CHAPTER 2

Experience as Strategy

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All that matters to customers is their experience.

FOR DECADES, BUSINESSES HAVE sought technology, features, and optimizations to maintain or increase an advantage over their competitors. But the value of investing solely in these things has reached an end. The experiences people have with your products and services is the real differentiator, a strategy that must be explored and embraced in our changing world.

In the last chapter, we liberally threw the word “experience” around. We even made the claim that “the experience is the product.” Now we’ll break experience into its component parts, so you see what we mean.

When a person engages with your products, services, and environments, a set of distinctly human qualities comes into play. A person’s experience emerges from these qualities:

- **Motivations:** why they are engaged with your offering, and what they hope to get out of it
- **Expectations:** the preconceptions they bring to how something works
- **Perceptions:** the ways in which your offering affects their senses (see, hear, touch, smell, taste)
- **Abilities:** how they are able to cognitively and physically interact with your offering
- **Flow:** how they engage with your offering over time
- **Culture:** the framework of codes (manners, language, rituals), behavioral norms, and systems of belief within which the person operates.

When someone says they’ve had a good or a bad experience, what they’re talking about is how a product, service, or environment did or didn’t satisfactorily address these qualities.

Competitive Advantage: A Little History

In the 20th century, in addition to an emphasis on computerization and globalization, business management focused heavily on optimization. The early days of business management began with economic theory and the work of Fredrick Taylor, who performed time and motion studies in factories to scientifically examine and select the most efficient working methods. His approach influenced followers who brought about such commonplace practices as the use of Gantt charts and financial budgeting for accountability. Efficiency became paramount.

Since Taylor, the obsession with optimization has remained constant. An old adage suggests that "you can only manage what you measure," and optimizations and cost-reduction can certainly be measured. If we fast-forward to the latest trends in business management from the past decade, you'll see the same focus on optimization in the popular Six Sigma and Business Process Reengineering (BPR) practices. Six Sigma focuses on quality, attempting to produce only 3.4 defective parts per million "opportunities" to err. With Six Sigma, organizations squeeze costs by searching out and eliminating waste. BPR is a practice of applying similar optimization tactics to business processes (Figure 2-1). A BPR process typically leads businesses to rethink or eliminate activities that don't add significant value.

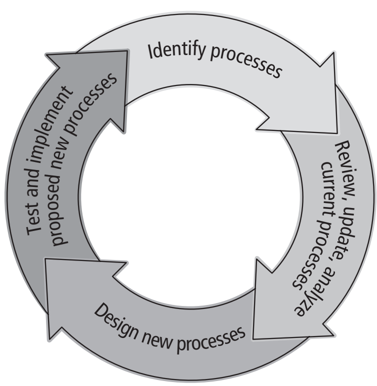

Figure 2-1. *The iterative cycle of Business Process Reengineering optimizes what a business already does.*