

# To drive the experience economy, chief experience officers are needed, but many are still defining their positions.

In the two decades since we wrote The Experience Economy (Harvard Business School Press, 1999), interest has exploded in going beyond providing goods and services to staging experiences: memorable events that engage each individual in an inherently personal way. Executives and managers in enterprises of all stripes—for-profit businesses, nonprofit charities, tourism bureaus, ad agencies, healthcare systems, colleges and universities, political campaigns, government entities, and even churches—have embraced this distinct economic offering as the means of differentiation.

But for most goods manufacturers and service providers that seek to shift into the experience economy, experience staging is still uncharted territory. Even those who have always been experience stagers—sports teams, concert venues, theaters, museums, theme parks, game makers, and many hotels, restaurants, and retailers—have gained a newfound vocabulary and set of tools for what they do, but experience staging still remains more art than science.

That's why thousands of companies across the economic landscape have created the position of chief experience officer, or CXO. And while CEOs do not know what this new C-suite title is exactly, they increasingly know they have to have one. They then fill the position with people of varying backgrounds (outside of financial) and ask their CXOs to get a handle on this new "experience thing." Newly appointed CXOs sometimes don't know themselves what they're supposed to do, and often the position is seen as the answer to every new question. The natural result? A loss of focus, effectiveness, and business success—with precious little improvement in experience staging.

## "CXOs must work to turn mundane interactions into engaging encounters so that customers cannot help but remember them."

For both CEOs and the CXOs they hire to get the most out of this still-fresh title, they need to first understand what the position is not about, and then embrace what being a CXO should be in order to use the position to transform the company and its customer relationships, its operations, and its economic offerings.

#### WHAT BEING A CXO IS NOT

One of the major movements in business since the publication of *The Experience Economy* has been the focus on so-called customer experience management. CX, as it is generally known, concentrates on making interactions nice, easy, and convenient. These qualities are all well and good, and some CXOs might be focusing on them, but they are not actually attributes of a distinctive experience; they merely comprise good service.

Look at the primary economic distinctions between services and experiences. First, services are intangible—having little or no materiality (as tangible goods do)—while experiences are memorable. If you do not create a memory, then you have not offered a distinctive experience. And while being "nice" is, well, nice, it's rarely memorable. Instead of just being nice, CXOs must work to turn mundane interactions into engaging encounters so that customers cannot help but remember them—and tell others about the experiences they had.

Second, services are customized—done for an individual customer—while experiences are inherently personal. If you do not reach inside of people and engage their hearts and/ or minds, then you have not offered a distinctive experience. Designing processes to be "easy" often gets in the way of making them personal, as companies then tend to make them routine for the benefit of workers. CXOs must instead always keep the company centered on the actual, living, breathing person in front of its employees.

Third, services are delivered on demand—when the customer says this is what he wants—while experiences are revealed over a duration of time. If you do not let your experience unfold dramatically over the course of your interactions in a way that goes beyond the predictable, then you have not offered a distinctive experience. (That's why services are delivered while experiences are staged!) Striving to be "convenient" drains the interaction of all drama, so CXOs must instead seek to choreograph the sequence of interactions in a way that embraces dramatic structure, rising to a climax and then bringing customers back down again in a personal and memorable way.

The best way to summarize these distinctions between consuming services—even excellent ones properly

enhanced through a "customer experience" program and encountering experiences is through this concept of time. Making things nice, easy, and convenient results in customers spending less time with you, and less money as well. Think of it as time well saved, and as a route to commoditization. And that's exactly what people want from services, so they can spend more of their hardearned money and their harder-earned time on memorable, personal, and dramatic experiences that truly engage.

Nice, easy, and convenient only ever yield incremental service improvement. So as strange as it may sound, CXOs should not focus on CX—unless they want to rename the position chief service officer—but rather on those endeavors that will yield memorable, personal experiences that customers view as time well spent.

#### THE ROLES OF A CXO



Kevin Dulle, The thINKing Canvas

But on what then is the CXO to focus? What should the position's portfolio be? And what roles should the person who fills this position take on within the company, so that it can go beyond commoditized goods and services to staging engaging experiences?

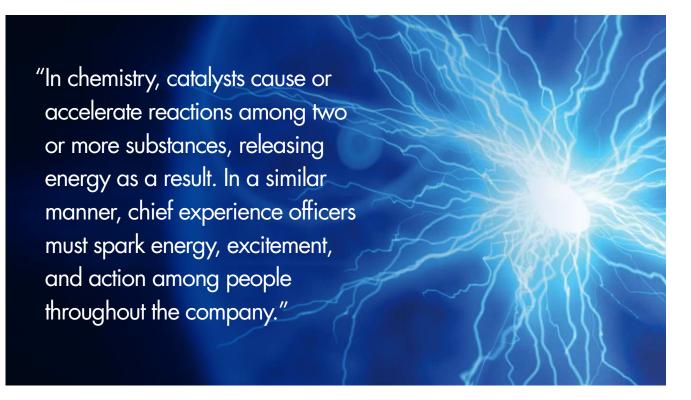
Based on our work

with hundreds of experience stagers and scores of CXOs, there are four key objects on which every chief experience officer must center his or her time and attention: internally on the company and its operations, and then externally on customers and the offerings they value.

As seen in the figure "Roles of the CXO," the two spectrums defined by the company and customers on the one hand and operations and offerings on the other demarcate the four roles CXOs must inhabit to successfully lead their companies into the Experience Economy: Catalyst, Designer, Orchestrator, and Champion.

#### THE CATALYST

In chemistry, catalysts cause or accelerate reactions among two or more substances, releasing energy as a result. In a similar manner, chief experience officers must spark energy, excitement, and action among people throughout the company—people who rarely report directly through to



the position—so that operations can reorganize itself around experience staging on top of (or even rather than) the mere manufacturing of goods or delivering of services.

In their role as Catalyst, CXOs must engage, enliven, and energize the organization to embrace experience staging. They generally are not themselves the doers in the company, with huge staffs and direct responsibilities. Rather, CXOs work indirectly throughout the organization.

As Mark Greiner, CXO of Steelcase, put it to us, "Everyone thinks about their role and the work they do in a different light, or through a different lens." To make that happen, Greiner equips scores of Steelcase employees with the tools of experience staging by, among other things, personally co-leading Experience Economy Expert Certification courses for product managers, marketers, and designers throughout the company, which produces office furniture, architectural, and technology products for office environments and the education, healthcare, and retail industries.

The staffs that CXOs do have serve as internal consultants in the organization, supporting teams in applying experience staging concepts in their areas. They can go further, though, in creating physical resources to spark organizational activity.

Christine Holt, CXO of Holy Redeemer Health System in Huntingdon Valley, Pa., created the in-house Transformation Center, complete with an employee experience place called Spark. Holt sees it as "a place of inspiration and aspiration where people can come to be immersed in an experience," one that exemplifies the principles of experience staging

that employees learn there to, in turn, create experiences for Holy Redeemer patients, family members, residents, and other constituents. "Spark is the embodiment of our culture," she says.

And the job of Catalyst is never done. Sonia Rhodes, who led experience endeavors at Sharp Healthcare in San Diego for more than a decade, instituted a cascading set of catalytic mechanisms to engender and constantly regenerate the company's orientation on an amazing experience for team members, providers, patients, and quests. She established Annual All Team Assembly sessions (in three clusters) for every one of Sharp's 18,000 team members. She extended that flagship employee experience with Quarterly Leadership Immersions for leaders across the enterprise, each one focused on a different aspect of experience staging. And Rhodes recruited and coordinated leaders across the organization, called "Firestarters," who then undertook the responsibility "for keeping the spark of possibility alive and engaging team members at every level in the process."

For her next challenge, Rhodes expanded her purview by creating the Experience Lab and then joining the Advisory Board Company as CXO. She now works with scores of companies to help them catalyze their organizations through the lab's own cascading catalytics: weekly Sparks ("customcurated Experience Design articles, videos, and other inspiring digital content designed to ignite action," as the lab's website attests), monthly Action Kits ("hand-selected books, tools, and unique experience curiosities"), several hands-on Experience Salons, and an annual TED-like event called STIR.

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As these exemplars show, when in the role of Catalyst, CXOs must be a continual spark of activity within the company to direct operations around the experiences it stages, and then keep the forward momentum going through ongoing interactions.

#### THE DESIGNER

In fields as diverse as art and fabrication, designers take raw materials and shape them, artistically and skillfully, into a form that fulfills their intention. Likewise, chief experience officers need to take the raw material of company capabilities and work with the organization to shape them into experience offerings.

In their role as Designer, CXOs must first of all know how to create and stage engaging experiences themselves. When Carnival Corporation wanted to reimagine the cruise experience, CEO Arnold Donald secured John Padgett, the visionary behind Magical Express, FastPass+, and MagicBand at the Walt Disney Company, to be his chief experience and innovation officer.

One of Padgett's first undertakings was to inspire Donald as well as Carnival's brand presidents to see the possibilities of going beyond standard cruise line offerings to staging incomparable experiences. In short order, he create the clandestine Experience Innovation Center (XIC) in Doral, Fla., as a way of engaging the company's leadership in iteration after iteration of what a game-changing cruise experience could be. The end result—announced by Donald in a keynote at the 2017 Consumer Electronics Show in Las Vegas—was the Ocean Medallion, a wearable that identifies every guest and then enables Carnival to essentially morph the cruise experience in real time around each one (as well as that quest's family or companions).

Knowing organizational integration is fundamental to staging innovative experiences, Padgett allied with Jan Swartz, president of Princess Cruise Lines, to become the first Carnival Corporation brand to create the Medallion Class experience shipboard. So now Swartz and her team are working with Padgett and his team at the XIC to make it a reality, with the maiden voyage set for November 2017.

This role is ideally one of co-designing experience offerings something Diane Stover-Hopkins, who has served as CXO of several enterprises (including Beacon Health

System in South Bend, Ind.) always emphasizes. At each company, she made sure to "fuel and shape the design of exceptional experiences" and "walk with those who stage the experience" on the front line, without usurping line authority.

CXOs must use their deep expertise in experience design to help the organization in its own experience offering development. At Holy Redeemer, Holt supports other departments with an Experience Producer Corps of designers, architects, consultants, faculty, experience producers, and talent scouts, and further provides re-imagination and "dreamscaping" services to other departments "so their offerings would be transformed from services and programs into remarkable experiences."

At Steelcase, Greiner is often asked to review new offerings and, more or less, "bless" them as "experiential," but he finds that so many fall short of being distinctive experiences. Greiner then gets into co-design mode, peppering them with possibilities and pushing them to reach their potential until they (not him) are confident the offering will cause the customer to scream "WOW!"

Similarly, Jim Cummings, the CXO of Life Celebration Inc. of North Wales, Pa., works with all the funeral homes that have licensed the company's offering of designing, creating, and shipping mass customized memorial products for end customers. Cummings conceived a celebratory lexicon for its funeral home operators to "transform conversations from functional to experiential" as well as "an entire playbook of 'what if' scenarios" and "intense role-playing exercises" to get worker behavior to match the experiences the company designs individually for each funeral.

When acting in the role of Designer, CXOs must be resources within the company to shape its offerings, in concert with those with direct responsibilities, to meet the requirements for a distinctive experience: memorable, personal, and time well spent.

#### THE ORCHESTRATOR

In music, orchestrators compose or arrange notes, motifs, and themes and align them with instruments, parts, and players to form an audience-pleasing whole. So too must chief experience officers align the various elements of operations to fit into a cohesive whole through a customerpleasing theme.



In their role as Orchestrator, CXOs must "set the tone, tenor, and tempo" of operations to "ensure that everyone is playing from the same score," as Rhodes says.

And Stover-Hopkins, who like Rhodes now teaches other CXOs what she herself learned in the position, says CXOs "must take pertinent information from customer research findings, staff engagement data, competitor strengths and weaknesses, and operational limitations to synthesize all the facts and conditions to properly frame customer experience pursuits" for those in operations.

Steelcase's Greiner agrees, but notes that orchestrating all the elements of an experience into one cohesive whole "is very difficult in a large company with silo functions," so he reaches down into operations to "work it from the 'project' level."

Working with the cross-disciplinary project teams enables him "to give the same message to individuals from the various silos" and preach the "importance of alignment." Life Celebration's Cummings even calls himself "the maestro" as he provides direction to individual funeral home operators to align with Life Celebration's theme of "Creating Memorable" Experiences" in the funeral industry.

This makes the office of CXO the "primary source of influence" for the entire organization" around experiences, says Percell Smith, CXO of Trinity Senior Living Communities.

"I became the person who held the center of who we said we were and aspired to be in the organization," upholding its theme of 'My. Best. Life. Now.' throughout the company, Smith says.

Similarly, Sven Gierlinger, CXO of Northwell Health, says he "leads through influence" by, for example, walking with every hospital CEO from the parking lot in to give them the customer's perspective on every facet of operations. He's also positioned 55 "culture leaders" at every physical place and in every function to ensure alignment with Northwell's experience mission.

When functioning as an Orchestrator, CXOs must embrace this concept of theme—the organizing principle for the experience that enables operations to determine what is in the experience and, just as importantly, what is out. It is a well-orchestrated theme that forces an experience to be cohesive, to get operations to align together in a way that creates distinct impressions in the mind of each and every guest.

#### THE CHAMPION

In the social and political arenas, champions fight for a cause they believe in or on behalf of people they believe in. In the arena of today's Experience Economy, chief experience officers must fight for the needs, wants, and desires of customers and make sure that the company's offerings create value on behalf of each individual quest.

In their role as Champion, CXOs must endeavor to truly understand customers and ensure that understanding

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permeates their company's offerings. This often requires CXOs to fight for the diversity in thought and approach that they and other organizational leaders may not possess, so that customer needs may be fully understood.

Marriott International's Chief Customer Experience Officer Adam Malamut sees his charge as "elevating the customer's voice across the global business."

Stover-Hopkins likes to think of this role as a synthesizer, taking pertinent information from and for customers— "combining the bird's-eye view and the worm's-eye view"—and relate it with competitor material and even staff engagement information "to properly frame experience pursuits."

But customers cannot be thought of as part of a market, segment, or even niche; CXOs must get down to the individual level, because experiences happen inside of people, in reaction to what is being staged for them.

That's why the Ocean Medallion Class at Carnival offers an amazing, customized experience for every single cruisegoer, no matter the ship or the brand. Padgett sees his role here as one of "holistically reconstructing the enterprise with the customer at the center." In concert with creating a digital concierge for guests, called the Ocean Compass, Padgett's team—led by his longtime development partner, Michael Jungen, senior VP, experience design and technology created the Crew Compass that the company provides to every crewmember.

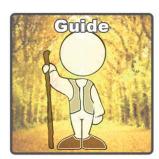
It not only identifies individual quests, but based on context recognizes the market within the guest at this point in time, knowing, for example, that a particular quest's favorite drink on the pool deck with his kids is an iced tea with no lemon; in the bar with his buddies it's a mojito; and in the fine restaurant with his wife it's a glass of Shiraz. The offering is truly customer-centric, effectively championing every single guest in the eyes of the crew fulfilling the experience.

This applies in the marketing of the enterprise's offerings too. At Steelcase, when Greiner worked with a team on the launch planning for a new healthcare product, the initial plan was to send a sample out to all dealers—the same thing the company has always done. He instead got Steelcase to spend its entire budget on the 20 individual dealers who made up 80% of the company's healthcare sales—and not by just sending out a sample but by making them feel special via experiencing the offering itself. According to Greiner, "And it worked!"

Such events are marketing experiences—actual experiences that do the job of marketing by generating demand for a company's offerings. Padgett did that at Carnival's announcement at the Consumer Electronics Show, not only creating a great keynote experience but also a huge exhibit for people (press included) to experience the offering for themselves.

When performing as Champion, CXOs must accept this dual task, one where CXOs not only fight for individual customers but battle on behalf of the enterprise's offerings. They must keep in balance the experience value required by customers with the economic value required by the business.

### GUIDING ENTERPRISE TRANSFORMATION



The four roles of the chief experience officer—Catalyst, Designer, Orchestrator, and Champion—come together into one unified whole. And from that recognition comes the fifth role of the CXO: that of Guide. To make a manufacturer or service Kevin Dulle, The thINKing Canvas provider a true stager of experiences—even an

organization such as Carnival, which already seeks new experience innovations to stand head and shoulders above its competition—requires a transformation of the enterprise.

In mountain climbing and other outdoor endeavors, guides equip, accompany, and propel a party to its destination. In the same way, CXOs have to propel their enterprises into becoming premier experience stagers with the ongoing ability to regenerate new and wondrous economic offerings—which include the goods and services atop which experiences must be staged.

And when that happens, the position of chief experience officer will have achieved its purpose of inculcating experience staging into the very fiber of the enterprise.  $\square$ 

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