

Appendix 2: Performance Assessment Tool

This tool can be used by board directors to pose questions to management and evaluate their answers. It follows the same broad topics as the knowledge assessment tool.

Judge the answers received by management by using the SCEPTIC framework.

The tool also suggests related modules for additional analysis.

The SCEPTIC framework:

- **Specificity:** Are the answers precise and do they show depth of knowledge?
- **Candour:** Do the answers cover up issues, exaggerate benefits or steer towards one course of action?
- **Evidence:** Are there KPIs, data and other support to back the opinion? Is the evidence unbiased, complete and sound?
- **Planning:** Are the answers drawn from an effective internal process?
- **Thoroughness:** Are the answers based on a rigorous search for information from diverse sources?
- **Involvement:** Are the answers based on real-world experience?
- **Consistency:** Are the answers logical and free from contradictions and gaps?

External environment:	Ask management:	Related modules:
How AI is changing the customer strategy in your industry and markets		
Changes in current and future customer expectations and behaviour	<ul style="list-style-type: none"> • How is AI changing customer expectations of how to build and maintain their trust and loyalty in a long-term relationship? • How is AI changing customer expectations and preferences for products, features, customization, pricing and delivery? • How is AI changing customer expectations and preferences for customer service, including speed and channels of engagement? • How is AI changing buyers' purchasing decisions? • What are we learning about customers' perceptions of how we use (or might use) their data and AI outcomes? 	<ul style="list-style-type: none"> • Strategy • Brand
Changes in sales, marketing and customer service due to AI	<ul style="list-style-type: none"> • How is AI changing the management of the sales and marketing life cycle, including customer segmentation, targeting, acquisition, engagement, cross and upsell and retention? • How is AI changing the management and delivery of customer service? 	<ul style="list-style-type: none"> • Brand • Operations
Changes in how products are designed, developed and experienced due to AI	<ul style="list-style-type: none"> • How is AI accelerating the design, development and delivery of new products? How is AI being used to create more personalized and customized products? • How does AI-derived customer insight change product or service bundling economics? 	<ul style="list-style-type: none"> • Operations

External environment:	Ask management:	Related modules:
How AI is changing the customer strategy in your industry and markets		
Ethical, legal and other AI responsibilities	<ul style="list-style-type: none"> • What ethical, legal and other responsible practices are necessary to use AI in customer relationships? • What customer data protections are we expected to have in place? 	<ul style="list-style-type: none"> • Ethics • Risk • Governance
Ecosystem partners with AI-based customer experience capabilities	<ul style="list-style-type: none"> • What partnerships and joint ventures are we exploring to help strengthen customer relationships? • How do we evaluate potential partners on responsible AI principles? 	
Other questions	<ul style="list-style-type: none"> • If you were a competitor, how would you use AI to target any vulnerabilities in our customer relationships? • Where are we most likely at risk (e.g. quality, cost, personalization, individualization of customer relationships)? • What new AI advances will transform the customer proposition in our market? • Who advises us on AI and customer relationships? Is the advice satisfactory? 	
Competitors' evolving use of AI for customer advantage		
Incumbents and traditional competitors	<ul style="list-style-type: none"> • Which traditional competitors are the greatest threat to our customer base? • How do we differ in using AI to address customer needs and preferences? • How are our competitors using AI to enhance their sales, marketing and customer service? • How are our competitors using AI to drive product design, development and delivery? • How does our investment in AI compare to competitors'? 	<ul style="list-style-type: none"> • Strategy
Digital giants and start-ups	<ul style="list-style-type: none"> • Which digital rivals are the greatest threat to our existing and future customers? • How are we exploiting our customer relationships as an incumbent? • Are digital rivals eroding our customer base, market share, profitability or growth? If so, why? • What advantages do our digital competitors have? • Which start-ups or companies in other business sectors could threaten our current and future customer relationships? 	<ul style="list-style-type: none"> • Technology • Operations
Other questions	<ul style="list-style-type: none"> • Who are the most innovative competitors in deepening their customer relationships? How do they use AI? • How are we benchmarking our AI-driven customer activities compared to our competitors? • How are our competitors managing customer fairness, data guardianship, explainability and other AI responsibilities? 	

Internal response:	Ask management:	Related modules:
Creation of AI-supported customer strategy		
Identification of opportunities to improve the customer strategy	<ul style="list-style-type: none"> • How do we identify AI-enabled opportunities to improve sales, marketing, customer service, product development and delivery? • What have we learned from other companies who are using AI to drive their customer relationships? • What are the risks of using AI as part of our customer relationships? 	<ul style="list-style-type: none"> • Operations • Technology
Ethical, legal and other AI responsibilities	<ul style="list-style-type: none"> • How are we capturing our customers' attitudes towards the responsible use of AI and their data (e.g. privacy, reuse of data, etc.)? • Can important customer outcomes influenced by our use of AI be clearly explained? Are we comfortable with what this reveals? • Who is responsible if AI-driven customer decisions don't go as intended? • Is the use of AI ensuring customer fairness, diversity and inclusion (e.g. bias towards certain groups)? • Is the use of AI following data reuse, data privacy and data security policies, regulations and best practices? 	<ul style="list-style-type: none"> • Ethics • Risk • Governance
Customer preferences	<ul style="list-style-type: none"> • How are we determining customers' preferences for AI-enabled customer services such as real-time chatbots? • How are we determining how customers will react to changes in sales and marketing driven by AI? • How are we determining customer expectations of AI-enabled products and features? 	<ul style="list-style-type: none"> • Strategy • Operations
Customer data acquisition, use and governance	<ul style="list-style-type: none"> • What types of customer datasets do we generate internally and what do we obtain from external sources? • What are the key types of analysis and decisions that we are making using this data that will affect our customers? • How does the company ensure customer data is securely collected and stored? • What is the governance of customer data? 	<ul style="list-style-type: none"> • Technology • Operations
Investment in customer strategy	<ul style="list-style-type: none"> • What AI investments are we making to pursue these opportunities? • Do we have the appropriate internal or external capabilities to deliver? • What investments in skills and talent are we making? • Are we making them in a way that is consistent with diversity statements in our corporate values? 	<ul style="list-style-type: none"> • Strategy
Risk of implementation	<ul style="list-style-type: none"> • What was the conclusion of the cost/benefit analysis of AI customer strategy? • What are the legal, ethical and other risks of deployment? • What are the technological and operational risks of deployment? • What are the major considerations and risks to people and culture? 	<ul style="list-style-type: none"> • Ethics • Risk • Governance • Technology • People and culture • Operations

Internal response:	Ask management:	Related modules:
Implementation of AI-supported customer relationships		
Initiation	<ul style="list-style-type: none"> • Are these initiatives well aligned with strategic goals? • How do we judge success? • What is their potential value? Reputation, legal and other risks? How is it evaluated? • How are we ensuring our initiatives maintain the customer's trust? • What will the initiatives cost? • What companies will supply the technology, data and expertise? • Are our plans for pursuing these opportunities consistent with our core values? • What are their legal, human resource and technical requirements? How will they be met? • How will we move from pilot to full-scale system? 	<ul style="list-style-type: none"> • Ethics • Risk • Technology • People and culture • Brand
Progress	<ul style="list-style-type: none"> • What progress has been made to date in our AI customer relationship and product development initiatives? How is progress measured? • What are the reasons for delays and cost overruns, if any? How will they be resolved? • How are we ameliorating project risks? • How are we ensuring our employees and partners across industries comply with responsible AI and other ethics practices? • How are we addressing concerns and resistance from managers and other employees? 	<ul style="list-style-type: none"> • Ethics • Risk • Technology • Operations • People and culture
Evaluation	<ul style="list-style-type: none"> • What are the performance metrics for this customer-centric initiative? Are they consistent with how we initially planned to measure success? • What value have we received from our initiatives? • Does the value received meet expectations? • Does this initiative outperform existing processes? By which metrics? • Have we completely met legal and responsibility requirements? If not, how will we meet them? • How are we sustaining success? • What are the negative outcomes and how are they being mitigated? 	<ul style="list-style-type: none"> • Ethics • Risks • Operations • Technology
For companies impacting EU citizens	<ul style="list-style-type: none"> • Is our initiative compliant with GDPR? 	<ul style="list-style-type: none"> • Risk