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Just What Is a Chief Customer Officer, and Do I Need One?

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By Karen Schwartz

CCOs Drive Customer Acquisitions, Retention, Service and Relationships

Traditionally, critical functions within a company are led by C-level executives—IT by the CIO, finance by the CFO, security by the CSO, strategy by the CEO, etc. What's missing from a lot of companies, though, is a C-level executive accountable for the company's most important asset—its customers.

The idea of a Chief Customer Officer (CCO) has been growing slowly but steadily over the past decade. Only a handful had the role and title of CCO five years ago, including forward-thinking Monster.com, Sun Microsystems and Cisco Systems.

But the idea has merit, and it's growing in recognition of that fact. Today, there are thousands of CCOs at both small and large companies. Although they don't all have exactly the same responsibilities (and CCOs at smaller companies may wear multiple hats), they tend to focus on customer acquisitions, customer retention, customer service and customer relationships.

Curtis N. Bingham, who has made it his mission to spread the word about the benefits of having a CCO, says that without someone uniquely accountable for driving the customer perspective throughout the organization, companies will falter and take a back seat to more customer centric competitors. CRM systems definitely help manage the customer relationship, but they are often more about transactions and number-crunching and less about people. CCOs fill that gap; they spend their time and energy figuring out who the company's customers are, which ones are most profitable, and which are most valuable to the company in the long term. They also determine what customers need and want, and what they are willing to pay in order to achieve their objectives.

In general, CCOs are tasked with owning the customer experience—driving profitable customer behavior by focusing on loyalty, satisfaction and retention; creating a corporate culture where the customer is king; and to shape corporate strategy where customers are concerned. At the same time, the CCO is focused on growing customer share, the customer base and increasing profitability.

But does it have to be a C-level executive position? Why can't it be a vice president role instead of a C-level role? Because customers are what drives the business. By making it a C-level role, you're showing your customers and employees just how important the customer is.

Okay, if it has to be a C-level function, why can't the Chief Marketing Officer (CMO) take on this role? That's a legitimate question, but Bingham (also president of Predictive Consulting Group) has a good answer: Most CMOs are so focused on external communications (marketing and sales) and demand generation that they don't spend enough time learning from customers or advocating customer positions.

Here's another issue: Most candidates for Chief Customer Officer have never held that title before. So how do you hire one? Do you promote someone from within? Whichever way you go, make sure your CCO has multi-disciplinary experience with many organizational functions, commands respect as an authority on customers, and has excellent communication skills.

That's not just a job description—it's critical. Bingham's research finds that the average tenure of a CCO is between 24 and 26 months—the lowest of all C-level positions. He attributes that to the importance of sanction from the CEO, the board and peers; without those, he says the CCO will ultimately fail.

So does every company need a CCO? Not every company needs a named CCO (although that helps), but most need the function. There are exceptions, though. Disney World, for example, doesn't need a CCO because the customer is so ingrained in their culture. In effect, every employee has a little CCO in their job description. But Disney World is the exception. If you want to know what your customers want, what they like and dislike, what they are willing to pay and how to propel your company forward, it's definitely worth considering. #

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