

THE COMBUSTION CHRONICLES

**EPISODE FORTY-FOUR
MEMORIES, FISHING NETS,
AND THE IMPORTANCE
OF BEHAVIORAL SCIENCE**

**HOST: SHAWN NASON
GUEST: COLIN SHAW**

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Shawn: Welcome to the fifth season of *The Combustion Chronicles* podcast, where bold leaders combine with big ideas to make life better for all of us. I'm your host, Shawn Nason, CEO and founder of MOFI. In these episodes, we'll be exploring the power, influence, and importance of experience ecosystems. To do that, we're bringing together the most unique and influential experience experts in the world for honest conversations about not being okay with the status quo, leading with heart, and getting real about heartsets and mindsets. In case you're wondering, an experience ecosystem is the web of people, touchpoints, and interactions that combine to create all of the positive and negative experiences we have in the world. When an organization wants to improve customer experience, they're wasting their time if they're not willing to engage and humanize their entire experience ecosystem. It's time to blow up some silos and ignite an experience revolution by putting people first.

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Shawn: On this episode, Colin Shaw is an original pioneer of the customer experience concept and has authored seven best-selling books on the subject.

He is a CEO and founder of Beyond Philosophy, which has helped many of the world's most prestigious organizations improve their customer experience and has been named by the *Financial Times* as one of the best management consultancies the last three years.

With more than 290,000 followers on LinkedIn, Colin is among the small group of official LinkedIn influencers. He also co-hosts the highly successful *Intuitive Customer* podcast. Colin, we're so glad you were able to join us today. Welcome.

Colin: Thanks so much, Shawn. Looking forward to this. It's great to be on.

Shawn: Well, Colin, there is no question that you are not only in the top influencers in the CX world, but many people look at you as the top influencer. So, let's dive into a couple of things because I found this really interesting about your story. And I know that the book, *Who Moved My Cheese?* has played a real significant role along your career path...

Colin: Yup.

Shawn: Would you mind sharing how that book has influenced you with our listeners?

Colin: Yeah. Sure. The way it influenced my career was that my career was, sort of, split into two. I'm gonna keep this short, so hopefully, I won't bore you. But my career was split into two. I spent the early part of my career in corporate world. And when I was in the corporate world, I set my sights on getting promoted to senior management positions, achieved that, and then sat there and one day and thought to myself, you know, "Is this what I'm gonna be doing for the rest of my life?"

And then I read the book, *Who Moved My Cheese?* and in the book, it asks one really good question, which was, "What would you do if you weren't scared?" And what I realized was that

what I would do if I wasn't scared would be I would have left the safety of corporate world with a regular salary coming in and start my own business, which is effectively what I did.

So, it was... The way it influenced me was just really with that one question, and the realization that we do things because we've always done them. And it's probably one of the best decisions that I've ever made in my life. And it wasn't just mine, it was my wife's as well. And obviously, the best decision I've ever made in my life was marrying my wife. So, there you go. I have to say that in case she's listening.

Shawn: Yeah. I understand that one. I find it fascinating, Colin, because I read a book by Ken Blanchard probably 15 years ago called, *Whale Done!: The Power of Positive Relationships*. And I think that book was a huge influence in my life, to be this pioneer in radical relationships and moving into this "Power of Yes" concept, too. So, I love how that happens with a book.

Colin: Yeah. No, there's some times you just read a book and you go, "Yeah, that's it. That's exactly what I think. That's summed it up."

Shawn: Yeah. And what's interesting, and just dive us into your work in CX is I actually read that book, Colin, when I had just started at The Walt Disney Company. And, you know, obviously, they are known for their amazing guest experience, CX experience.

And so, you know, Colin, my team, we're a company called MOFI, as you know, and we are really starting to dive into the experience ecosystem. And in particular, I really wanna talk about a recent blog that you... You said this. You said, "Too many organizations have jumped on the customer experience bandwagon without understanding what it is." Can you tell us where this group's missing the mark and what you meant by that statement?

Colin: Yeah. Sure. I've been doing this a long time now. So, you know, I started off doing this back in 2002 so I've seen a lot of change. And a lot of organizations are just doing customer experience because it's what everybody's doing. So, you know, if you look over the last, I don't know, seven, eight years, in all the surveys that have come out, all the things that you read at the beginning of the year, it says, you know, "Business thinks that customer experience is gonna be the number one issue," you know?

And for many organizations, it has been. But for a lot of organizations, I think that they just think, "Well, everybody else is doing it. So, we better do it." [00:05:15] And they just, sort of, jumped on the bandwagon. And the reality is is that because of that, they don't do it very well because they're really not committed. And in essence, if I'm honest, they don't [00:05:30] really understand.

[00:05:45]

And the challenge I think we have with customer experience, as a concept, is that everybody thinks they understand what it means, but actually they don't, when you dive down into the detail. And, you know, it's a bit like your ecosystem. They don't understand the entire

ecosystem. They understand one part of it, you know, the digital experience or the, you know, leadership and culture, or, you know, marketplace awareness or whatever it may be.

But they don't understand the entire ecosystem. And because of that, it fails. And because of that, they then think that, you know, customer experience, it doesn't work basically. And it does, you know, we've got lots of evidence to show that it does. Does that make sense?

Shawn: Yeah. I find that fascinating, Colin. And I almost wanna tie that into this ecosystem piece that you're talking about. Because it sounds to me...what you're saying there is much what we've heard and seen within corporate. And I'm a reformed corporate executive, too, Colin, so I understand your pain and your therapy sessions you had to go through with that as well. Right? This is why I'm passionate about the ecosystem, it's almost become a checkbox, much like diversity and inclusion.

Colin: Yeah.

Shawn: We just do it to do it, to check the box.

Colin: Yes.

Shawn: And I love the fact that you're bold enough and you call the bullshit out to say, "There's a lot of companies that say they do it, but they do it really poorly." And so, one of your philosophies is that to create loyal customers, you need to create a memory for these customers.

Can you share more about that? Because I love that, that concept of [00:07:30] creating memories. What do you mean when you're talking about creating a memory for your customers?

Colin: So, the first thing is that you have to recognize that, you know, guess what, customers are people. Okay?

So, once you've understood that customers are people, the way that you need to deal with that is to recognize, for us when we look at our customer experience, we're looking at the rational things, what the customer's doing. We're looking at the emotions. We're looking at the subconscious experience, so the subconscious messages that an organization may send to a customer.

So, for instance, you go into a bank and they put pens on chains, which says, "We don't trust you." And then we look at the psychology of things. And, you know, you mentioned the podcast earlier. That's what we talk a lot about on the *Intuitive Customer* podcast, is the whole psychology part. So, when you start to look at an experience and you start to say, "Human beings have experiences."

And there's a guy that's a lot cleverer than I am, a guy called Professor Daniel Kahneman. And he's won the Nobel Prize for behavioral economics. And there's a very good book that he's written called, *Thinking, Fast and Slow*. And what Kahneman talks about, and this was a real

revelation to me about 12 years ago now, what Kahneman talks about is the fact that we, human beings, don't choose between experiences. We choose between the memory of an experience.

So, how does that translate? And he's talking about generally human beings, okay? If we now talk about that in a customer experience setting, customer loyalty is effectively a function of memory. So, in other words, you can't be loyal to something that you haven't experienced before. Because by definition, loyalty means that you've gone back. To say that you've gone back, therefore means that it's a memory. This is probably the biggest thing I've learned in the last 12 years. So, the irony is, okay, the experience is important, but what's more important is the memory of that experience. Okay?

So, what that makes you then ask yourself is, "Well, how are memories formed?" Okay? And again, this is not my work. I'm just following academia. And what Kahneman talks about is the fact that how people remember experiences is they remember the peak-end rule. So, the peak-end is they remember what is the peak emotion that your customer feels or the person feels. Yeah? And what's the end emotion that they feel.

[00:10:08]

So, if you think about... I don't know, think about 9/11, everybody... If I said to you, "Where were you at 9/11?" Everyone can tell you exactly where they are when 9/11. And I'm sure the pandemic is gonna be, you know, similar. If you spoke to somebody in a few years, you know, "What was the pandemic like for you?" You're gonna be able to articulate what that means.

And the point I'm trying to make is, those memories have effectively got, like, an email attachment of the emotion that you're feeling. Okay? So, it raises some really interesting questions, from a customer experience perspective, which are, so if the peak-end rule forms the memory, the peak emotion or the end emotion, it makes some really interesting questions like, well, what emotion are you evoking in your customers at the moment, at the peak, and at the end?

Where is the peak emotion being evoked now? You know, do you know? Most organizations don't. What emotions drive most value for you and where do you want the peak emotion to be felt? And how are you gonna get those customers to feel the emotion that you want them to feel? And you know that that's the right one because it drives value.

Shawn: So, is it this mixture of perception versus reality? Does that play a part of this too?

Colin: Yeah. So, what, again, Kahneman would talk about is the fact that we have two selves. We have the experiencing self and we have the remembering self. So, the experiencing self is your listener now listening to this podcast. The experiencing self is when somebody says, "Hey, did you listen to Shawn's podcast the other day? What did that guy Colin talk about it?" It's what they remember from this podcast. Okay?

So that's like, the reality is what's happening now, the experience, but the perception is something that you draw from what happened in the experience. And it is a perception, but we also know that nine-tenths of reality is perception because, you know, when you think about it, you're built on memories. What drives you, what drives the culture, what drives your expectation is what you've experienced in the past, and therefore, by definition, it's a memory. Does that make sense?

Shawn: It makes total sense. Because I think, as an industry, and I think this is where you're getting at, you know, behavioral economics and behavioral studies, went down this path. We have tried to put so many metrics behind CX and drive all this business value, which I totally agree with. I have a finance background. But we're really losing the human. And I think that's why I got so passionate at MOFI around saying, "We need to start talking about the experience ecosystem as a full thing." But most importantly, that we need to humanize it and put the human back into CX.

Colin: So let me... I've got your ecosystem in front of me. So, let me, sort of, give you an illustration of it. So, you've got here, you know, brand loyalty and messaging. You've got digital experience. You've got marketplace awareness. I mean, the first thing...interesting bit is, well, how's the brand loyalty formed? Well, it is formed through the experience that I have, the customer experience, which is on your ecosystem. It's formed through the digital experience that I have, you know? It's formed through all of those things. But again, those things are contributing towards the memory. Does that make sense?

Shawn: Absolutely. Yes.

Colin: Imagine that you had a fishing net. Okay? And imagine that the fishing net is below the water. Okay? And imagine that you see... And below the water is effectively the subconscious, you know, the things that you are not aware of.

So, when I say subconscious, think about the fact that you are breathing. Okay? So, suddenly everyone's starting to go, "Oh, yeah. I just breathed in and I'm just about to breathe out," you know? But you were breathing before but you weren't aware of it. So, the subconscious are things you're not aware of.

So, now imagine picking up a knot of that fishing net, okay, and imagine pulling it up out of the water. And that knot is effectively a memory. Okay? It could be the memory of a restaurant that you went to last week. But it's a fishing net because it's attached to other knots, which are other memories. Does that make sense?

Shawn: Yeah.

[00:15:00]

Colin: And on your ecosystem, it's like picking up the digital experience, looking at the digital experience, but you know what, their experience is influenced by lots of these other things that

you have on there. You know, I could even argue that, you know, the fishing net is the ecosystem. But the point is, is they're attached together and they influence each other.

And some of those things are below the waterline, in the subconscious, but are still part of that net. And some of the things, because you're examining it, are things that you are thinking about, remembering, and it's now above the waterline. So, you're remembering going to a restaurant last week or the digital experience that you had yesterday with a company or whatever else.

And then when you close that memory, you're effectively allowing that fishing net to sink into your subconscious again. But you may then pick up another memory, you know, two days later or whatever it may be.

Shawn: It's powerful. And I think the big thing for us was this concept of silos, but if it's a net, it all works together. And I think that's what we're passionate about within MOFI is to say, "You've gotta quit looking at these things as separate pieces."

Colin: Yeah. I agree.

Shawn: Because I think that's where organizations really F it up, Colin, is, like, they just, you know, they have so many silos around experience that no wonder there's bad experiences. And I know, because I found this one really fascinating. And you've talked about digital a couple of times. In a blog, earlier this year, you wrote that digital nudging can revolutionize customer experience. So, can you help our audience understand what nudging is and how this methodology really works?

Colin: Yeah. So, a nudge is based upon, again, another person far cleverer than I called Richard Thaler, who, again, is a professor of behavioral science, and has won the Nobel Prize. He wrote a very famous book called *Nudge*. And the nudge is a way of influencing the customer to do something through the understanding of behavioral science. Okay?

So, let's take a step back. What's behavioral science? Behavioral science is effectively psychology. It's recognizing that human beings don't necessarily make logical decisions. In fact, human beings, customers, are illogical. And a nudge is a way of influencing people, customers, to do things. So, let me give you an example. A couple of weeks ago, we were using... We've been using SurveyMonkey. And we've decided not to use SurveyMonkey anymore.

So, go on to the system, cancel out SurveyMonkey. SurveyMonkey come back and said...first thing it said was, "If you stop automatic renewal...if you reinstate automatic renewal, we will give you a 30% discount." Okay? So, the first thing, that was a negative nudge because it made me go, "Hold on. So, that means you've been overcharging me for the last 10 years I've been using this."

But what they then did was they then basically said, "Okay. Well, if you wanna carry on stopping the professional service, you will lose the following things." Okay? And they list out three things that we would lose. All right? That, again, was a nudge. That again is nudging you

to go, "Oh, hold on. Do I really wanna do this?" Now, there's a whole area called loss aversion that I won't bore you with now. But you know, people don't wanna lose things, which is why they do that.

But so, what is a nudge, and what is a digital nudge? It could be as simple as having a yellow button on your website for things to buy. Because actually it's proven that having yellow buttons is better than having blue buttons and things like that. The important part here is it's a subconscious message that's built into the design because you are trying to nudge the customer, guide the customer, in a certain way.

Shawn: Love it. I love it. And my team's probably going, "Oh gosh, now Shawn's gonna ask us to do yellow buttons." I do love that. And I love, Colin, that you have based so much of your work in some of this amazing academic theory. And I have read the book *Nudge*, a powerful book. So, let's flip because I'm really interested to dig into what you think is gonna start happening in the future.

And I'm gonna give you a couple of topics that I really want to just get your opinion on for our listeners around this. Let's talk about AI and machine learning and predictive scoring. I blowing up all over the place. How must customer experience change in response to this type of technology today, and going into the future?

[00:20:09]

Colin: You've now got me on my second favorite subject. So, let's take AI. Let's now map into that, or tie into that, the memory map that I've just talked about, and let's tie into that, the fishing net. Okay? So, now, we did a podcast on this about six months ago, and this is where I think customer experience is going. I've always seen customer experience as being like a wave of change. Okay?

Before it, we had CRM and before that, we have business process re-engineering and blah, blah, blah, blah, blah. Yeah? Digital transformation. What I'm starting to see is an area which I would, I and others, are calling customer science. Okay? So what's customer science? Customer science is three things. It's AI, it's data, and it's tied together.

So, imagine that you've now got the fishnet, okay, and you've got all of these various different memories. It could be that some of those experiences are digital experiences that have been on your website. It could be that you've been tracking where customers are going and seeing where they've gone on different websites. It could be that you're a customer of Amazon.

And not only that, you know, if you think about the amount of data that Amazon has gotten you, you know, I've got loads of stuff from Amazon in terms of Echo. They know when I wake up. They know when the fan on. They know what temperature I set the air conditioning on. You know, blah, blah, blah, blah, blah. All right? So, there's lots of data that they've got. Now, apply that into that AI environment. Okay?

Now, layer that with behavioral science. What you would therefore be able to do is effectively to predict what the customer is going to do. So, I know that, you know, we talk about, sort of, predictions of what customers are gonna do now, but most of that is not with an understanding of that behavioral science stuff. Okay?

And therefore, if you can predict what customers can do, and AI can help you do that, it will also be able to then design what experience that your customer wants. There's a keyword here that I think, for me, outlines the future. And basically, the word is proactive.

Shawn: Yeah. Yeah.

Colin: So, if you think of most things today, everybody's reactive towards things. If I want to find out where my tracking is, I go on a website and I click on the links and etc. I don't actually, us human beings, don't wanna have to think about those things. We want those things delivered to us automatically.

We want to be proactive, but we want the proactivity done based upon our preferences, which is effectively, therefore, segmentation, which you can start to do when you start to effectively design those, what I'm calling...what I call those memory maps of the memories that customers have. And the enabler to do that is A, the data and, B, AI, because AI can therefore learn all those things and learn that behavioral science. Does that make sense?

Shawn: Oh, it makes tons of sense. You know, as we talked and you've been talking, I so appreciate you giving the fishing net analogy around this ecosystem. And, you know, we mentioned a little bit earlier, Colin, about the silos.

So, nearly every group, organization, that we speak with at MOFI, and with people that work in this space, they really struggle with the fact that their organization faces these challenges of silos, which obviously impacts the effectiveness of the overall experience ecosystem and consumer experience. So, what's one strategy or advice that you have for breaking down silos within organizations, to deliver more seamless experiences or memories?

Colin: The main one for me is common measurement. If you have common measurement that is from the customer, Net Promoter is an example of that. Although, for me, just to be clear, Net Promoter is a good question. However, there are lots of other questions that you should ask as well.

Shawn: Hell yes. I'm just preaching and agreeing with you.

Colin: Yeah. So, you know, for us, we would say... What we would say to our clients would be, "You need to define what the experience is that you're trying to deliver." So, going back into that, it could be that you want your customers to feel trust, cared for, and pleased. Okay? Just picking three words.

So, now, the different silos are measured on the fact that, is the customer feeling trust, cared for, and pleased? So, in the digital world, are they feeling trust, cared for, and pleased? In the

customer service world, are they feeling trust, cared for, and pleased? Even finance, HR, IT, everyone should have the same measures.

It's a very controversial thing to do, and I have to say not many organizations bite the bullet and actually do it, it's the most effective method to get people to start talking together. Because they then realize that their success, their salary, their, you know, promotions are based upon those types of measurement. And it forces people to start to talk to each other and break the silos down.

[00:25:50]

Shawn: Yeah. And so, you know, what we do within MOFI, we work with organizations to help them build their experience promise, which is the foundation. Right? And then when we know what that promise is, then we can build those pillars. We talk all the time and you know this, all of us in the industry, what is that common measurement? And we still haven't figured it out. And, you know, your people have been at this 20 years and can't figure that out.

Colin: I haven't seen your promise stuff, but I'm sure it will be, you know, if the promise is this, then how are you gonna measure that promise? And everyone should be measured against that. And I mean everybody.

Shawn: That's the key thing. It changes the way you hire. It changes the way you do evaluations. It changes everything because everyone, from the top-down, gets held accountable to that promise.

Colin: Yes. I agree.

Shawn: One last thing. So, I just recently, this year, released a book with two other co-authors called, *Kiss Your Dragons*, and I wanna talk about fear and ultimately kissing that dragon of fear. What fears do you think are really holding back a lot of organizations when it comes to experiences and to these memories?

Colin: I think there's two things really. The main one is just fear of failure. I'm gonna take us down a different route that I've gone down that, you know, I've been down before, and will it work? And therefore, not just, will it work, but it can be scary in the sense of, A, I don't know about it, you know? B, I've not made my career in this area.

You know, if you look at most C-suite companies, the people that have got there got there by being good at doing what they're doing. And suddenly, you're talking to them about psychology and you're talking to them about emotions. And they've not dealt with that type of stuff before, so they don't know whether it's gonna work or not. And if it doesn't work, then what happens to them, personally?

So, I think the fear comes in through, you know, not having done it before or and just being concerned, and understandably so, that they think it won't work, you know? What we know, and I'm sure you're the same, is, you know, we've been doing this for 20 years and we know

that this absolutely does work and, you know, you can get some tremendous results from improving your customer experience.

But what you've gotta do is you've gotta look at the world from a different lens, and that's from the customer's lens. That doesn't mean that you should give the customer everything they want, because you are in a business. I think it's that...the fear of failure and the personal fear of failure, and the fear of failure for the company.

Shawn: Yeah. We talk a lot about everyone should feel like a VIP. And feeling like a VIP doesn't mean that you have to give them everything and say yes to everything. But you should make them feel like a VIP.

Colin: Absolutely. I wrote a blog the other day, you know, on firing customers basically. You know, there are certain customers that you should fire.

Shawn: I love it. Well, we could keep going on this, Colin, because I know you're so passionate about it. One of the fun things that we do on *The Combustion Chronicles* is we do this thing called the Combustion Questions. And they're three random questions that we wanna ask you, Colin, and just want you to answer real fast off the top of your mind whatever comes to your mind for these. So, are you ready for your first combustion question, Colin?

Colin: Fire away.

Shawn: Awesome. So, if you could be a professional artist for an entire week, what kind of cool shit would you create?

Colin: I think I would draw paintings of the sea, down by the coast because I love the sea.

Shawn: I love it. Tell me where and I will meet you there because I love it as well. All right. What's your all-time favorite dessert?

Colin: Banoffee pie.

Shawn: Okay. You have to tell me what that is.

Colin: Oh, okay. It's like a sort of a very... It's like a bit toffee-based, but very, sort of, gooey toffee with bananas in there and with a sort of a biscuity base or a cookie base, basically. That's banoffee pie.

[00:30:02]

Shawn: It is lunchtime right now and now you make me wanna have it.

Colin: You made me wanna have it as well now. Yeah.

Shawn: Okay. This is the third question. And this one may be a little bit difficult. What do you think about bubblegum?

Colin: I like it. It's just very difficult to get rid of because I don't wanna swallow it and then I say to myself, "I've got this bubble gum, but I don't know where to put it."

Shawn: Thank you so much. In this last minute of the episode, I would love for our listeners to know more about where to go follow you about, your podcast. Can you share all that information with us so we make sure that all of our listeners are following you?

Colin: Yeah. So, the podcast is called *The Intuitive Customer*, and you can get it everywhere that you can get podcasts from. It's myself and the co-author of my last book called *The Intuitive Customer*, but he's a professor of consumer psychology, Professor Ryan Hamilton.

So, we have a good laugh and talk about all this really interesting stuff about understanding the psychology and customers, etc. And the other place to go is to our company website which is beyondphilosophy.com. So, www.beyondphilosophy.com. Or just look me up on LinkedIn. As we said at the beginning, I'm an influencer over there, so I do loads of stuff on LinkedIn.

Shawn: Well, Colin, thank you again for sharing all of this great work that you have done. And so many notes that I took personally, so I'm excited for our listeners.

Colin: Great. Thanks so much, Shawn. Good talking to you.

Shawn: Thank you.

Shawn: Thank you so much for listening to this episode of *The Combustion Chronicles*.

Let's keep the conversation going by connecting on LinkedIn, Twitter, Instagram, and Facebook.

To learn more about the world of experience ecosystems, go to MOFI.co where you'll discover ideas and resources to help you ignite your own experience revolution.

Be sure to check out my book, *Kiss Your Dragons: Radical Relationships, Bold Heartsets, and Changing the World*, available now at Amazon. Then head over to ShawnNason.com to engage resources, a discussion guide, and information about everything from self-paced training to personal coaching.

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