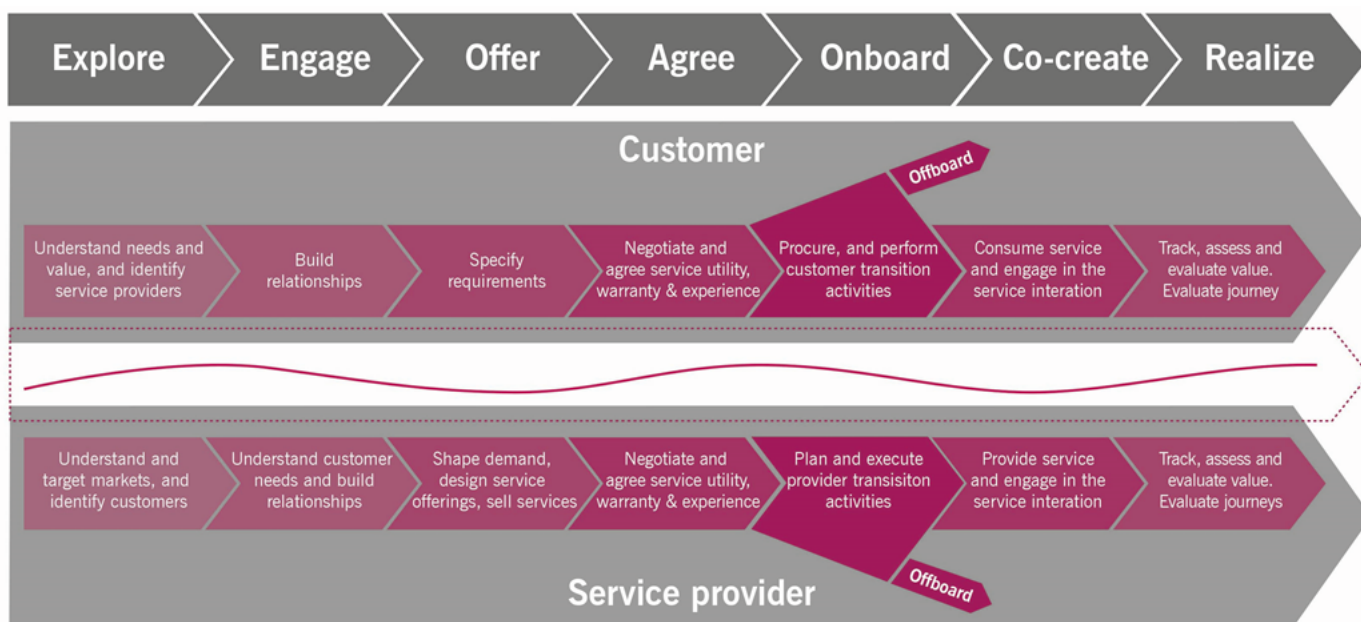
Mastering the Customer Journey

The **customer journey** is the complete end-to-end experience that service customers have with one or more service providers and/or their products through touchpoints and services interactions. A **touchpoint** is any event where a service consumer or potential service consumer has an encounter with the service provider and/or its products. A **service interaction** is a value co-creating reciprocal action between a service provider and a service consumer (e.g., transferring goods, providing access, providing support).

Mastering the customer journey enables organizations to maximize stakeholder value through co-creation, by focusing on both outcomes and experience.

The ultimate purpose of the customer journey is to create service value; this is the optimal balance of service outcome, resources, and risk.

The customer journey rarely follows a pre-defined path. Sometimes the journey progresses in a straight line from one touchpoint to the next. More often, the journey consists of a customer or user going from one touchpoint to another and back again. The journey may also start in the middle of the expected path and then approach the expected starting point. Regardless, the interactions and exposures that customers and users have with a service provider's brand over the course of their journey influence their experience.

Mapping individual customer journeys is unfeasible. For this reason, customer journey maps normally represent a generic flow for a group of stakeholders (typically represented by personas) to allow the service provider to focus on widespread improvements.

During a customer journey, there is a line of visibility beyond which customers cannot see the service provider's activities. Similarly, there is a line of visibility beyond which the service provider cannot see the customers' activities. This applies to internal and external customers and service providers.

The **band of visibility** represents the activities and resources within a service relationship that are visible to both the service provider and the service consumer. All parties need a clear understanding of the boundaries during the steps of the journey in order to:

- Understand how invisible elements influence the band of visibility
- Ensure that everything within the band of visibility is properly managed

Designing and Improving the Customer Journey

The overall objective for the customer journey should be to plan and design customer journeys that:

- Support optimal value co-creation
- Lead to outstanding customer experiences

Customer journey design is part of service design, however:

- Customer journeys may span multiple services or products
- Single services or products may support multiple customer journeys

Before designing the actual customer journey, the desired outcome and customer and user experience should be defined. The expected value from the journey and how each stage can contribute to the co-creation of value should be considered as part of this definition.

Techniques for defining, measuring, optimizing, and communicating value include:

- **Design thinking** – a value-driven, data-driven method that puts the user at the center of the design process
- **Leveraging behavioral psychology** – an approach that involves catering for logical or rational behavior and incorporates knowledge of cognitive biases and intuitive behavior
- **Designing for different cultures** – an approach that considers different cultural groups or personas

Design thinking addresses how designers should think in order to create innovative solutions that fit user needs. The design thinking method is iterative in its approach.

For good innovation to occur, designers need to engage with real users to truly understand their problems and explore different ideas for a resolution.

The Customer Journey – Step-by-Step

The customer journey can be broken into seven steps and is relevant not only for the service consumer.

Explore > Engage > Offer > Agree > Onboard > Co-create > Realize

The service provider must also identify, understand, and master the customer journey in order to:

- Target markets and stakeholders (Explore)
- Foster stakeholder relationships (Engage)
- Shape demand and define service offerings (Offer)
- Align expectations and agree details of services (Agree)
- Onboard and offboard customers and users (Onboard)
- Act together to ensure continual value co-creation (Co-create)
- Realize and validate service value (Realize)

The most successful organizations put themselves in the place of their customers and experience the end-to-end journey for themselves.

Step 1: Explore – Understand Markets and Stakeholders

Explore is the first step on the customer journey, which may occur before a relationship between a customer and a service provider has been established. Both groups may explore their own needs as well as market opportunities for identifying partners that may contribute to the fulfillment of their respective needs.

When a consumer organization has identified its demand for service and the opportunities for satisfying this demand, the next step is to identify and evaluate internal and external options to source this service.

As far as the service provider is concerned, it must conduct market analysis and understand market segments, including their characteristics and needs, to target specific service consumers and their needs through value propositions, profiling, branding, and targeted marketing.

Step 2: Engage – Foster Relationships

The relationship between the service provider, service consumer, and other stakeholders is an important precondition for co-creating value through services.

The parties must have a shared understanding of expectations in terms of outcomes, experience, and preferences.
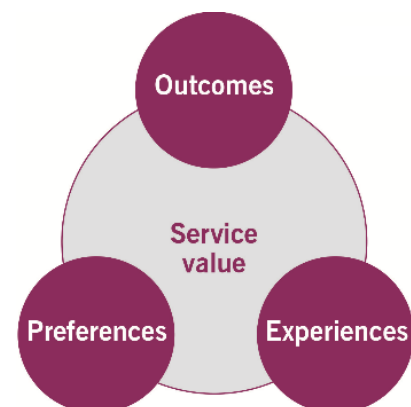
Communication is fundamental for building relationships and trust. The effectiveness of communication depends on the type of relationship between those communicating and whether it is a:

- **Basic relationship** – ad-hoc order taker
- **Cooperative relationship** – trusted advisor
- **Partnership** – strategic partnership

Fostering a good relationship includes creating environments where relational patterns can emerge, trust is built, and mutual needs and value, as well as readiness and maturity, are understood.

Supplier relations are equivalent to other service relationships and should be managed accordingly. The integration and orchestration of multiple suppliers is a special case of the supplier relationship.

## Step 3: Offer – Shape Demand and Service Offerings

The offer step helps the customer to articulate its needs and demands and the service provider to design matching service offerings. For services, demand and capacity are connected. To optimize service opportunities, service providers should adjust capacity and influence demand. A proper understanding of how their services are being used by different customer groups and segments is crucial (e.g., through analysis of patterns of business activity and user profiles).

When needs and demand are understood and addressed, a business case for meeting the demand through new or changed products and services may be articulated. Products and services can be designed only when the service consumer needs are well articulated and understood. Value-driven and data-driven service design implies an iterative approach based on frequent feedback, continual experimentation, and learning to ensure value co-creation in each step of the design process. Approaches such as Lean thinking, Agile development, user centered design, service design thinking, and service blueprinting support a value driven design process.

Step 4: Agree – Align Expectations and Agree Service

To drive and track stakeholder value, expectations must be aligned, value co-creation mapped and planned, and the service scope and quality agreed. There should be a shared understanding of how and when value is co-created, tracked, assessed, and evaluated. In the service value system (SVS), the fulfillment of service consumer purposes is enabled by achieving service consumer objectives.

Achieving service consumer objectives is powered by the consumer's performance and the related experience. Service consumer performance is enabled by service performance and considered as utility and warranty. Finally, service performance is driven by the performance of the combined and individual resources, practices, and products. When there is a shared understanding of how and when value is co-created, the scope and quality of the service can be negotiated and agreed explicitly or implicitly.
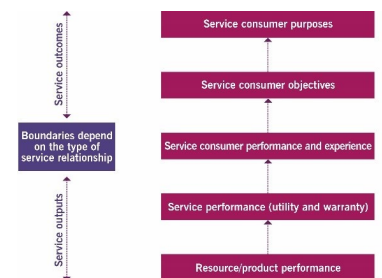
An agreement, whether formal or informal, should cover the expected service outcome, utility, warranty, and experience as well as other terms and conditions.

Step 5: Onboard – Get Onboard or Leave the Journey

To proceed from agreement to service provision and consumption, the parties must undergo a transition that involves the integration or separation of the resources of the service provider and the service consumer. This approach should be defined as part of service design, and onboarding or offboarding activities should be planned, run, and controlled accordingly.

The main onboarding activities include fostering user relationships, orchestrating omnichannel access, enabling users for service, and elevating mutual capabilities, for example through training, facilitation of user communities, and super users.

Step 6: Co-Create – Provide and Consume

When all parties are ready for service delivery and consumption, the most important step of the journey begins. All previous steps aim to enable this step and ensure that it will be successful. To co-create value based on the agreed service offerings, the service consumer makes use of accessible service provider resources, consumes the goods provided, and acts together with the service provider.

The success of this step depends on the ability of the stakeholders to adopt a service mindset. A **service mindset** is an important component of the organizational culture that defines an organization's behavior in service relationships. A service mindset includes the shared values and guiding principles adopted and followed by an organization.

Mature practices for effective, seamless, and ingenious handling of user interactions, deviations and feedback, is key to value co-creation and user experience.

***Many ITIL practices contribute to the customer journey.***
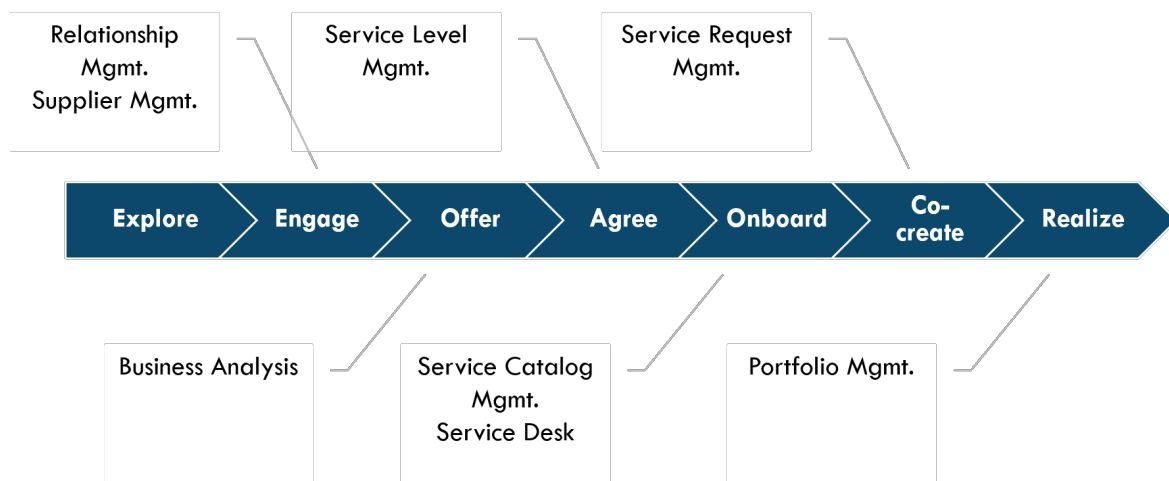
Step 7: Value Realization – Provide and Consume

This step involves:

- Tracking, assessing and evaluating if the value that the stakeholders expected and planned for is realized throughout all steps of the journey
- Continually identifying improvements to the service and the customer journey

Tracking and measuring service value requires indicators. A service value indicator is a measure that either directly or indirectly indicates the situation or level of a specific aspect of service value.

Indicators reflect the achievement of an objective and are reinforced by one or more metrics. Metrics can be defined for customer journeys, services, products, practices, and resources of all four dimensions of service management.
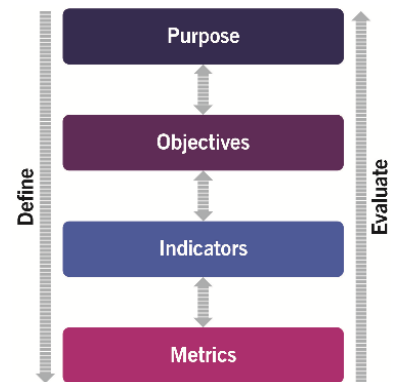
Service value is always perceived value, which makes it difficult to track and evaluate as it is based on individual expectations and preferences.

In order to ensure that customers and users are satisfied with the service, and the whole customer journey, the service provider should not only measure and track service usage and outcomes, but also customer and user experience to continually improve the customer journey and value co-creation.

Summary

Customer and user journeys are important sources for customer and user experience. Customer and user experience are shaped by how the journey, services, products, brand, and environment are perceived and how they make the customer or user *feel*.

How a service is delivered is as important as *what* is delivered. Service providers must identify, understand, and master the end-to-end customer journey. The purpose of mastering the customer journey is to maximize stakeholder value through co-creation, not only focusing on outcomes, but also on the experience. The most successful organizations put themselves in the place of their customers and experience the end-to-end journey for themselves.

Each step of the customer journey contributes to drive stakeholder value and experience. In real life, a customer journey never follows a linear or theoretical sequence of steps. Rather, it typically follows an emerging pattern of touchpoints and service interactions. The service experience is formed by these touchpoints and service interactions.

To improve service consumer satisfaction, each touchpoint and interaction must lead to good customer experience so that the whole journey delivers on customer expectations.

Make a Difference!

Any service management related initiative will affect organizational culture. Effective communication plans, training, and clear policies and procedures are all needed to achieve the desired performance outcomes and enable collaboration between the many different people involved.

Contribute to your organization's IT service management effort by expanding your knowledge of best practices and by enthusiastically using what you learn to lead transformational and continual improvement activities.
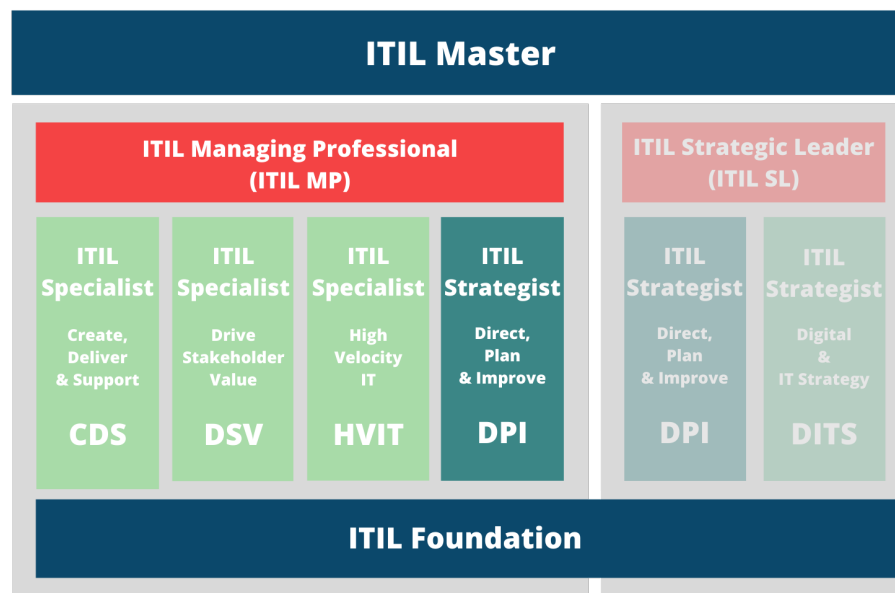
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ITIL Foundation					

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