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Conversations With Customer Experience Leaders: Maersk Line's Jesper Engelbrecht Thomsen

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EXECUTIVE SUMMARY

In 2009, Maersk Line asked Jesper Engelbrecht Thomsen, vice president of customer service, to take on the role of improving customer experience enterprisewide. Faced with increasing competition and struggling to protect margins, Maersk Line recognized that customer experience was playing an increasingly important role in creating customer loyalty and stopping commoditization. Forrester interviewed Jesper as part of an ongoing series to understand the role of this type of executive orchestrating enterprisewide customer experience, a position that Forrester refers to as a “chief customer officer” (CCO).

MAERSK LINE SEEKS TO BUILD LOYALTY AND HALT COMMODITIZATION

Maersk Line is one of the world's largest container shipping companies. Its fleet comprises more than 500 vessels and the equivalent of 1.9 million containers. The company employs about 25,000 staff members, operates out of 325 offices in 125 countries, and reported nearly \$24 billion in container shipping revenue in 2010.¹

Faced with increasing competition from new entrants, coupled with the 2008 financial crisis that pummeled the shipping industry, Maersk Line was seeing its margins shrink. Firms in the industry were cutting prices to maintain revenues, threatening to erode margins even further. To avoid the “race to the bottom,” Maersk Line's executive management team determined that customer experience would play an important role in creating customer loyalty and stopping this commoditization. In 2009, the executive team turned to a 17-year veteran at the company, Jesper Engelbrecht Thomsen, the firm's vice president of customer service, to improve the end-to-end customer experience.

As part of an ongoing series of interviews with customer experience leaders, Forrester spoke with Jesper to learn about how the company set up his position and responsibilities (see Figure 1).



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Figure 1 Profile Of Maersk Line's Customer Experience Leader

Snapshot: Jesper Engelbrecht Thomsen, Maersk Line

Title	Vice president, customer service
Reports to	Chief commercial officer
Appointed to current position	November 2009
Hired internally or externally	Internal hire
Newly created position	Yes
Key responsibilities	In addition to running all customer service functions, Jesper runs a cross-functional customer experience steering committee and is accountable for the firm's Net Promoter Score.
Team size	Approximately 6,000 staff in the customer service organization report up to him through 10 direct reports.
CCO organizational type	Operational
Tenure at company	17 years (since 1994)
Previous position(s)	Senior director of HR operations and learning at Maersk Line Strategic management officer at A.P. Moller – Maersk Group Regional information executive at A.P. Moller – Maersk Group
Success metrics	Net Promoter Score is primary customer experience metric, and 50% of his bonus compensation is tied to it; "customer perceived effort" is a relatively new metric that the company will integrate into his performance measures in 2012.
Influential CxP books	<i>The DNA of Customer Experience: How Emotions Drive Value</i> by Colin Shaw

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Source: Forrester Research, Inc.

The B2B Firm Uses Important Customer Experience Practices

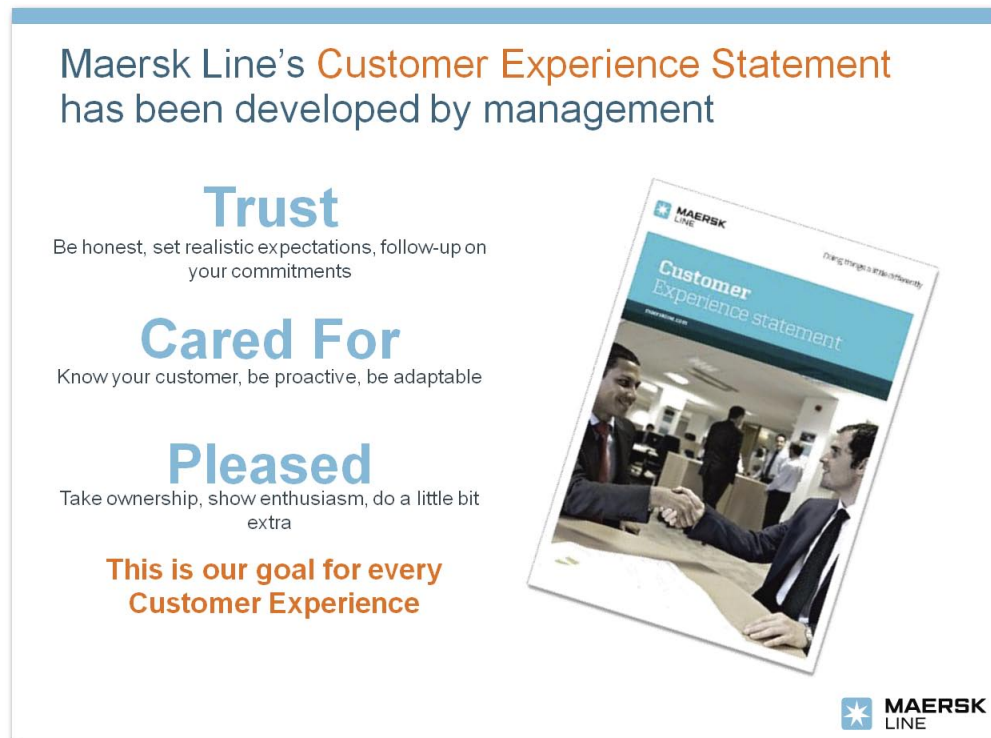
To kick-start their customer experience improvement effort, Jesper and the executive management team turned to a boutique experience design consulting firm, Beyond Philosophy, for help.² Based on insights from the Beyond Philosophy and Maersk Line teams, Jesper and Maersk Line implemented a set of foundational customer experience practices over 18 months. The company:

- **Established a basic governance structure.** While many companies have their customer experience leader report to the CEO, Maersk Line's executive team decided that the company was not culturally ready for the CCO to sit at that level. Instead, they housed Jesper's role with customer service, the group with the most customer contact, and had Jesper report to the chief commercial officer. Recognizing that customer experience was larger than just the service organization, Jesper formed and leads a 13-member cross-functional council that has

representation from key functions across the company. This council meets monthly, decides which initiatives to implement based on suggestions from the frontlines, and determines which best-practice “solutions” to codify for all regional offices. Jesper also encouraged the regional offices to establish local cross-functional customer experience councils to coordinate the gathering of customer input to improve customer experience and determine which solutions make sense to adopt locally. To date, 55 local offices have established a council.

- **Explicitly defined the intended experience.** Maersk Line's executive team realized early on that the firm could not describe the kind of experience it sought to deliver to customers, and as a result, its efforts lacked focus. Working with Beyond Philosophy, executives did some soul-searching about Maersk Line's core strategic positioning in the marketplace. While many shipping competitors were competing fiercely on price — as Jesper put it, “much of our competition wants to be the Ryan Air of shipping” — Maersk Line concluded that its strength was to compete as a premium brand.³ Gathering more data from executives and customers, the firm considered the attributes that constituted an experience with a premium shipping company and settled on three target emotions that drove the most value: trust, cared for, and pleased (see Figure 2).
- **Developed personas to guide improvement efforts.** As Maersk Line began to implement new experience projects, Jesper and his staff quickly recognized that the firm had interactions with many different people within its client companies. Moreover, the new emotional attributes would have different connotations for a business owner or CFO versus a logistics clerk. Maersk Line turned to personas as a tool to build a shared understanding of the firm's target customers and as a way to focus solutions on specific stakeholder needs.⁴ As part of this process, the firm discovered that while contract decision-makers were important, lower-level shipping clerks could swing significant business to Maersk Line. Looking at the personas of these shipping clerks, Maersk Line found that they act very similarly to consumers in a retail setting: calling a few vendors, comparing prices, and making a purchase decision. Among other improvements, this brought into focus a web project to simplify the ordering processes for these individuals.
- **Identified moments that matter to customers.** Another customer experience tool that Jesper used was mapping the customer journey to find the moments that matter most to customers and drive the most value for Maersk (e.g., increase in spend and NPS).⁵ The company found two critical value driving moments, both of which happen when something goes wrong with shipments. The first was providing timely shipment notifications, particularly when shipments are delayed. Previously, Maersk Line didn't provide notifications, but instead waited for customers to notice and call. Internally, the mindset was that Maersk couldn't do anything about it anyway. Customers, however, could do something about it if they were notified ahead of time (e.g., divert other local shipments, change a manufacturing schedule), and the ability to take action proactively made a big difference to customer perceptions. Second, customers want the company to be easy to deal with when things go wrong. The firm found that many finance or operations decisions were made without consideration of the affect on customers. Moreover, the tone of staff was often abrupt and direct, even when the Maersk Line made an error.

Figure 2 Maersk Line's Customer Experience Statement



Source: Maersk Line website

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Source: Forrester Research, Inc.

Maersk Uses Net Promoter To Define Customer Experience Success

When Forrester asked about metrics, Jesper said that the company decided to use Net Promoter Score (NPS) as a high-level customer service metric that the executive team watches. The company had been tracking NPS for several years, so the executive team already had buy-in. The company ties 50% of Jesper's bonus compensation to this metric. Upwards of 30% of the bonus compensation of frontline staff is also indirectly tied to NPS. When we asked about his group's affect on key metrics, Jesper admitted that the results were still up for debate at the company. While Net Promoter Scores have increased dramatically, the economic climate has pushed shipping volume and prices down, ultimately hurting the bottom line. Nevertheless, the firm has found that:

- **Increases in Net Promoter Scores add additional shipping volume.** The firm has correlated a four-point increase in Net Promoter Scores with a 1% increase in additional volume shipped by customers, economic factors notwithstanding. As a result of its customer experience efforts, NPS has improved from -10 to +30, suggesting that the company has lost far less business during this downturn than it would have without its customer experience efforts.

- **Training improves Net Promoter Scores in local regions.** Shortly after launching the customer experience effort, the firm gave regional divisions the option of putting regional customer experience councils in place.⁶ The 55 regions that have set up local councils also received a three-day training course in customer experience improvement methods. The firm then did a study comparing regions with and without a council. The result: participating local offices score 10 points higher on their NPS than those offices that opted out.

Maersk Will Continue To Refine Metrics As Customer Experience Efforts Evolve

When Forrester asked Jesper about the future, most of his answers revolved around continuing to refine customer experience metrics to make them more relevant to key performance indicators (KPIs) in the Maersk Line's head office. Strategic priorities for 2012 include:

- **Separating out measures for the intended experience: trust, cared for, and pleased.** While the company early on identified these emotional aspects as critical for the kind of experience the firm needs to deliver, its focus on NPS has not enabled it to measure how well the company is meeting customers' emotional needs. Jesper feels this is important, because then he can better connect customer experience to those employees that have greater impact on one or more of these critical experience elements. For instance, Jesper believes there is a strong connection between "trust" and on-time delivery of packages, which is something that operations understands, whereas "cared for" is something more applicable to the customer care representatives and the way they communicate. Jesper thinks that finding ways to measure the target emotional attributes individually will provide greater connection to the tasks that employees need to focus on.
- **Calculating the lifetime value of a customer.** The initial work Jesper's team did to connect NPS to shipping volume is the basis for additional work he wants to do in calculating the lifetime value of its customers. Jesper pointed out that while B2B customers don't typically have the same ability as consumers to shift service providers, the lower-level logistics clerks have the power to bring additional business to the company if the experience is good. As Jesper puts it: "Even after a contract is signed, there is still an opportunity to swing more cargo our way if we provide a great experience and take advantage of opportunities to gather more information about customers." Jesper believes that calculating the lifetime value of customers will strengthen the connection between NPS and overall revenue impact to the business.

RECOMMENDATIONS

START WITH A CLEAR STRATEGY AND EXECUTIVE ENGAGEMENT

When we asked Jesper what advice he would give to other organizations, he gave a couple of guiding thoughts:

- **Define your customer experience.** Jesper believes that his company was too relaxed about the kind of experience it sought to deliver when it started out. “We wanted to create a better customer experience without focusing on what that means. Without a good definition, you can’t get people aligned around it.” Forrester agrees. Firms struggle when their customer experience strategy lacks critical details and fails to provide clear direction. The result: inconsistent execution and wasted effort. To orchestrate a consistent on-brand experience, firms need a strategy that clearly: 1) defines the intended experience; 2) directs employee activities and decision-making; and 3) guides funding decisions and project prioritization.⁷
- **Ensure that a senior executive owns customer experience.** Jesper echoes the sentiment of many customer experience leaders: “Make sure top management fully supports the effort. This makes a huge difference. You have to speak the same language across the organization. If you can, avoid placing the customer experience leader within a specific function. Rather, if the CEO can take on an additional report, put the position there.” Because CCOs need to create organizationwide change, executive management teams need to uniformly understand and support their efforts. This means that the executive team must have clearly defined the purpose for appointing a CCO, built customer experience into the company strategy, and adopted companywide customer experience metrics that correlate with key business performance outcomes.⁸

ENDNOTES

- ¹ Source: A.P. Moller – Maersk Group (http://files.shareholder.com/downloads/ABEA-3GG91Y/1650584639x0x443362/32c63cdb-2fd7-4a83-a352-10a78175a27c/100154_AR2010_UK.pdf).
- ² See the October 21, 2010, “[Market Overview: Enterprise Customer Experience Transformation Consultants](#)” report.
- ³ Ryan Air is a no-frills, budget airline in Europe.
- ⁴ See the February 22, 2011, “[Executive Q&A: Design Personas In 2011](#)” report.
- ⁵ Beyond Philosophy’s process identified not just the attributes of the experience that customers desire, but aspects that also drive or destroy “value,” such as NPS, customer satisfaction, retention, and spend. Armed with this data, Maersk was able to prioritize activities that would have the greatest impact.
- ⁶ The training was made up of three days’ worth of courses that included topics such as an overview of customer experience, how to utilize NPS and the firm’s voice of the customer program, and best practice solutions created by the central customer experience council.
- ⁷ See the October 25, 2011, “[Customer Experience Strategy Best Practices](#)” report.
- ⁸ See the January 24, 2011, “[Rise Of The Chief Customer Officer](#)” report.