

The right way to do the right thing for the customer

The powerful strategy of Customer Centricity is an Open Sesame to unlock the secret of winning maximum success for an organisation, argues STEPHEN HEWETT. He explains why you should 'CC' this message to everyone at your organisation

Did you know that in most organisations, between 50 and 70 percent of internal effort expended *doesn't*, in fact, add any value to what the organisation is achieving for its customers?

These research findings seem - and are - alarming. But when you consider what people say about the calibre of customer service they receive from many organisations, perhaps the findings are not especially surprising.

The question is, what can be done to improve the situation?

Very likely nobody knows for certain the secret of creating a successful business. Businesspeople who have achieved success enjoy writing autobiographies in which they tell the stories of their business life. They usually imply they saw everything coming and that basically their success story was pre-ordained, apart perhaps from an occasional brief hiccup here and there.

Can we ever really learn very much of practical usefulness from business celebrities' autobiographies? Probably not, because these books

don't usually acknowledge the point that every successful business has to some extent been fortunate in that it was doing whatever it was doing at just the right time. The secret of business success *is* a secret, and having the 20/20 vision of hindsight is a completely different thing from knowing it.

Fortunately, though, there are some extremely useful underlying strategies floating about that can take you far along the Yellow Brick Road to your own personal pot of business gold.

Some of these strategies are more faddy than others. *Some* are too faddy for their own good. But the best ones offer you powerful new ways of getting real clarity on the ideas, approaches and tactics that can lead to success beyond even your most optimistic expectations.

One of the most useful, interesting, empowering and transforming strategies in the business world today is *Customer Centricity*.

What's great about Customer Centricity is that it's unpretentious, *unfaddy*, unjargonistic and generally *un* all the things that can be so annoying about managementspeak and 'flavour of the month' management concepts.

Customer Centricity brings you back to basics. It brings you back into intimate contact with the reasons why you decided to set up a business - or work in a particular industry - in the first place.

Indeed, one of the insights so often liberated by the new types of thinking inspired by Customer Centricity is that it's too easy, in the hubbub of corporate and professional life, to *forget* those reasons.

This forgetfulness can apply to anyone at an organisation. Senior executives, and even Board members, are far from being immune to it.

Yet Customer Centricity, properly deployed, is much more than a mere antidote to this forgetfulness. At its best, Customer Centricity can

transform an organisation into being everything the organisation *can* be, but which it can so easily *fail* to be.

The role of Customer Centricity in business today is still evolving. All the same, we do need a working definition, and an informal definition might be *the process of ensuring that every individual and department within an organisation is taking every step feasible to add value to what the organisation does for its customers.*

It's useful to work towards a more formal definition, which includes details of the actual processes whereby Customer Centricity can be achieved. But this is more useful if we first set Customer Centricity in context as a business strategy today.

The essential *mindset* behind Customer Centricity isn't new. Visit the open market at Marrakech in Morocco - or any other busy marketplace in the world, for that matter - and you'll see the concept of Customer Centricity at work, at least at the most successful stalls. It has, in effect, been around since the very dawn of business.

Our modern economy is more sophisticated than the market at Marrakech, though the need for making customers feel special is no less paramount. Our modern business economy likes to relate new strategic concepts to old ones, and so Customer Centricity is increasingly regarded as both a descendant and replacement for Customer Relationship Management (CRM), which many regard as a failed concept.

Whether or not you yourself agree that CRM was a failure, it's difficult, really, to be convinced that the CRM approach of regarding quality customer service as something you can instil in an organisation merely by installing a (very expensive) piece of software is really going to work unless you are very lucky, or were being highly customer centric

already. The problem with CRM systems is that they tend to paper over an organisation's deficiencies in the area of customer service.

This causes a double problem: there is less return on the large investment in the CRM system than might otherwise have been the case, and the underlying problems go unresolved. If Customer Centricity is regarded today as *the* strategy for re-orientating one's entire organisation around the need to look after customers better, and if CRM itself has fallen by the wayside, it really only has itself to blame.

Another idea that has fallen by the wayside in the light of the disappointing results of many CRM implementations is the notion that you can solve a strategic challenge on the scale of keeping customers really happy merely by the implementation of some software. That idea dies hard, but only because it is an attractive and appealing idea to organisations that, at heart, *don't really want to change*.

Customer Centricity, however, does not come packaged in a box. It isn't something you can just pay someone to install and then go back to going about your business pretty well as you did before. Instead, Customer Centricity is an entire strategy for running your organisation so that you focus every aspect of what you do around the needs of your customers.

As we define Customer Centricity formally at my firm, the business and IT consultancy Charteris plc., it is *the alignment of organisational structure, processes and technology to deliver products and services to internal and external customers in the most agile way*.

Note that, in this definition, the technology angle is just one part of the story. And perhaps the most important point to make about Customer Centricity is that to become customer centric an organisation really does need to look hard at crucial factors such as its culture, processes and

ways of doing things *before* it brings in new technology that is designed to facilitate Customer Centricity. Becoming customer centric is not just an item on the agenda of a Board meeting, it *is* the agenda.

It's also, in case you might have forgotten, why you're in business in the first place.

Successful organisations, whether in the private or public sector, all have one thing in common. They have all found a way, or ways, of consistently winning from customers a level of loyalty and willingness to buy *again* that in effect amounts to a reliable mandate from customers who are attracted to what the business has to offer.

The business, of course, will want those customers to *keep* being attracted by what is on offer, and for the number of customers who are attracted to increase. Essentially, Customer Centricity is a way of disciplining - in the most positive sense - the entire organisation to ensure that it is as good at looking after its customers and winning and maintaining new customer mandates and new levels of loyalty from customers as it possibly *can* be.

So what does it really mean in practice? How do you actually 'do' Customer Centricity at your organisation?

We can gain an important insight into these two vital questions by observing that, in practice, many organisations have Customer Centricity by the bucket load when they start up, but actually lose it over time.

Why do they lose it? Generally, because they lose focus, lose stamina, get complacent and get lazy.

When organisations first start trading they usually (and certainly should) have the very clearest idea what they are in business to do, who does what, and why. Every person involved in a start-up will most likely

know how they add value to the finished product or service and whom they need to work with internally to make sure the best service or product is delivered to their new customers. They will know this because looking after the customer is so completely why they set up the business in the first place.

But then, if the new business succeeds, it will grow. To start with, as it grows, the founders and the new staff may be able to keep alive the flame that embodies the spirit of why they are in business. But sooner or later, somewhere along the line, the flame will diminish or even go out completely, as the clarity of *why* you are in business fades. Once that clarity starts to fade, Customer Centricity fades with it.

Why does this happen? There are many reasons, indeed every organisation that suffers this problem will probably have to some extent a *unique* set of reasons why it happens.

To speak generally, one has to say that as organisations grow in size a curious effect almost invariably occurs. Staff members start to look inward, worry about their own internal departmental issues and become more and more remote from the actual agenda of the customer. Staff begin to create internal processes and agendas that have little - or may indeed have nothing at all - to do with adding value to the external customer. It's common for whole new business areas and departments to be created to deal with and manage these internal issues.

Yes, of course an organisation that is getting bigger, maybe very big, needs internal departments if it is going to function properly. An organisation consisting of half a dozen people doesn't need a Human Resources department or an IT department. An organisation with (say) more than 75 people certainly will need these departments. And so the departments are created.

People don't just work for money. People work for job satisfaction, too. Generally speaking, people *prefer* to do a good day's work than a bad day's work. People *like* taking some action that directly or indirectly involves them looking after customers because it makes them feel that they're doing a good job.

The trouble is, too many large organisations forget this, and don't give their staff the opportunities or encouragement to look after customers properly. This problem applies particularly to staff working in internal departments that don't have a direct interface to customers, though it often applies to customer-facing departments, too. And because people in those internal departments perceive that the organisation doesn't empower them to take steps to understand their role in looking after customers, they start to drift and lose focus at a motivational level.

This often goes hand-in-hand with (and is in fact frequently caused by) a peculiar form of amnesia that makes organisations forget that every internal department should be an *essential* element in a 'chain' of organisational resources aligned to allow the organisation to do its very best for its customers.

The best way, indeed the *only* way, really, to ensure that you deliver what the external customer really wants is to make sure that each step in your customer chain adds value to whatever is eventually delivered to the paying customer.

In practice, within a large organisation it is almost inevitable that *most* of its departments will not be customer-facing. And here the very size of a large organisation can conspire against it being successful. The organisation needs to be certain, at all times, of what every individual person and every department is doing that adds value to the paying customer by providing top-quality products and services to customers

directly or by doing things that directly *facilitate* the provision to customers.

After all, if any one individual or department is *not* involved in the chain, it needs to be asked what exactly they are doing in the organisation at all.

Again, I want to emphasise: people *want* to feel they are making a contribution to the organisation that employs them. We live in an age when the work ethic has for most people become not only a cultural imperative but also an important element in their self-esteem and self-respect.

Does anybody *really* want to go home after a day's work thinking 'I successfully managed to do as little as possible for our customers today'? Surely not. Yet organisations too often don't take enough advantage of people's inherent work ethic. How often have you heard people in the sales force complain, for example, that it's too hard to change a particular administration process to meet a customer request? And how many times have you heard customers actively complain that an organisation's new way of doing things seems deliberately contrived to drive them away?

The remedy is to achieve *agility* in how the organisation is run and how every element in the chain links together. Make sure everyone knows who their own key internal and external customers are, and what products and services each of them needs (and are prepared to pay for, in the case of external customers). Take steps to assess whether your customer chain is delivering products and services most effectively at the lowest cost.

Be ready to start making your organisation customer centric from first principles - possibly taking advice on how best to do this - and be

adamant that you *won't* paper over the cracks in those parts of your organisation that aren't agile and flexible enough to demonstrate very clearly the role they play in the chain.

Above all, *be honest*. Prepare yourself for long-term incremental change. Build a group of stakeholders from all levels who understand the concept of Customer Centricity, what it requires and who can preach it to others.

Ultimately you will need to drive the Customer Centricity concept and principles throughout all aspects of the business including strategic vision, people, process, organisational structure, information and technology.

Yes, change is hard, but you can grow Customer Centricity within your organisation on a department by department basis: you don't need to do it all at once. And when you *are* ready to implement the technology, you'll find there is plenty of great technology out there - systems for Workflow management, Enterprise Resource Planning (ERP), databases management, Business Intelligence tools and so on - that will enable you to create your new-look organisation without delay.

Remember that deep down in your organisation the chain that will delight your customers - and your shareholders - very possibly *already exists*, obscured by internally focused organisation design, poor process, inappropriately deployed technology and lack of vision.

Liberate it, and enjoy the brightest tomorrow you can imagine.

An eight-point plan for maximising Customer Centricity within your organisation:

1. Identify who your primary and secondary customers are.
2. Identify the products and services they consume and through which channels (web, call centre, bricks and mortar and so on).
3. Work out where the crucial 'points of addition' occur in adding value to those products and services.
4. Make sure each of the business areas involved in these points of addition *know* how they - the business areas - add value to these products and services.
5. Align the organisational structure to support these points of addition.
6. Minimise the activities that don't add value to what the customer is getting from the organisation.
7. Ensure that the correct measurements maintain and improve the processes.
8. Support where appropriate with technology solutions.

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