EBOOK

The 2022 CX Leader of the Future

What's Necessary to Drive CX Forward

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Introduction

While customer loyalty has always been elusive and shifting, the COVID-19 caused customer behavior to change almost overnight. The pandemic caught most organizations flat-footed, stalling their digital transformation efforts. Recently, however, companies have earnestly re-engaged with digital transformation — and their efforts are accelerating. Now, more than two years on, organizations continue to fine-tune their efforts in terms of both customer experience (CX) and CX agent experience. Customer journeys are changing, and the customer experience needs to adapt to these new behaviors.

On the employee experience side, organizations successfully delivered on the challenge of remote work transition for their CX agents. However, on the customer experience side, many organizations were initially caught unprepared for the rapid pace of change. Organizations are getting there (CX leaders are seeing their efforts having an impact), but there's always more work to do.

The customer experience function continues to change rapidly, driven by changing customer behaviors and expectations. To be successful, the CX leader of the future must embrace digital transformation to be both data driven and customer first — and the odds of success increase the more CX responsibility is consolidated.

To uncover the best practices in CX, [24]7.ai partnered with CMSWire for the second annual *CX Leader of the Future* survey. In 2021, we discovered that centralizing CX responsibility shapes an organization's worldview and positively impacts the bottom line. Now in its second year, this survey aims to examine how organizations view the customer experience, how they manage their CX ops and delegate CX responsibility, what outcomes they experience from successful CX implementation and whether their opinions have changed from a year ago.

Key takeaways

- Having a customer-first approach is critical for great CX.

- Organizations with a single person or team overseeing CX achieve more than organizations with cross-functional CX responsibility.

- The CX profession is evolving and delivers great impact — especially when a single person or team owns the CX function.

- As the CX profession evolves, challenges appear to be getting entrenched — particularly money-related challenges (lack of budget or tech stack, for example). These challenges vary depending on CX ownership.
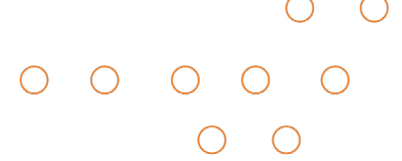
Demographics in Brief

The 2022 CX *Leader of the Future* survey received 462 responses. More than three-quarters of survey respondents are at or above Director level and all work at organizations with more than a thousand employees.

The *2022 CX Leader of the Future* survey received

4 6 2

responses from respondents.

Great CX Starts with Being Customer First

Organizations succeed when they have a customer-first approach. There are consequences to not aligning decisions and outcomes to your customer first strategy. CXaaS is one way to be customer-first.

To deliver great customer experiences, organizations must put the customer at the forefront of every decision. This sounds easy on paper, but can prove challenging to implement in practice. For some organizations, there's always competing priorities, siloed decision-making and nonexistent leadership support. However, CX leaders must work to overcome these challenges and develop a robust customer-first strategy. The rewards are great, while the consequences can make or break an organization.

Commitment and alignment

Our research suggests that plenty of organizations are committed to having a customer-first strategy — to some degree or another. Nearly three-quarters of all survey respondents work at organizations who are fully committed to being customer first. The other 26% of respondents are committed to a lesser degree. No one on our survey admitted to not having a customer-first approach, demonstrating that being customer first is on everyone's mind (Figure 1).

4% — 0%

22%

74%

- Yes; we are fully committed
- Mostly; we try but things get in the way
- Partially; we do it only when it makes sense
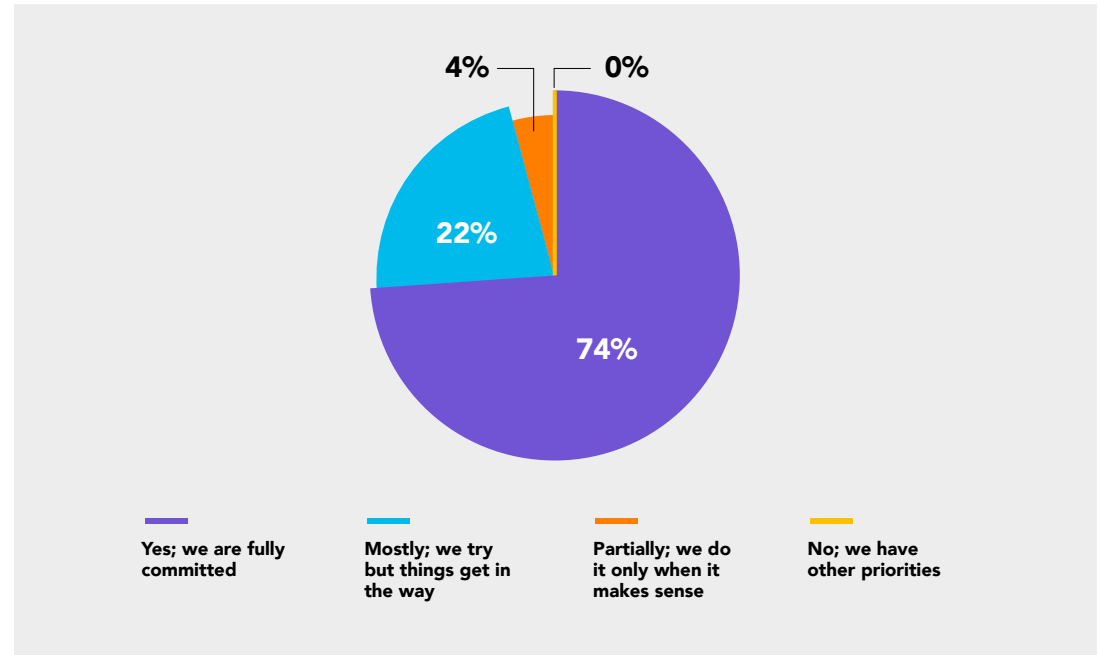- No; we have other priorities

Figure 1: Does your organization have a customer-first approach? (all respondents)

In 2021, 79% of organizations were fully committed to being customer-first, which is statistically similar to the 2022 results. Having a customer-first strategy continues to be a strong position for all organizations.

Of course, saying they have a customer-first strategy is one thing, but are organizations actually backing their words with actions? Evidence suggests that they are — to some extent. One way to support a customer-first strategy is to align customer-first decisions with the company's profit goals. In the survey, slightly over a third of respondents indicated that their decisions and strategy were always aligned, while just under half indicated that alignment happened most of the time (Figure 2). There's plenty of opportunity here for those organizations who don't always align their customer-first strategy with their profit goals and make such decisions with the customer in mind.

4%

37%	47%	13%	

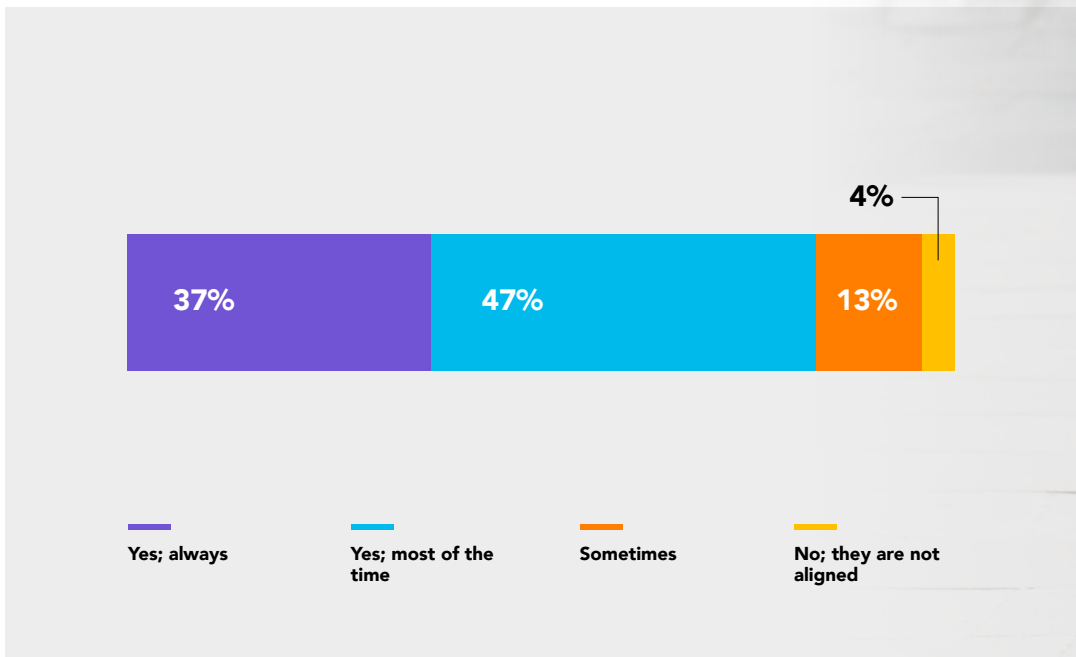| Yes; always	Yes; most of the time	Sometimes	No; they are not aligned

Figure 2: Are your company's profit goals and customer-first decisions aligned? (all respondents)

Another way organizations can put the customer first is to align their management objectives. When managers and leaders take the customer into account, their strategies can align more toward creating great customer experiences. Responses here are similar to Figure 2 — a third of organizations are completely aligned while more than half are mostly aligned (Figure 3).
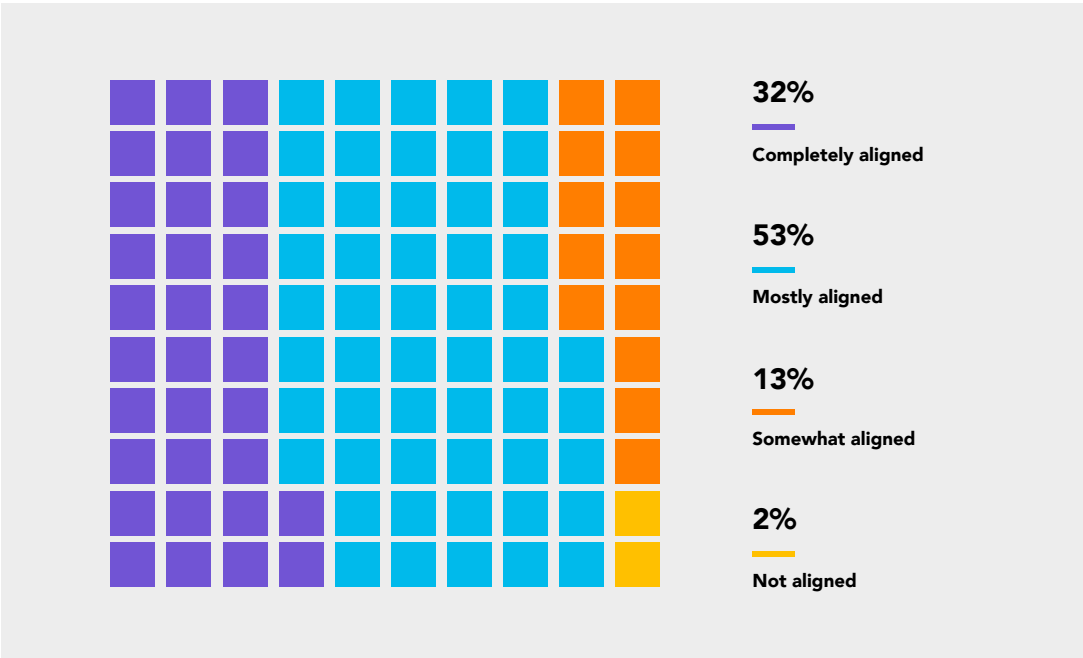
32%

Completely aligned

53%

Mostly aligned

13%

Somewhat aligned

2%

Not aligned

Figure 3: How aligned are the management objectives at your organization with a customer-first approach? (all respondents)

Challenges and opportunities

While all organizations are invested in a customer-first approach to one degree or another, there are challenges to doing so, as evidenced by the fact that relatively few organizations fully align management objectives or profit decisions to the customer-first approach. What causes this lack of alignment? Challenges vary. In the survey, common challenges included department silos, competing priorities and lack of budget (Figure 4).
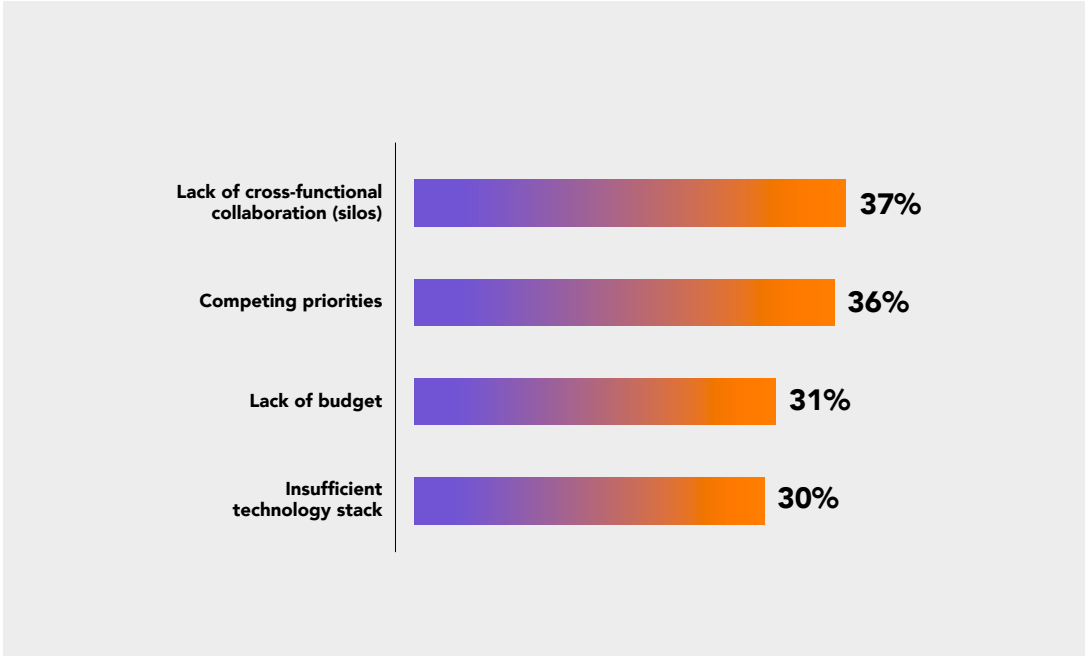

Figure 4: Barriers to implementing a customer-first approach (all respondents)

To deliver exceptional customer experiences, partial alignment isn't enough. For organizations to be truly customer first they must align all decisions with that strategy. The consequences of not executing on a customer-first approach can be disastrous. Survey respondents cite a wealth of factors that can be negatively impacted by a lack of a customer-first approach, including losing customers and sales and incurring greater operational costs (Figure 5).

55%	54%	43%	41%	40%	34%
Loss of customers	Poor customer experiences	Greater expenses	Insufficient processes	Negative sales outcomes	Poor employee experiences

Figure 5: Downsides to not having a customer-first approach (all respondents)

The Employe Experience and CX Outsourcing

If your organization struggles to create great customer experiences, there are several things you can do. One solution is to deploy a Customer Experience as a Service (CXaaS) solution. CXaaS combines outsourced agent services with an engagement tech platform to deliver great customer experiences. With many organizations suffering from competing priorities or insufficient technology stacks, partnering with a vendor for outsourcing CX may solve those challenges. This managed approach lets organizations create a customer-first strategy that aligns to their management decisions and business goals by outsourcing to a third party with the contact center expertise — both live agents and AI-enabled technology — to deliver those experiences.

Outsourcing customer service is one way to ensure more alignment between decisions and strategy. Nearly 4 in 10 organizations already outsource some or all of their CX operation, while more are considering the option (Figure 6).

Focusing on the employee experience is another way to improve CX. The link between employee experience and customer experience is well documented, and by improving one, organizations can make progress on the other. After all, happy agents = happy customers. By improving your agents' lives with better, AI-enabled technology, you free them from low-level tasks and give them more meaningful work as well as the tools to more easily handle it.

The desire to improve the employee experience also makes the case for Diversity, Equity & Inclusion (DEI) initiatives and goals. Although they may not seem connected at first glance, by focusing on DEI organizations boost employee morale, open new markets and create more opportunities to connect with customers.
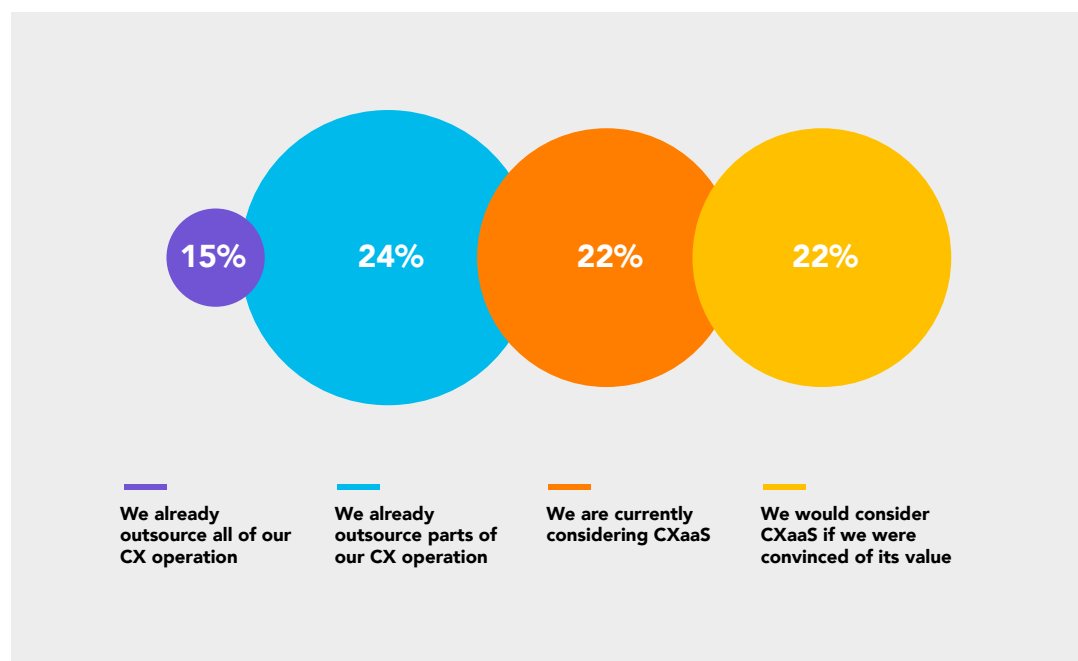

15%	24%	22%	22%
— We already outsource all of our CX operation	— We already outsource parts of our CX operation	— We are currently considering CXaaS	— We would consider CXaaS if we were convinced of its value

Figure 6: Has your organization considered using outsourced CX technology and agent services (CXaaS)? (all respondents)

Thankfully, many companies see the value in DEI and have initiatives and goals in place. Many survey respondents expect DEI initiatives to improve the customer experience by nurturing empathy in employees, giving organizations greater ability to personalize communications and driving innovation among teams (Figure 7).

Greater empathy for customers
59%

More energized, committed, team-oriented agent workforce
58%

Greater ability to personalize communications
54%

Greater internal innovation
34%

Figure 7: How do you expect greater DEI will impact CX? (all respondents)

One of the biggest things your organization can do to improve the customer experience is to delegate CX responsibility to a single person or team. This will be discussed in greater detail in the next section.

Takeaways: Organizations should execute more fully on their customer-first strategies. Only a third of respondents always align customer-first decisions with either profit decisions or management objectives. There's too much at stake not to have a customer-first strategy. Not having a customer-first approach can have a number of downsides that directly and indirectly affect the bottom line — including losing sales or customers. It takes happy customers and purposeful DEI initiatives to produce happy agents. If the customer is going to be front and center of everything the organization does, then that commitment needs to be total.

Options and Opportunities Surrounding CX Ownership

The CX profession is evolving faster, with greater business impact than ever — especially when a single person or team owns the CX function. Organizations with a single person or team overseeing CX achieve more than organizations with cross-functional CX responsibility.

Organizations face plenty of challenges with trying to overcome barriers and becoming more committed to being customer first. A first step is to clearly define ownership of the CX function. Where does the buck stop and who owns the customer experience? While many different departments affect CX, how an organization approaches CX (and assigns responsibility) and what outcomes they can expect from their efforts varies greatly whether CX responsibility rests with one person or several.

Who owns CX?

In both 2021 and 2022 we asked the question: "Who owns CX at your organization?" CX responsibility is often attributed one of two ways. At 40% of organizations, CX responsibility rests with either a single person or team — these are the **centralized CX organizations**. Meanwhile, at 51% of respondent organizations, CX responsibility is cross-functional and is spread across several different departments — these are the **distributed CX organizations** (Figure 8). Only 8% report that CX responsibility is either decentralized, ad hoc or not a priority, cementing our position that CX is too important for responsibility to be ignored or only improved as needed.

Ownership	2021	2022
Single person / team	43%	40%
CX responsibility is spread across several functions	51%	51%
No one; CX responsibility is decentralized or ad hoc	5%	8%
No one; we aren't focused on CX	1%	1%

Figure 8: Who owns CX? (all respondents)

Although they are found everywhere, distributed CX teams are more likely to be in place at larger organizations. In the survey, 52% of distributed CX teams came from organizations with more than 5,000 employees, compared to 31% of large organizations with centralized CX teams. This could be due to larger organizations' internal complexity, combined with more stakeholders needed for CX, as well as the need for cross-functional responsibility to ensure the right CX happens in the right line of business.

There's a major difference in organizational commitment to CX depending on if the function is centralized or distributed. Centralized CX teams (85%) are more likely than their distributed counterparts (68%) to identify as being fully committed to a customer-first strategy, which is proven to lead to success.

This raises an interesting question: Do organizations centralize their CX operations because they're fully committed to being customer first? Or are they fully committed to being customer first because they have a centralized CX function? Given what we're seeing in the data around centralized CX organizations, it's more likely that the commitment leads to CX centralization, which drives a customer-first approach.
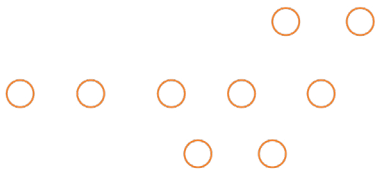
One role to rule them all

One way organizations can effectively consolidate CX responsibility is through role delegation, particularly around a Chief Customer Officer role (or something similar). By placing responsibility for CX in the hands of an executive who has a high-level view across multiple departments or lines of business, organizations can be better positioned to improve the customer experience across the board. It is possible to have a CCO in a cross-functional arrangement; it just means that the CCO must share CX responsibility with other stakeholders and departments.

At organizations with centralized CX teams, 86% have the equivalent of a CCO role, compared to 64% of organizations with distributed CX teams. These numbers are the same for the differences in teams who are fully committed to CX, which again begs the question: are teams more fully committed because they have a CCO, or do they have a CCO because they're fully committed? We believe the former is true: having a CCO isn't a requirement for your organization to be fully committed to CX. But it helps.

Q: What change would most improve CX at your organization?

Taking it and making a separate department so that every group has the same values.

Have it be a separate department with a built-out team. Today, we are two people as a part of our retail/customer-facing team.

— **survey respondents at organizations with distributed CX teams, open comments**

CX evolution

The events of the past two years are partially responsible for the increasing speed at which the role of the CX leader has evolved. As customer behaviors change, organizations must become more customer-focused — particularly if they hope to align their customer-first strategy with business objectives. To demonstrate the impact of CX, leaders must become more data driven and technology enabled. And of course, CX leaders must become more collaborative to mitigate the challenges of organizational silos.

Perhaps unsurprisingly, the role of the CX leader has evolved more for centralized teams than their distributed counterparts. At organizations where a single person/team is responsible for CX, those organizations are more likely to say their CX leadership is more customer focused, data driven and even transactional (Figure 9). To stay ahead of changing customer behaviors and be better able to align decisions and outcomes to a customer-first strategy, CX leaders will need to bring this focus on data, technology and collaboration to the CX function. By being more technology enabled and data driven, CX leaders will be better positioned to prove the impact of their efforts to other senior leaders.
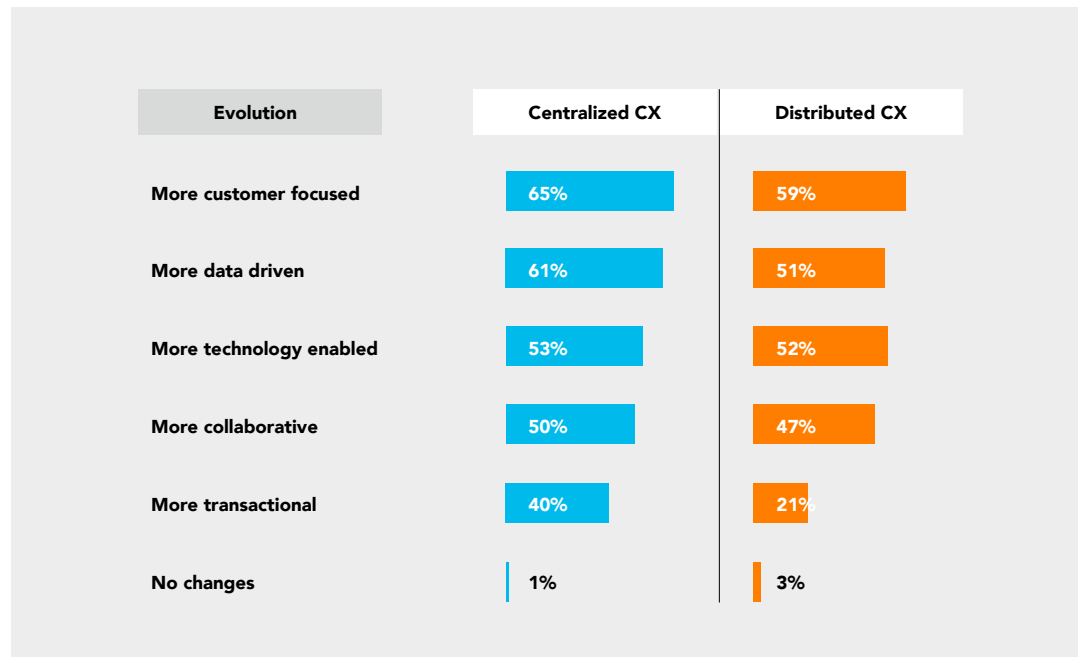
Evolution	Centralized CX	Distributed CX
More customer focused	65%	59%
More data driven	61%	51%
More technology enabled	53%	52%
More collaborative	50%	47%
More transactional	40%	21%
No changes	1%	3%

Figure 9: How has your CX leader role evolved in the past few years? (by CX responsibility)

Exploring the impact centralized teams have on CX

There are other big differences in approaches, challenges and outcomes between centralized and distributed CX organizations. Generally, centralized CX teams are more committed to CX and take advantage of KPIs used to demonstrate CX impact than their distributed CX counterparts.

One thing to note is that centralized CX teams are more challenged with breaking through silos than their distributed counterparts. Given that centralized teams own CX, they are more likely to have a high-level view of all the areas that affect CX while at the same time realizing they don't actually have control over other departments or teams. On the other hand, distributed leaders know they have to work cooperatively across functions and thus aren't as concerned with working cross functionally (or see it as any great challenge).

Specifically, when we compared the opinions of centralized CX teams to those of distributed CX teams, we found that centralized teams are more likely to report the following:
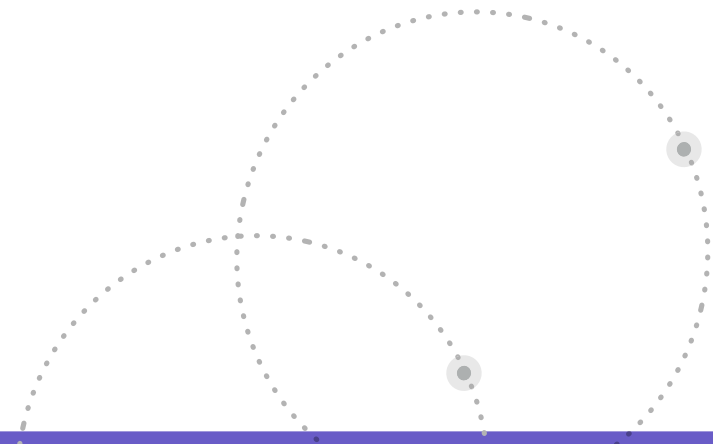
• Be fully committed to a customer-first approach
• Use more KPIs to improve CX
• Align goals to organizational objectives
• Have efforts that impact CX "a great deal"

One of the advantages to having a single person or team be responsible for CX is their ability to focus on the

customer experience and fully commit to its improvement. This is one of the reasons why 85% of centralized CX teams say that their organization is fully committed to a customer-first approach, compared to 68% of distributed CX teams.

When filtering the data by CX responsibility, we see differences in how different teams use KPIs to assess the customer experience. Generally, the most popular KPI in place is customer satisfaction (CSAT) — three-quarters of all organizations use this metric and there is no difference in use between centralized and distributed CX teams.

But digging deeper into the data yields some interesting differences between teams and KPI adoption. When assessing the customer experience, centralized and distributed teams use CSAT and NPS at similar rates, although centralized CX teams are more likely to use a number of other KPIs, such as customer effort score, acquisition cost or upsell rate (Figure 10).
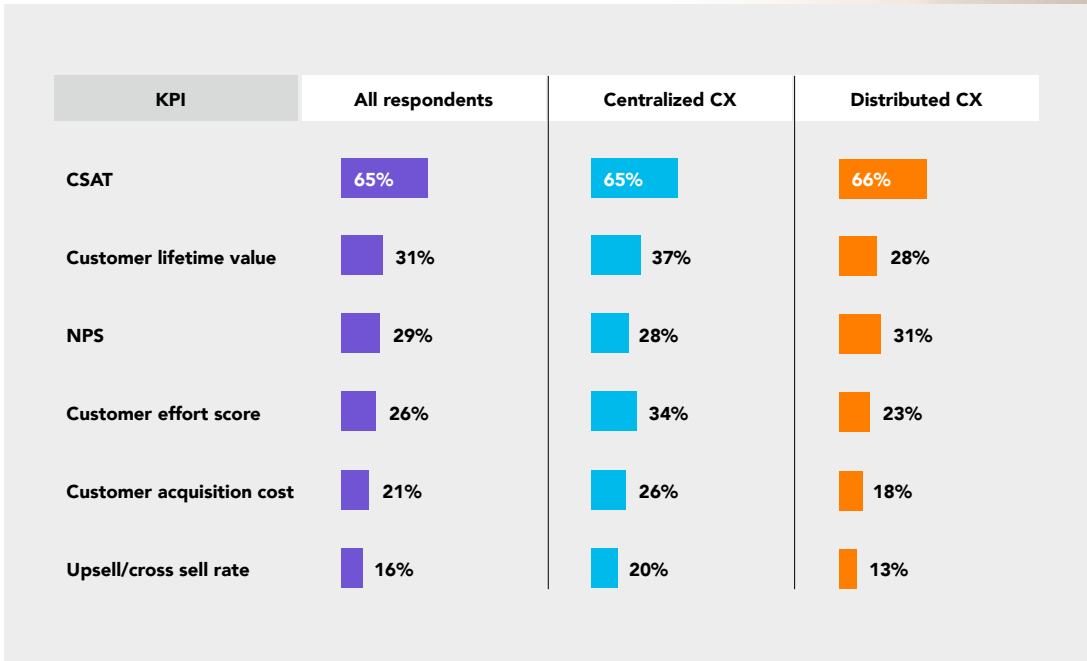
KPI	All respondents	Centralized CX	Distributed CX
CSAT	65%	65%	66%
Customer lifetime value	31%	37%	28%
NPS	29%	28%	31%
Customer effort score	26%	34%	23%
Customer acquisition cost	21%	26%	18%
Upsell/cross sell rate	16%	20%	13%

Figure 10: KPIs used to assess the customer experience (by CX responsibility)

Do KPIs help? Evidence suggests that they do — measuring more metrics is one way organizations can get a more holistic view of the customer experience to determine where their initiatives are having impact. The majority of respondents (59%) say the KPIs they use help them to improve the customer experience. But once again, there is a stark difference between teams. For centralized CX teams, 77% say their KPIs help them improve the customer experience, compared to just 50% of distributed CX teams. This might be due to centralized CX teams' clarity of purpose — with their direct knowledge and insight into the KPIs they use they're more easily able to see the impact KPIs have on the customer experience.

When teams talk about their work impacting CX, what do they mean? CX initiatives can impact a number of different areas. In the survey, we asked about three specific areas: customer satisfaction, company growth/profitability and NPS. These areas of the customer experience can directly affect business outcomes and an organization's bottom line. And once again, how CX responsibility is structured affects whether or not our respondents say their work has a great deal of impact on CX (Figure 11).
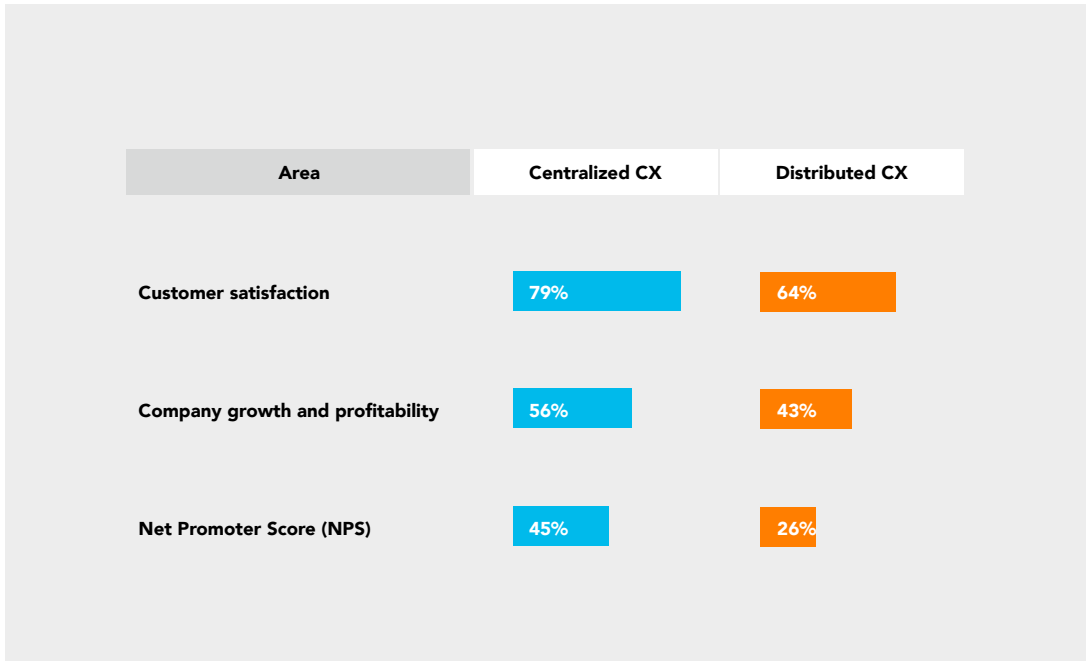
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Area	Centralized CX	Distributed CX
Customer satisfaction	79%	64%
Company growth and profitability	56%	43%
Net Promoter Score (NPS)	45%	26%

Figure 11: Where CX work has a great deal of impact (by CX responsibility)

Organizations need more and better metrics to correlate CX with business outcomes.

Meeting and mitigating challenges

As the CX profession evolves, challenges appear to be getting entrenched — especially money-related challenges (lack of budget or tech stack, for example). It's stark how challenges vary depending on CX ownership.

Improving the customer experience is not a one-and done process — and there's no magic formula that will make all challenges go away. While centralized CX teams are doing more than their distributed counterparts to track and assess CX, they also suffer from the particular challenges and roadblocks. If your organization moves forward with a centralized CX model, you should be aware of the challenges you'll likely face.

Centralized CX teams are more likely than their distributed CX counterparts to report the following:

- They confront organizational CX silos, which hinder CX improvement
- They have a hard time implementing CX projects enterprise-wide
- it is "extremely" difficult to assess how CX affects business outcomes

Silos remain one of the biggest hindrances to improving CX at many organizations — especially those with centralized CX teams, since the functions they must interact with are likely siloed. These siloed groups are accountable to CX but likely not fully empowered to provide input or make decisions or, significantly, to request budget specifically for CX initiatives.

While centralized and distributed CX teams are both likely to identify silos as a barrier to implementing a customer-first approach, centralized CX teams are more likely to call their CX functions very siloed, as well as calling out silos as a major hindrance to improving CX (Figure 12).
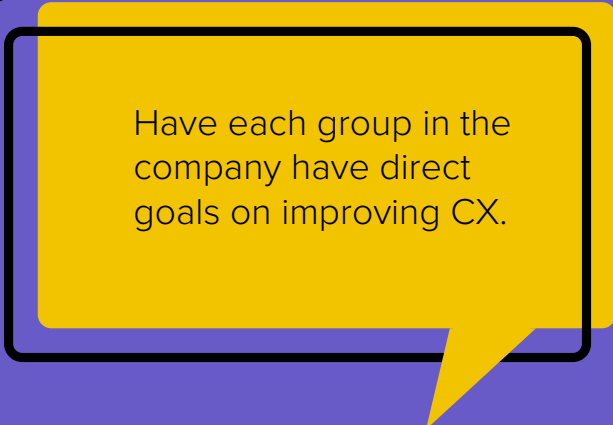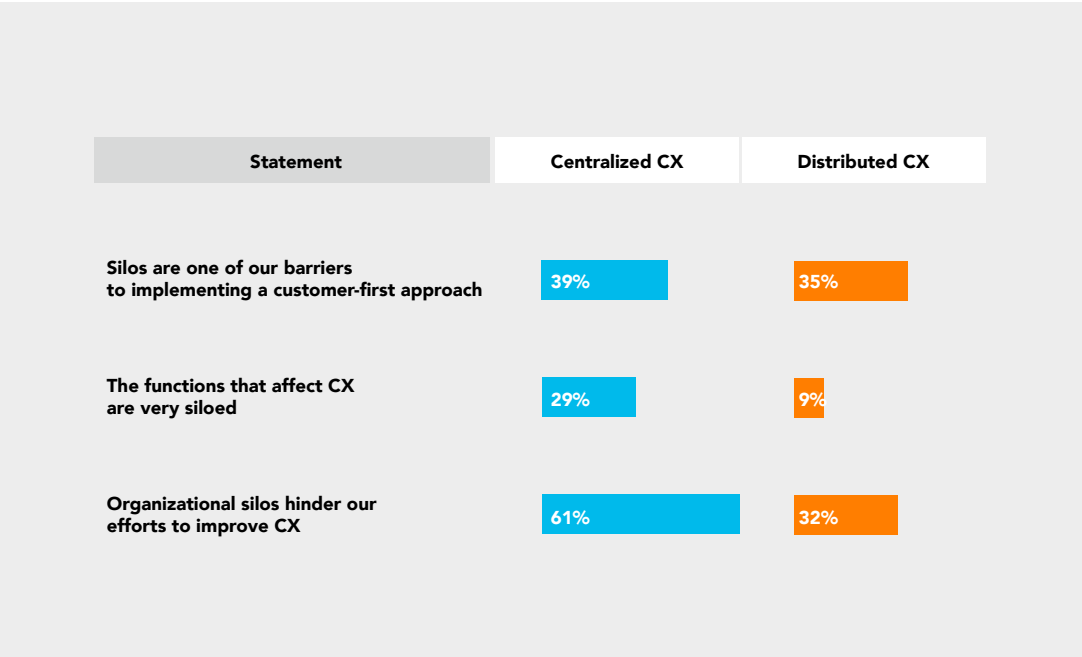
Statement	Centralized CX	Distributed CX
Silos are one of our barriers to implementing a customer-first approach	39%	35%
The functions that affect CX are very siloed	29%	9%
Organizational silos hinder our efforts to improve CX	61%	32%

Figure 12: The trouble with silos

Possibly due to their battles with silos, centralized CX teams report having a harder time than distributed CX teams implementing CX projects enterprise-wide (44% to 32%). Centralized CX teams also struggle with identifying how CX contributes to organizational outcomes and success more so than distributed CX teams. While only 9% of distributed CX teams find making the connection between CX and outcomes "extremely difficult," 18% of centralized CX teams say the same thing.
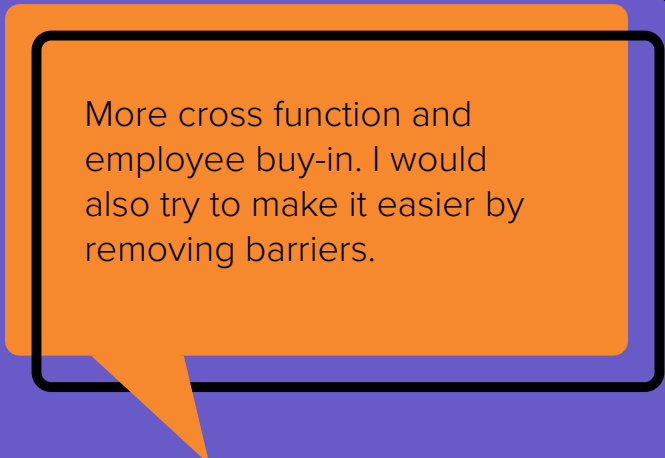
Organizational silos aren't a new problem, but they are a persistent and pervasive one. Your centralized CX team should know that breaking through silos will likely be one of their biggest challenges in their efforts to improve the customer experience. CX leaders need to be prepared to work cross-functionally and involve as many people as possible in CX efforts. After all, given its impact on the bottom line the customer experience should be everyone's responsibility.

Takeaways: Tracking KPIs and using them to make decisions and assess the impact of initiatives leads to better CX: In keeping in step with CX's data-driven focus, an ever-increasing majority of CX leaders are using KPIs — and the majority of them say that CX work has a great deal of impact on moving the needle on KPIs. Centralizing your CX can have a huge effect on the impact your CX work has — centralized CX teams are more likely than their distributed counterparts to note the impact their CX work has on customer satisfaction and profitability.

Q: **What change would most improve CX at your organization?**

Have each group in the company have direct goals on improving CX.

More cross function and employee buy-in. I would also try to make it easier by removing barriers.

— survey respondents at organizations with distributed CX teams, open comments

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Q: **What change would most improve CX at your organization?**

A unified, organization-wide initiative to promote customer experience on all levels and a dedicated point of contact with experience in every line of business.

— survey respondents at organizations with distributed CX teams, open comments

Conclusion

Because customer journeys are changing rapidly, the CX profession is evolving ever faster. CX professionals say that things are changing more than ever — especially when it comes to becoming more data driven and using more metrics and KPI to evaluate the customer experience. Organizations have made plenty of progress in their commitment to customer service, but there is always more to do.

These days, CX-focused organizations are more data driven than ever before, while trying to remain human-centered at the same time. Although their initiatives are having a positive impact on CX, organizations are still battling barriers and challenges, particularly around organizational silos. Many find it difficult to measure the impact CX has on business outcomes.

Outsourcing CX is one way to address these challenges, as is aligning management and profit decisions to a customer-first strategy. Perhaps the biggest way to improve CX outcomes is to consolidate CX responsibility to a single person or team.

Although they may face continued silo challenges, centralized CX organizations have an easier time making the case for CX to senior leaders.

Improving CX is everyone's job. While centralized leadership is key to improving CX, to truly make a business impact, each function and department needs to have someone accountable and responsible for CX — up to the CX leader and across their team. In 2021 we saw that the greatest differentiator for CX improvements was having a single person or team responsible for the CX function. This still holds true today. Having a CCO isn't a requirement, but it definitely helps.

The customer experience has a direct impact on the bottom line, and the absence of a customer-first approach can lead to unhappy customers and lost sales. By centralizing responsibility and aligning both profit goals and management decisions to a customer-first strategy, organizations will be better prepared to handle changing customer buying trends.

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Appendix I

Methodology

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The *2022 CX Leader of the Future* survey was conducted between March and April 2022. Data was collected anonymously to preserve confidentiality and all answers were required. The survey targeted the following groups: C-suite executives, VPs, Directors and managers responsible for customer service, online sales or customer experience, who work in North America at organizations with more than a thousand employees. Survey respondents were required to work in the following industry verticals to participate: education, financial services, health care, insurance, retail and eCommerce, telecom, technology, travel and hospitality or utilities.
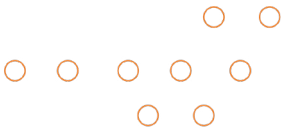
Appendix II

Demographics in full

Survey name
2022 CX Leader of the Future

Survey dates
March-April 2022

Organization size
1,000-2,499: 25%
2,500-4,999: 29%
5,000-9,999: 19%
More than 10,000: 27%

Top respondent industries
Technology: 23%
Financial Services: 20%
Health care: 16%
Retail and eCommerce: 15%
Education: 9%
Insurance: 5%
*Telecom, Travel and hospitality
and utilities make up less than 5% of
respondents.*

Respondent level
*67% of respondents are at or
above Director level.*

Respondent functional responsibility
Customer Support: 43%
Customer Success: 42%
IT: 38%
Operations: 28%
Digital Experience: 20%
Marketing: 17%
Call Center Operations: 14%
eCommerce: 13%
Other: 3%

Numbers may not total 100% due to rounding.

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