

# ACHIEVING TRANSFORMATIONAL CUSTOMER EXPERIENCE

By Edith Hughes



**A core responsibility of government is to deliver value to the public. In performing their missions, federal agencies interact with a wide range of customers to co-create that value, whether through providing essential products and services to individual citizens or through performing administrative, regulatory, and enforcement functions that contribute to the safety, security, and well-being of society.**

People should expect to access these services and engage with the federal government in a way that effectively and efficiently meets their needs. Since the early 1990s, administrations have called for federal agencies to transform their operations to match or exceed the best service available in the private sector.

This focus has led to successful Customer Experience (CX) initiatives in some agencies, resulting in substantial improvements in customer satisfaction and trust scores. Existing federal guidance, however, provides a limited perspective on how federal agencies can transform the entirety of their customers' experience. Going forward, federal leaders will need more support to achieve this transformation.

MITRE, a not-for-profit company that operates federally funded R&D centers (FFRDCs), performs independent research, participates in public-private partnerships, and has been engaged in reviewing agency capabilities and their plans and strategies for transforming them. Through research in CX and firsthand experience in assisting many different federal agencies—with diverse missions, operating environments, and customer expectations—through translating and applying leading private-sector practices to improve their CX environments, we have developed insights and formed recommendations on how agencies, enabled by the Office of Management and Budget (OMB) and Congress, can enhance the customer experience and build public trust in government. This paper provides an overview of those insights and a description of key recommendations.

## Two Decades of Executive and Legislative Actions Drive the CX Focus

A decades-long commitment of executive and legislative actions, spanning administrations and political leadership, resulted in substantial progress in “putting people first” to improve the customer's experience with federal services. Enabled by these key actions, executive agencies have taken the critical first steps in focusing on CX. Agencies are providing an increasing number of services through digital channels, achieving consistency through the application of design and interaction standards. They are using human-centered design practices to identify simple, low-cost

solutions to address significant customer pain points and to modernize their service offerings. Several are piloting emerging technologies, such as artificial intelligent chat bots and improved authentication methods, to enhance customer interactions in digital channels. These efforts are producing the desired outcome: an increase in citizen trust in the federal government, which is critical to the health of a democratic society. The Department of Veterans Affairs, a federal leader in applying customer feedback to improving services, reached an all-time high in their veteran trust score in April 2020.<sup>1</sup>

## Translating Private-Sector CX Practices for the Federal Environment

Throughout this focus on customer experience, the government has called for federal agencies to adopt the principles and practices proven in leading private-sector organizations. Customer experience in the private sector has become a core business discipline—it is a strategic focus, not a set of practices for improving touchpoints and individual interactions. With the advent of the digital economy, companies soon discovered that leveraging emerging technologies to deliver innovative, superior customer experiences became a key competitive differentiator to growing their market share and increasing revenue. Companies that apply a relentless strategic focus on solving their customers' problems emerged as leaders—and they remain leaders through consistent, multi-disciplinary practices that enable them to anticipate and respond effectively to a world of constant, accelerating change.

Federal executives may be skeptical about applying principles and practices from the private sector. They view the public sector environment as having challenges and constraints that are unique from the private sector, such as a stringent budgeting and authorization process, a tougher regulatory environment, the complexity of content and customers' needs, and missions with the competing tensions of service and enforcement. Federal agencies do not have the same private-sector drivers of growing market share and revenue and staying ahead of the competition for improving CX. They do, however, need to concern themselves with meeting their customers'

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## Executive and Legislative Actions on CX

**1993** – Executive Order 12862 called for agencies to establish and report on customer service standards.

**2011** – Executive Order 13571 called for agencies to leverage innovative technologies to reduce costs and accelerate service delivery.

**2018** – The President's Management Agenda established a Cross-Agency Priority Goal to improve customer experience with federal services.

**2018** – Revision of Circular A-11, Section 280 provided guidance and requirements for managing CX and improving service delivery.

**2018** – Connected Government Act requires federal websites to be mobile-friendly.

**2018** – 21<sup>st</sup> Century Integrated Digital Experience Act requires agencies to modernize their websites using standards, digitize their services and forms, and expedite adoption of electronic signatures, and establishes the CIO as responsible for coordinating internal and external CX strategies.

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changing needs and expectations while maintaining operational effectiveness and containing costs—even with enforcement activities. Embedding a focus on CX concepts across the agency will help them meet these objectives.

Federal agencies and the private sector also share a similar fundamental purpose: to deliver value to all their stakeholders—customers, communities, employees, suppliers, and shareholders<sup>2-3</sup>. To maintain the public's trust and confidence, federal agencies need to demonstrate that they are delivering value to their customers and to the public at large while effectively stewarding taxpayers' dollars—even in enforcement activities. Fortunately, successful private-sector companies have proven the effectiveness of several principles and practices that federal agencies can apply—with a little contextual tweaking. The following principles are what enable leading private organizations to address these challenges and sustain exceptional customer experience:

### ***A Focus on Delivering Customer Value***

Leading private-sector organizations translate “improving CX” as improving all aspects of how they deliver products, services, and experiences—or value—to customers.<sup>4-5</sup>

They define their customers as all stakeholders who contribute to the value-delivery system: purchasers of products and services, partners and suppliers, and the community.<sup>6</sup> Private-sector organizations ground their understanding of what customers value through rigorous customer research. They measure and monitor CX in terms of the organization’s overall performance in delivering value.<sup>7</sup>

### ***Holistic System Perspective***

Leading private-sector organizations take a system-level, end-to-end, top-to-bottom view of how they deliver value to the customer. This system perspective encompasses the touchpoints and service-delivery channels and all the back-end systems, processes, policies, and people who contribute to the service-delivery environment.

### ***Collaboration and Integration Across the Enterprise***

Improving CX requires the effective collaboration and integration of multiple disciplines, at all levels and across all functions. These disciplines include human-centered design, Lean/Agile, system thinking, engineering, data analytics, and applying the scientific method. CX leaders in leading private-sector organizations work horizontally to align and unite executives to instill a customer-focused mindset throughout their operations.

### ***Requiring Data-Driven/Evidence-Based Decisions***

Leading organizations use near-real-time data and evidence from multiple sources to monitor and measure performance, understand and quantify root problems, validate assumptions, and proactively respond to changes in the environment and in customer needs and behaviors.

### ***Strategies to Become Both “Digital” and “Digitized”***

Leading private-sector organizations are both digital—effectively adopting and integrating emerging technologies to improve delivery of customer value—and digitized, standardizing and automating core processes to provide scale and efficiency in their operations.<sup>8</sup> Achieving both states requires a strong, collaborative partnership between business and IT, enabled through shared digital acumen of how to leverage technology to deliver customer value.

## **Federal CX Leaders Need Help to Address Their Constraints**

Federal CX practitioners need additional help to achieve transformational CX. MITRE’s analysis of structured feedback from CX leaders from 14 High-Impact Service Provider (HISP) agencies obtained during an April 2019 workshop on CX and of the HISP FY20 CX Annual Action Plans identified the following challenges that federal CX leaders share in their efforts to improve CX in their agencies:

### ***Leadership Understanding and Buy-in for Cx***

Executives and leaders often view CX as “add-on” work that is not core to the mission. Executives often equate customer experience to customer service, resulting on a focus in improving customer touchpoints and digital channels, instead of taking a system-level perspective to understanding and responding to customers’ changing needs and expectations. Agencies often lack a shared vision to guide collaborative prioritization and decision-making. Even agencies who have established Chief Customer Experience Officer positions have not granted those positions with the scope and authorities to work horizontally to embed a customer-centric perspective into the strategic planning and governance decision-making processes.

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## **Constraints Cited in HISP FY20 Annual Action Plans**

- 19** cited technology constraints, with 10 identifying delays in modernizing legacy systems
  - 12** identified a lack of CX skills and capabilities
  - 8** reported competing priorities or lack of allocated resources
  - 8** identified the lengthy PRA review process as a constraint
  - 5** identified the complexity of the CX/SD environment in terms of the processes, content, and diverse customer needs
  - 3** identified organization and culture constraints, citing a need for greater agility
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### ***Prioritization of Funding and Resources***

CX leaders and practitioners voiced concern that the decision-making process for allocating funding and resources does not formally factor in customer feedback or CX data.

### ***Technology Modernization and Integration***

HISPs also referenced not having the ability to influence IT planning or decisions as a key constraint. Bridging the gap between IT/business silos for planning and prioritizing technology initiatives is a common challenge across the federal government.

### ***Working Across Silos***

Agencies often have multiple CX improvement initiatives in progress, with employees working hard within—but not across—functions and channels to make improvements, resulting in inconsistencies and waste across channels. Traditional hierarchical structures create territorial perspectives and lack the organizational agility needed to respond quickly to changes in customer needs or build upon each other's solutions. Agencies that have created cross-functional teams to work on CX initiatives have faster impact and sustained success. Yet even within those agencies, a cross-functional approach is the exception—applied to specific initiatives—and not the standard practice.

### ***Identifying Measures and Actionable Data that Prove the Value of CX***

CX Leaders sought more specific guidance on how to make customer feedback data actionable—that is, how to analyze voice-of-the-customer data with other data to identify root causes and opportunities for improving CX. They also expressed concern in “liberating” relevant data from organizational silos, especially when service-delivery channels are managed by different organizational units.

To address these constraints, agencies need a framework and guidance that positions CX as a cross-functional, enterprise-wide responsibility that directly impacts the agency's performance in delivering on mission, service, and stewardship objectives. The private-sector principle of focusing on customer value led to combining multiple practices into a value delivery framework that:

- Derives CX measures directly from the agency's mission and service strategic goals and objectives.

- Broadens the scope of CX data to include both prompted and unprompted customer feedback, transactional data, operational data, and employee experience data.
- Maps the CX data from multiple sources to the stages of the customer journey and value streams to create a cross-functional, system-level view into the data.
- Uses an economic model that quantifies and applies customer value and mission value as variables in the strategic governance processes to prioritize initiatives and allocate resources.<sup>9</sup>

This framework positions CX as an enterprise-wide endeavor that requires coordination and integration across all functions. It is therefore the responsibility of all executives. Providing guidance on how to apply this value-delivery framework would help agencies define CX measures as core performance measures, embed the customer perspective into the strategic planning and prioritization process, and provide the actionable data and insights needed to achieve transformational CX

### **Recommendations:**

MITRE makes the following recommendations based on its research in CX and firsthand experience in guiding many different federal agencies—with diverse missions, operating environments, and customer expectations—through translating and applying leading private-sector practices to improve their CX environments. These recommendations would be implemented under the guidance of OMB

#### **1. Define Customer Experience as putting the customer at the center of your leadership, strategy, and operations.**

Federal leaders should make all strategic, investment, and operational decisions based on their ability to deliver value to the customer. This recommendation has two key components: 1) it positions CX as a strategic initiative that is core to mission and spans agency operations, instead of as an add-on function or set of standards within program and project management, and 2) it requires agencies to define

customers more broadly to include any external stakeholder who interacts with the agency to fulfill its mission.

## **2. Establish responsibilities and authorities to ensure a coordinated and integrated approach to improving CX across an agency.**

Under the guidance of the President's Management Council (PMC), and carried forward by the Deputy Secretaries of each agency, drive the CX/SD strategy to ensure its strategic and effective execution across agency functions, and to provide for an agency-wide awareness of its performance in delivering customer value. This strategy and execution plan should involve

- Collaborative strategic planning, governance, and prioritization across executive functions—lines of business, IT, service-delivery channels, HR, and finance—to ensure an integrated approach to customer-focused transformation that is responsive to customer needs and expectations.
- A clear and common vision of the desired future state of CX/SD and a transformation roadmap that integrates technical and non-technical initiatives to move toward that vision.
- A shared, agency-wide understanding of what customers value, by customer type and segment, validated through customer research and analytic rigor.
- A system-level perspective on the agency's performance and progress in improving the CX/SD environment.
- A cross-functional senior executive review at a regular cadence to assess measures and indicators of the agency's progress in delivering value to customers.

## **3. Enhance the use of performance metrics to further CX performance.**

Agencies need to take the following actions to position CX measures as core agency performance measures:

- Define CX measures as core measures of delivering on customer and mission value.
- Expand the scope of their CX data collection and analysis.
- Embed CX variables into the strategic prioritization and allocation processes.
- Adopt practices for shared executive accountability in improving CX performance.

## **4. Develop a Digital Transformation strategy that aligns to delivering customer value.**

Federal agencies need to develop digital transformation strategies that span the enterprise architecture and target improving customer experience and operational efficiencies simultaneously. Developing and implementing these strategies requires a shared digital acumen across executive functions to identify, evaluate, and prioritize a portfolio of technology investments to achieve both goals.

## **5. Develop a government-wide vision and plan.**

While most of the recommendations focus on intra-agency coordination, OMB has an opportunity to develop a vision and plan for improving the customer experience with the government as a whole. The greatest potential for transforming CX is to reimagine how individuals can engage with the government through a seamless, integrated experience to receive services that span multiple agencies and use similar data. We recommend that OMB, through the PMC, apply the same holistic system perspective to explore the structural, policy, organizational, and environmental barriers to, and enablers for, optimizing the customer experience across common mission functions and services.strategy..

## **Sustaining Customer-Centric Transformation**

Achieving a level of customer experience that is comparable to leading private-sector organizations requires transforming how an agency operates to deliver value. Substantial, measurable improvement in CX requires collaboration and coordination across the full CX/SD environment—that is, across all levels and functions of an enterprise. Federal agencies need to take action to

frame ongoing CX transformation as an enterprise-wide endeavor. Now is the time to build on and strengthen the foundation laid by providing more tactical guidance for translating private-sector principles and practices necessary to achieve the customer-focused transformation of government operations.

For more information about this paper or the Center for Data-Driven Policy, contact us at [policy@mitre.org](mailto:policy@mitre.org)

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<sup>1</sup>U.S. Department of Veterans Affairs. (June 5, 2020). Veteran trust in VA reaches all-time high. Available at <https://www.va.gov/opa/pressrel/pressrelease.cfm?id=5464/>.

<sup>2</sup>Business Roundtable. (August 19, 2019). Business Roundtable redefines the purpose of a corporation to promote 'an economy that serves all Americans. Available at <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>.

<sup>3</sup>Moore, M., & Khagram, S. (2004). On creating public value: What business might learn from government about strategic management. Corporate Social Responsibility Initiative Working Paper, 3.

<sup>4</sup>Business Roundtable. (August 19, 2019). Statement on the Purpose of a Corporation. Available at <https://opportunity.businessroundtable.org/ourcommitment/>. Accessed June 14, 2020.

<sup>5</sup>Mahajan, G. (January 14, 2016). What is customer value and how can you create it? Customer Think. Available at <https://customerthink.com/what-is-customer-value-and-how-can-you-create-it/#>.

<sup>6</sup>Business Roundtable. (August 19, 2019). Statement on the Purpose of a Corporation. Available at <https://opportunity.businessroundtable.org/ourcommitment/>. Accessed June 14, 2020.

<sup>7</sup>VanBoskirk, S. (July 18, 2019). Prioritize customer value, not just customer experience. Forrester. Available at <https://go.forrester.com/blogs/prioritize-customer-value-not-just-customer-experience/>. Accessed June 17, 2019.

<sup>8</sup>Ibid.

<sup>9</sup>Scaled Agile, Inc. (February 11, 2020). Weighted shortest job first. SAFe for Lean Enterprises 5.0. Available at <https://www.scaledagileframework.com/wsjf/>.

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