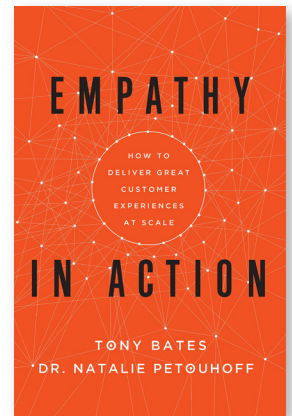


Empathy in Action

How to Deliver Great Customer Experiences at Scale

by **Tony Bates and Dr. Natalie Petouhoff**



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THE SUMMARY IN BRIEF

Empathy is a conscious act. It's a commitment you make to understand a person in the context of their own life and experiences and then to treat them accordingly. After an empathetic interaction, the recipient feels heard, understood, and respected. But it's been missing in the business world.

Over the course of his career and life, author Tony Bates has been focused on the idea of technology as a tool for promoting empathy in our daily lives. After several decades of experience as a leader and entrepreneur, Bates arrived at a core question that inspired *Empathy in Action: How to Deliver Great Customer Experiences at Scale*. In it, he attempts to answer: What if empathy became as important a design factor in new products and services as functionality, efficiency, and profit? Bates believes empathy is the next frontier in technology and the aim of the book is to spark a broad, industry-spanning conversation about how technology can create and enable a more empathetic world.

IN THIS SUMMARY, YOU WILL LEARN:

- How exponential technology has forced rapid change in companies.
- Three principles that are necessary in designing and implementing exponential technology.
- What empathy has to do with customer and employee experiences.
- The meaning of Experience as a Service™ and how it is the way forward for Customer- & Employee-centric companies.

Technology: Evolution, Experiences, and Empathy

Many companies think they provide great customer and employee experiences, but most customers and employees wouldn't agree. The majority of companies are still operating under the long-held belief that putting their focus on business-centric goals will make them market leaders, thereby driving their own unprecedented business growth. In this narrow equation, amazing, categorically human experiences aren't nearly as important as the revenue they provide.

While the shift towards customer and employee centricity still hasn't happened in many companies, business success is nonetheless dependent on the revenue generated by those customers, and that revenue is indisputably generated by employees who work to serve them.

The way customers and employees are treated influences a company's overall success. And if customer and employee experiences are so important, why haven't they truly become the driving force behind the decisions businesses are making? Innovative, empathetic approaches to business generate more profit and, at the same time, consistently create more positive customer and employee experiences.

What's Empathy Got to Do with It?

Empathy involves putting yourself in another person's shoes and understanding why they may feel a particular way. With that understanding, you can put empathy into action by taking steps to help that person based on their perspective—not your own.

A business-focused definition describes empathy as “the act of a company putting themselves in the shoes of their customers and employees to reorient the way they make decisions and conduct business, resulting in amazing customer- and employee-centric experiences.”

Moving from a business-centric paradigm to a customer/employee-centric approach transforms the roles of people, process, strategy, finance, and leadership—as well as the use of exponential technologies to deliver exceptional customer and employee experiences.

Exponential technologies can uniquely drive accelerated rates of change with groundbreaking capabilities unlike any other type of technology we've experienced before. We're at a technological tipping point where we can meet the criteria of customers, employees, and companies for the first time in history. When exponential technologies

are deployed, companies can redefine the meaning behind business-centric metrics like efficiency and effectiveness, transform the experiences they deliver, and connect how customer- and employee-centric experiences deliver better financial results for the company.

How Technology Shapes Lives and Businesses

While we are rarely conscious of just how big a role technology has played in shaping our shared reality, it is a fact that's been present since the beginning of human evolution. Though some innovations are small and others are significant beyond our imagination, each one brings something new and valuable to our world. Technology, more than anything else, is what drives human ingenuity.

Why is it so important to look at technology through the lens of empathy, trust, and loyalty? Until now, technology's potential has generally been applied with a focus on company-only, cost-cutting efficiency and effectiveness. In this paradigm, there is little to no emphasis on customer or employee centricity, often to the detriment of the overall customer and employee experience.

This is the primary reason so many companies and businesses find themselves stagnating, with high turnover, widespread burnout, and a lack of anything resembling a consistent, loyal, or trusting customer base.

The Primacy of the Personal

After looking at exponential technology's advances, the ways in which they can be designed and deployed, and their tangible effects on how people feel before, during, and after an experience, three principles form a pattern of necessity time and time again:

- **The Empathy Factor**—You must understand what experiences should look like through the lens of your customers and employees (engaging with the ideal)
- **The Trust Factor**—You must empower your business to deliver employee-centric experiences and build employee trust so they feel you have their back, and are then motivated and enabled to provide outstanding personalized customer experiences regardless of whether the ideal was fully met (engaging with the personal)
- **The Loyalty Factor**—You must consistently deliver customer- and employee-centric experiences which unwaveringly build trust to the point that they garner both customer and employee lifetime loyalty and lead to extraordinary business outcomes (engaging long-term)

When you're caught up in the world of misplaced ideals, it's often difficult to be truly present in the real world that is spinning around you.

To reinforce empathy as a true business construct, rather than a warm but ultimately empty lip service, it's necessary to define the scope of what Empathy in Action actually means as a deliverable. Loyalty-creating customer experiences fulfill three criteria. They...

- Have a VIP, one-to-one, concierge quality
- Are contextually relevant and real-time
- Provide a personalized experience at scale

From this perspective 10 CX (customer experience) action statements were developed that guide the design of people-centric experiences and illuminate the technology needed to deliver on personal, trust-building promises.

1. Help me even before I know there's a problem.
2. Show you know me before you even meet me.
3. Empathize with my situation.
4. Demonstrate that you know the road I traveled to get here.
5. Listen, understand, and predict what I need, then act accordingly.
6. Don't ask me to repeat myself.
7. Present me with answers I want as well as the ones I didn't know I needed.
8. Address my issue and stay with me until it's fixed.
9. Check in with me to make sure it all worked out; learn from my experience.
10. Above all, keep my data safe.

For this to happen, a company must have active ways to listen to, understand, and predict a customer's intent, and then not only act on it but also learn from all resultant interactions at scale.

Additionally, it requires that companies empower employees with the right information, tools, and action plans to serve

the customer. This greatly enhances the employee's work experience, the result being that both experiences continuously and synergistically improve.

History Foreshadows CX Problems

Our technologies have the potential to become incredible assets or drivers of negative change depending on us—but as the humans behind that technology, perhaps we don't pay enough attention to the signs, and perhaps we are reluctant to truly think through the consequences of our actions when they feel comfortable, exciting, or prosperous. When you're caught up in the world of misplaced ideals, it's often difficult to be truly present in the real world that is spinning around you.

When we are present and focused on the job at hand—serving customers and employees—we can infuse technology with the very best parts of humanity. The quality of our lives, businesses, and social systems are all based on our values.

We must hold ourselves accountable for creating systems founded on human empathy and integrity, and we must strive to drive trust and respect among and between each other. If we don't, we run the risk of driving customer and employee experiences toward blind spots; an outcome with consequences greater than we can envision now, and which can only be avoided if we choose to open our eyes to a new way of doing business.

And yet, despite a corresponding boom in books, conferences, and seminars explaining the need for companies to adopt authenticity and customer centricity as their central business model, the old trend continues without any sign of slowing down.

In the digital age, you can depend on customers being hyper-aware and even more informed than your own marketing departments when it comes to your brand's reputation.

We are at a turning point, and it calls for a reimagining of the corporate model from the ground up. It's not about getting new customers; it's about getting a new way to think about them.

Through a determined commitment to empathy across the entire organization and a focus on experience at every customer touchpoint, a whole new culture can emerge. With it, companies have the opportunity to become more than just successful. They have the chance to become meaningful. And meaning, more than anything, drives profits in today's market.

The Business Case for CX/EX

Rapid changes in the exponential technologies governing customer and employee experiences provide the opportunity to build better businesses, create competition differentiations, and drive the urgent need to transform your business—or be left in the dust.

Twenty years ago, the idea of a “one-to-one digital experience” was considered radical thinking in marketing. Organizations attempted to personalize customer experiences by segmenting, targeting, and retargeting customers with digital content and ads.

In concept, it's a great idea. In practice, it's difficult to execute. Compared to what exponential technologies can deliver, linear technologies are severely limited in creating highly personalized customer and employee experiences.

Previous personalization attempts were driven by company-focused goals such as attaining higher customer acquisition rates (leads) and sales closures. From the customer's perspective, however, the interactions didn't always result in a better experience. Targeted ads or offers leveraging personal information can be invasive and turn customers away. Known colloquially as the “creepy factor,” customers often feel that companies know way too much about them without their permission to access or use that information.

The idea of providing one-to-one customer experiences is decades old, yet many organizations' attempts to personalize a customer's experiences fall short by using a business-centric versus customer-centric point of view. Even with 2.5 quintillion bytes of customer data gathered each day and the behavioral insight this data provides, most companies miss the mark when it comes to using it to create amazing customer experiences.

Research shows that most consumers are willing to exchange their data for more connected, empathetic experiences. But not many companies have found a new way to do this. If providing products, services, and experiences is

how you make money, shouldn't the thoughts and feelings your customers have about those experiences be the most important indicator of your long-term financial success?

We've all been on the receiving end of bad customer service. In fact, research shows that the majority of consumers have been driven to tears by a bad service interaction. Clearly, companies need to reevaluate their strategies and respond to their customers in new ways. Whether an experience is delivered by a human employee or designed into technology-based experiences, such as an AI chatbot or an SMS message, the design process should begin with one simple question: How can I put myself directly into my customer's shoes and understand what they are trying to do?

If you remember a great experience, it probably means you were heard, recognized, and even delighted by the engagement. In talking to customers, we find that great customer experience begins with an empathetic approach. These customer-centric encounters grow customer's trust in a company and drive their loyalty toward a long-term commitment. This is the foundation of Empathy in Action.

Empathy requires an understanding of what customers are looking to achieve and the context of the steps they have taken so far. A company needs to engage customers in real time, in preferred channels, and without losing context—even when a customer changes channels altogether.

This can be done through orchestrating personalized experiences. Personalized experiences create a virtuous circle of empathy, loyalty, and trust. Until now, true personalization often required the extra effort of exceptional employees. While individuals acting in sympathetic or empathetic ways can be critical to great customer experiences, businesses need more than one or two employees' empathetic mindsets.

Otherwise, it's not realistically scalable or consistent. That's where exponential technology—if designed and implemented with an empathetic, customer/employee-first point of view—comes into play.

Experiences Drive Good and Bad Profits

A distinction can be made between good profits and bad profits. Bad profits could spawn from experiences like:

- Confusing pricing strategies
- Extracting value from customers rather than creating

True success lies in delivering experiences that lead to loyalty. The result? The company derives more profit from its customers—and both parties get what they want.

value (i.e., selling their data or constantly pushing sales offers)

- Misusing or not protecting customer data
- Providing exceptional presale, at sale, or post-sale experiences
- Pushing company-focused efficiency metrics (like instructing employees to get the customer off the phone as fast as possible)
- Skimping purposefully on providing an amazing customer and employee experience to save on costs

These are all blind spots—ways companies operate that degrade customer trust and thus loyalty.

The Cost of Bad Experiences

No one disputes that companies are in business to make money. If more money is going out than what's coming in, companies can't even cover costs, much less grow their business. The cost of bad experiences is not just customer and employee loyalty—it has a trickle-down effect on every aspect of your business. Remember...no customers, no business. Bad experiences are antithetical to the good business practices required to amplify revenue, profits, and margins.

Personalizing every experience economically at scale is now possible, so why are companies still providing mass-produced customer/employee experiences? **Because they aren't deploying Empathy in Action...yet.**

Emotions drive 90 percent of all customer decisions. This means the perceived quality of a service or product has more to do with the feelings generated through company-customer interactions than with the objective quality of a company's offerings. The human aspect of marketing, sales, and service is just as important as objective quality. Customer experience can no longer be based solely on objective measures like conversion rates or average handle times unless it also accomplishes what the customer needs and wants.

True success lies in delivering experiences that lead to loyalty. The result? The company derives more profit from its customers—and both parties get what they want. But hav-

ing the long-term mindset is a paradigm shift from being hyper-focused on short-term business, Wall Street, investor, and stockholder objectives. It requires refocusing on empathy-based customer/employee experiences that pay off for all stakeholders—employees, customers, companies, and in the end, Wall Street and investors.

Improving Employee Experiences

There's a saying that happy employees drive happy customers. When considering how to improve customer experience, an under-appreciated aspect is often the employee experience. But to achieve the empathy-based disruption needed, one of the essential inputs is creating an empathy-based work culture.

Parallel to customer experience, companies need to recognize how an employee's company experience directly affects the customer—and transform it, because devoted employees derive repeat customers.

Unfortunately, many employee management theories haven't evolved beyond the century-old foundation of optimizing the workplace based on the business-centric efficiency and effectiveness paradigm. Company-only focused management theories drain purpose, passion, and engagement from employees.

To thrive in the future of work, companies need to put themselves in the shoes of their employees and be able to amalgamate Empathy in Action into the employee engagement equation.

Empathy Drives Performance

HeartMath has spent over 30 years providing scientific research showing how employee discontent manifests itself physically, driving the emptiest to search for work that creates coherence between the work to be done and the work experience.

Traditionally, researchers have approached the study of communication pathways between the head and the heart from a rather one-sided perspective. Scientists previously

focused on the heart's responses to the brain's commands. The thinking was the brain is the primary driver, but current science has revealed it's the heart, or how people feel, that drives their thoughts, actions, and motivations to do their best or become complacent and merely show up to collect a paycheck.

For instance, the research shows it takes eight hours for an employee to recover from being yelled at, which is typical in a command-and-control culture. Additionally, the messages the heart sends to the brain are recognized as key to our ability to perform our best.

So, while empathy may seem like fluffy stuff to some people, science and data show it affects our ability to perform and drives focus, creativity, and stress, which all affect innovation and business performance.

Companies are suffocating on these old management paradigms, leaving humanity out of work. How can we change it? By completely rethinking how we hire, train, and organize the employee experience—by shifting the paradigm.

Leaders need to create collaborative cultures where employees feel the psychological safety needed to embark on this new journey together to the extent they will go the extra mile to ensure each other's success. The culture cannot be one where feedback is seen as rejection. Instead, there is an openness to view things differently and help others see situations from different viewpoints.

Experiences as a Service: The Great Differentiator

Most companies still provide products and services without evolving their offerings and experiences. This next step in economic value creation is about delivering highly personalized, contextually relevant, empathetic customer and employee experiences at scale using exponential technologies.

The ability to create remarkable C&E-centric companies is what we call Experience as a Service™ or Empathy in Action.

Companies need to deliberately design engaging, empathetic customer experiences, with the same attention to design-thinking they give to product or user experience design. From clothes to cars to sneakers, we live in a world where people are willing to pay for experiences that meet their individual needs.

This evolution shows that successful companies will be the

ones willing to disrupt their processes to focus on innovative solutions for customers and employees. They understand what customers and employees want and need and create new experiences that deliver on those needs. They are shifting their business model to align with current marketplace demands and conditions, and adapting to unforeseen market disruptions like those experienced in the economy by global pandemics like COVID-19.

Transforming from Services to Experiences

The difficulty for many companies is realizing what business they are in and knowing their defensible space. If they have a commodity mindset, a company making pedometers might think they provide a way to keep track of someone's exercise instead of realizing they are a lifestyle brand, contributing to their customers' health and wellbeing. Or, a transportation/distribution company might think they are in the business of transporting people and goods when in reality, they are a partner in keeping families clothed and fed. That's the difference between having a business-focused as opposed to a customer-focused strategy and purpose.

This next wave in the economy is to design and deliver highly personalized, contextually relevant experiences that emphasize empathy at scale. By using empathy to innovate, companies can listen to their customers' current concerns, comments, and reviews. They can then use this input to transform their business model to offer customers what they need and want before their competitors do, and something, even before customers know they want it.

While customers demand convenience and privacy, employees want their "future of work" needs met. Among the things employees want are control over their schedules, the ability to work remotely, and a better quality of work life. How do we accomplish this? Achieving high levels of innovation requires an empathetic company culture where employees actively participate in delivering the next evolution of the customer experience instead of maintaining the status quo. Part of that employee buy-in comes from companies providing the tools, technologies, and access to data and insights in real time, allowing employees to deliver excellent customer experiences.

When companies use design thinking to make employees the focus of their technology's process and functionality, teams can deliver experiences based on empathy rather than business-centric metrics that don't deliver the full picture. Employees know what will help them better than anyone else, and management needs to allow them to inform the process.

A company can address deeper levels of employee satisfaction by enabling employees to:

- Improve their recruitment and onboarding process
- Incorporate their voice into how work gets done
- Provide empathy-centric metrics and recognition
- Deliver enhanced training and performance management

Comparing what we've done in the past to what exponential technologies can provide today, it's easy to see why previous eras in CX/EX can't compare. They simply can't deliver the same level of experience orchestration or provide outcomes so thoroughly focused on C&E-centric experiences.

Why are exponential technologies so integral to the new model? It's fairly straightforward: in the old paradigm, companies relied on the power of humans to try and meet increasing customer demands. This meant hiring more employees and using their human processing capacities (their brains) to listen, understand, act, and learn. The result was a subpar experience for customers and employees alike.

However, with exponential technologies, we are augmenting human capability with exponential computational power. This allows us to vastly exceed human capacities in providing more empathetic experiences, resulting in new C&E-centric efficiencies, effectiveness, and empathy-oriented experiences that give customers what they need and want, often surprising them by being both prescient and prescriptive.

Brands who make customer/employee experience their differentiator have better financial results, simply because they are focusing on the true value of the customer, the employee,

and the perspectives of each. Every time a customer or an employee has a standout experience with a company, it sets the bar higher for the next experience. And expectations are only going to increase. With the number of customer interactions growing at an astonishing pace in this digital age, it's no wonder some organizations are struggling to keep up.

When you make customers feel remembered, heard, and understood, you build brand affinity and loyalty. And when you build a company culture that employees are proud to be a part of, they take up the company banner and advocate on your behalf. More than anything, it's this level of loyalty that drives us toward true success in business and in life. Make personalized Empathy in Action your top goal. Start now. Never stop.



Tony is the chairman and chief executive officer of Genesys®. He leads the company's strategy, direction, and operations in more than 100 countries and oversees a global team of more than 5,000 employees. Tony has decades of experience steering b2b and b2c companies through major market transitions and rapid scaling.



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