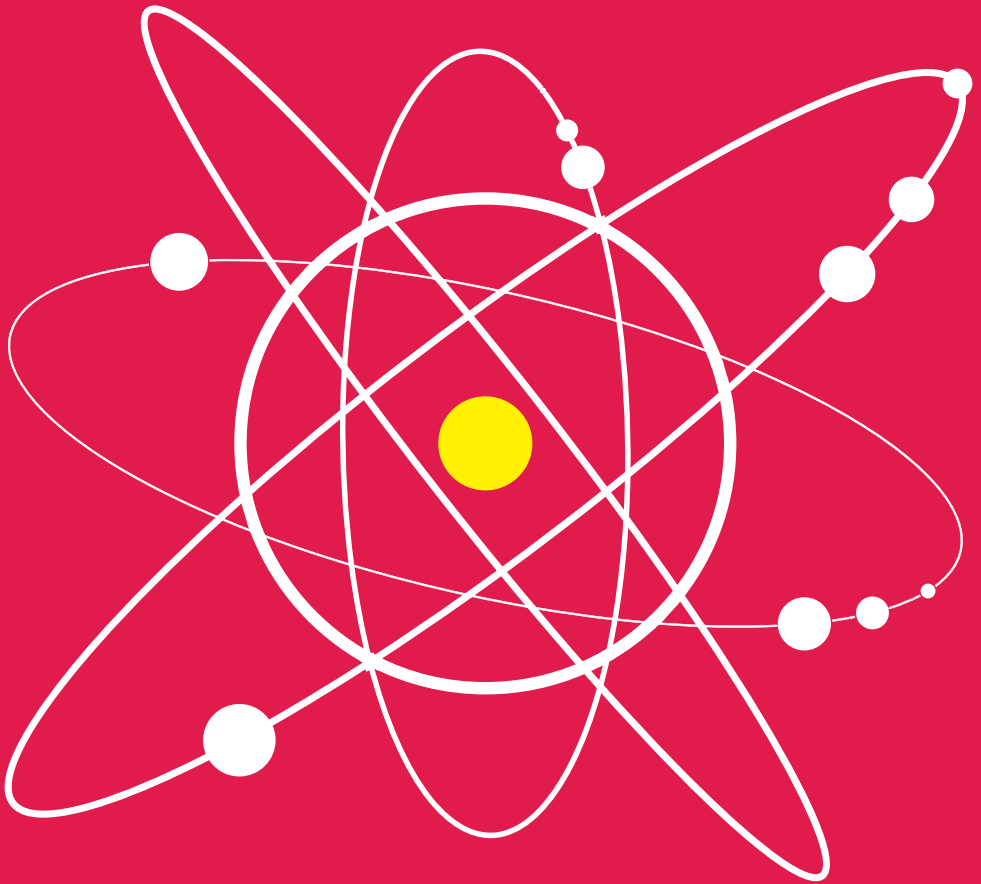# A how-to-guide to **customer-centricity** within your organisation.

A local take

This 'How To' guide is the result of the synthesized view of a group of highly successful business leaders. All have deep experience in what it takes to develop customer-centered businesses.

It was developed in New Zealand but the insights are entirely translatable.

Enjoy.

The experts

Chris Bell

Managing Director:
Customer Experiences Ltd

When Chris first started using the term 'customer experience' he said people "looked at him sideways" and thought perhaps he had found a new way to describe customer satisfaction. He was slightly ahead of his time. Over the ensuing years he has become New Zealand's leading customer experience coach. He has a passion for "making a difference" by motivating and developing the skills of people as a key way to drive business growth and profitability.

Mike Bennetts

Chief Executive Officer: Z Energy

Ask anyone about customer centricity and Mike's name is pretty much top of the list as an example of outstanding leadership in the field. After meeting him I understood why. Mike became Chief Executive of Z Energy after 25 years with BP in a variety of downstream roles in New Zealand, China, South Africa, the UK and Singapore. He has led Z from being a local branch office of a multinational oil company to a locally operated Kiwi company. This has included the development and launch of the Z brand and the development of the story of what is known as the 'Z Why'. "We believe that if you want to be a world-class Kiwi company [then] don't just employ people, divide them into functional departments and tell them what to do. Instead, give them a reason for belonging; the possibility of a bigger purpose than they imagined, and a hunger for the extraordinary."

Lavinia Calvert

Chief Marketing Officer: AJ Park

As well as being head of marketing for AJ Park, Lavinia is co-founder and director of two entrepreneurial businesses: Gimono® (offering performance apparel for the martial arts) and Fortitude™ (a proprietary range of merino-based technical textiles). Prior to these local initiatives she enjoyed a 15-year career with Reuters (now Thomson Reuters) in which she held various senior management roles in Wellington, Sydney, Tokyo and New York – all of which gave her a unique lens on things. For the last two years she has been on the leadership team designing and implementing a customer-centric culture in the AJ Park business.

Craig Grimshaw

Chief Executive Officer:
Loyalty Collective, New Zealand

Running a business that provides loyalty consulting and loyalty programme management, Craig has a strong background in understanding how to obtain business gains out of loyalty programmes. He has worked across a diverse range of customer-focused projects, often with a high level of technology focus, such as Ansett on Frequent Flyer, Commonwealth Bank on an e-payments initiative and Southern Cross Healthcare on their customer savings programme.

Toby Hilless

Customer Insight and Analytics
Manager: Farmers Trading
Company Ltd

Toby brings a wealth of experience in both CRM and CEM, with an extensive customer insights focus. He has worked in key customer-focused roles at ASB, Fonterra, BNZ and Farmers as well as being a Director on the New Zealand Marketing Association Board. He and Rebecca Lee (below), are a key part of the customer experience team at Farmers.

Jacqueline Ireland

Chief Executive Officer:
Colmar Brunton

As the head of the New Zealand arm of global insights consultancy, Millward Brown, Jacqueline is responsible for championing world best practice in consumer research in our local market.

It would be fair to say that no other research company can claim the same level of brand awareness, consumer

trust, and respondent willingness that Colmar Brunton enjoys with the New Zealand public. Jacqueline has been with the company for nearly 20 years and as a consequence her working knowledge of 'the customer' and how well we do or don't meet their needs is outstanding.

Rebecca Lee

Head of Commercial Services and Risk: Farmers Trading Company Ltd

Rebecca has extensive experience in the United Kingdom and New Zealand in business improvement, process redesign and value-add reporting. She has a blue chip background from companies like Ernst & Young, Deloitte and KPMG.

Jason Paris

General Manager: Home, Mobile and Business, Spark

Having come to the role of GM through consumer marketing it is not surprising that Jason has a strong eye on the customer. Across Nokia, through TVNZ, TV3 and TV4 he has been in the most consumer-focused of industries. And it shows.

What was more unexpected was the deep insight into the role of people and the need to engage teams in the process. The passion for this work literally shines through in conversation. In his part of Spark, Jason has engaged a thorough and thoughtful setting up of the business to succeed at being customer-focused from the inside out.

Andrew Parsons

Professor of Retailing, Head of Marketing, Advertising, Retailing and Sales: Faculty of Business and Law, AUT University

Andrew had a long history and background in industry before answering the call of advanced study. He has since amassed an impressive set of published academic papers and teaching awards to his credit, but maintains a strong insistence on connecting the work of academia with the work of business. His current research interests are a demonstration of this: the broader area of consumer shopping behaviour, with a particular interest in how shoppers respond to marketing and retailing stimuli.

Hamish Rumtbold

General Manager Customer Value: Air New Zealand

Hamish heads Air New Zealand's customer loyalty programme. He has serious end-to-end marketing and general management skills with specialist knowledge in loyalty, database marketing and data analysis across multiple sectors (retail, FMCG, retail banking, automotive, and aviation). His track record ranges from start-ups to corporates and covers Europe, India, South America, New Zealand and Australia. His work on how to develop customer value is at the cutting edge of practice.

Julia Sherwood

Director: The Sales Training Company

Julia has extensive experience in supporting companies to develop capabilities across sales teams. What is unique about the approach she and her team at STC take, is the intensely customer-focused nature of the work. They start with the clients of their clients, and map the understanding the company has of their clients' experiences with their clients' actual reported experiences. It is a revelatory process. They have a firm focus on the bottom line and believe that success in business development always comes from providing tangible value, backed by a strong desire to see clients succeed. It is a robust formula.

Key themes

The companies represented in this section of the research are all well along the pathway of the customer-centric journey. They are not typical.

The conversations in the interviews reflected the global findings in that the dominant theme underpinning the challenges and opportunities of being customer-centric was around human technologies.

The impact of digital technologies and the opportunities in good data management and automation of systems was raised consistently too, but by far the most important ideas expressed were about the critical nature of the roles of people for organisations. Many of the participants in this research described literal textbook processes of how to create a customer-centric business. And the textbooks for this work are out there. Yet, the common view was that we seem to be behind on this in New Zealand compared with our global counterparts.

A key challenge is in the concept – it can be misunderstood as a project. Despite a recent increase in executive customer experience roles there is not yet a commensurate understanding that the work requires engagement of the whole organisation, not an individual. It would also be a mistake to suggest these people or their organisations were customer singular

They described a customer-centric focus supported by a healthy balance of attention to people and bottom line performance. In common with every topic of The Briefing so far, these executives all revealed themselves as constantly engaging with and drawing on external ideas and influences to inform the work they have done in this space. Most have been at the forefront of developments in this field for many years. A continuous appetite for keeping up with the play is a hallmark of such high achievers.

CUSTOMER CENTRICITY
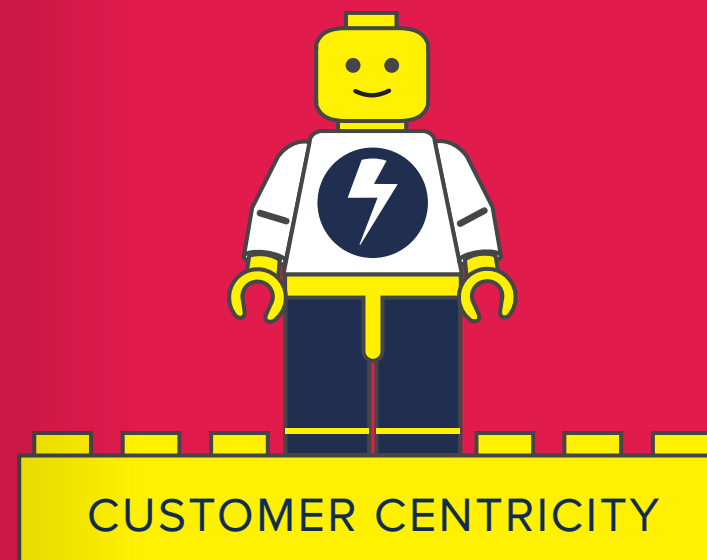
The leadership role

"If it is done correctly, customer centricity is a sustainable competitive advantage. I can copy your services and your product, but I can't copy your people and your culture and your leadership. That's the difference."

There was little variance in view on this subject – for an organisation to be effectively transformed to become truly customer-centric, a leadership-driven process is essential. As the trainers in the research group identified, you can generate a thoroughly enthusiastic response from a group of front line people in workshops. But if it is not a commitment and activation of the business as a whole then no amount of enthusiasm will help in transforming day to day practice.

The pathways to customer centricity as a strategy were described as either gradual – as a movement that took the business on a journey over time – or sudden – in situations where the need to develop a strategic customer focus was a pragmatic response to an urgent need to improve profitability. The pathways described as to how a business leader becomes a champion of the customer cause, varied. For some, it was work born of

66 You've got to start with the customer experience and work backwards towards the technology. 99

– Steve Jobs

drawing on education in the business supported by external facilitation. For others it came from key readings, wider ideas and more formal education. For others still it had come about as a result of experiencing culturally different ways of doing business in highly varied environments. There was also a common identification of two useful tools that benefited the project of customer centricity, notably those of story and language.

In some cultures, story is used in business in a way that is not common in Western contexts. In its own way, the recent move to define organisational purpose as a key activity in business is about developing story as a business tool, but it is not commonly referred to or understood as such. Developing a clear storyline about what the business is trying to do can be a powerful way to lead and to connect and activate a disparate community of employees around a common cause. Stories can be used to generate strong

emotional connections, promote certain ways of behaving and create a shared understanding and direction around ambitions. It is – as one participant said – hard to get excited about getting up to work because of quarterly reports. It is the story you have on offer about what you are there to achieve that makes the difference. Equally, a 'listener' can use the space of a story to imagine new possibilities, such as what things can feel like from another position, like that of a customer; an excellent way of teaching and learning.

Similarly, language is powerful when you understand how to use it, and came up repeatedly in the interviews as a key tool. Mike from Z, who graciously gave permission to quote the example in this report, shared a potent case in point. When you are trying to engage teams you need to think about the words you use. If something has gone wrong don't ask, "What went wrong?" Instead ask, "What was missing?"

This is a truly elegant example of why words are important. Instead of creating a divided and defensive situation, his example instead creates space for people to participate in developing solutions.

Another piece of advice on language echoed the global comment in section one. The simple gesture of putting the word 'Customer' in front of a title can refocus thinking and priorities:
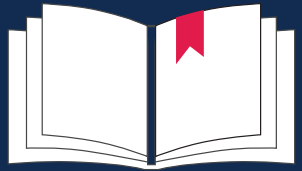
Customer marketing, customer pricing, customer sales, and so on.

A comment on language use in contemporary business was around the word 'sales'. Consider not using it. If you think about a person's role in terms of what it is designed to do for a customer and not for the company, what would they be called? It's an idea that has significant implications.

The activation of team

"How the heck can you expect someone to go to the nth degree with a customer when they don't feel like their employers value them?"

The insight that the project of customer centricity starts within the people in the organisation was emphasised repeatedly. Employee centricity was identified as a key piece of the overall puzzle, without which the work could not be complete. This seems reasonable and obvious but two regular challenges to this were identified. Firstly, senior people in the business rarely observe their own people in action but need to if they are to understand the customer reality. The questions leaders need to be able to answer are:

- How do your people actually treat your customers?

- How do your customers feel about how they are treated?

The second issue is engagement. It was pointed out that research describes an overwhelming majority of people as going to work unengaged.

Region	Engaged	Not Engaged	Actively Disengaged
United State and Canada	29%	54%	18%
Australia and New Zealand	24%	60%	16%
Latin America	21%	60%	19%
Commonwealth of Independent States and nearby countries	18%	62%	21%
Western Europe	14%	66%	20%
Southeast Asia	12%	73%	14%
Central and Eastern Europe	11%	63%	26%
Middle East and North Africa	10%	55%	35%
South Asia	10%	61%	29%
Sub-Saharan Africa	10%	57%	33%
East Asia	6%	68%	26%

Employee Engagement. Gallup Global Workplace Report. 2013.

All the companies doing well at delivering on customer experience describe the first steps as the process of getting teams on board and involved, from boardroom to front line. So how do successful leaders genuinely activate teams to become engaged?

1 Involve them

As set out, story has been a critical tool. But so has the process of bringing people on the journey through offering them an active role in developing plans and strategies. A consistent finding has been that teams often have good answers as to how things might be improved. Often the missing step is to create the space for them to be heard.

A core ingredient in activating and engaging teams is to empower them, give them the ability to understand deeply the value they can add for customers and let them make decisions where they can make a difference. Give them freedom to try things that might make a positive difference. Understanding your value contribution

may seem simple but in reality the fundamentals are often a gap. Are your teams always on time for meetings? Do they set clear agendas when they get there? Do they have clear explanations for the key processes behind the scenes so they can offer good insight into how value is created? If there is a simple problem can they fix it without the credibility-reducing statement: "You'll have to talk to my supervisor"? As one participant said, "You don't want automatons; your people need to be able to respond in a human and dignified way."

An important step in resourcing teams to think in customer-centric ways about how they can add value is a business-wide training programme, designed to develop

skill-sets in contributing areas such as communication understanding the customer experience journey, and in the vital role of encouraging and enjoying feedback.

2 Prioritise feedback

Good insights into the customer experience can reveal the role different teams have at key pivot points and how they can make the specific difference to the relationship.

It seems that New Zealanders may have a specific set of cultural challenges with regards to feedback. Feedback capability came up as a common source of challenge in local business, manifesting as:

A A cultural reticence to give unsolicited assistance or feedback

B A customer who has become less inclined to feed back through failure to demonstrate they were heard and/or failure to show how what was said has made a difference

C A workforce that has become conditioned not to give feedback because of a default defense response from executives when given negative feedback – either a refusal to accept the evidence, or the provision of a detailed explanation as to why things are getting better (when they are not)

D Gaps in understanding/training about how critical it is to understand the customer's experience in order to improve the business offer

E Misplaced view of feedback as a separate research activity (that people will tire of) – when it should be a built-in part of relationships that is always happening

F A culture of niceness that can prevent feedback. This in turn leads to a lack of accountability and personal responsibility. People can want to be liked more than they want to be effective, which can cause organisational underperformance.

Key insight:

The improvement message from clients is almost always "Deliver on the basics please."
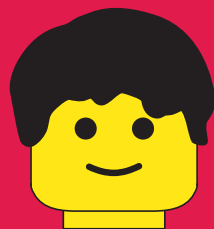
3 Create context

A potential error is thinking that an engaged attitude can be recruited; that a high performing hire can galvanize a positive response in others. But high performance typically comes out of a setting. Take the high performance person out of an enabling context and they are unlikely to perform at the same level. While you can look to bring talent in, you have to give talent a context in which to thrive. The lesson is that there are no real shortcuts.

4 Leverage values

Perhaps the most important tool of all is that of values. Values can drive people's day to day actions – with each other, with customers, and with suppliers.

The industry participants in this section described 'values' as a

key driver: a method of setting expectations and framing activities, and for assessing fit for hires. They weren't describing lists of words on paper on walls, they were articulating the processes by which values had become live concepts – in principles and practices – that had been developed carefully within the business and that were owned and living in their teams' thinking and behaviours.

Hiring to the values of the business emerges as a vital step, once the business has set its cultural tone for activities and delivery. What a shift to a customer-centric culture will also reveal is that some people already in a business may not fit the ongoing journey. And that is okay too, if respect and integrity drive the process.

"You want diversity of people but not of values."

5 Create space to learn

A challenge described for many organisations is the constant tension of working 'in' the business versus 'on' the business, when you are seeking to implement a serious programme of change. Hiring expert help to take this journey can be hugely valuable, but you cannot hire someone to take it for you. Investment of time and resources will be required, as will determined leadership, or the effort will sink under the weight of business as usual. One recommendation was for an ongoing activity, in which a horizontal, representative customer experience strategy team can be formed. This can rotate in different people from key areas over time – keeping engagement up and also offering good personal development for members as part of the process.

A note of caution was offered around where to start. "Fix the basics", was a constant message. If you are not delivering on simple things like timely invoices or orders in the correct quantity, then you are failing at a fundamental level and it is there you need to start. This includes ensuring your teams are trained in the basics of how to genuinely understand customers' needs. If the sales team is told to sell on a key feature – such as the new speed of processing – they may miss a customer's real need for reassurance about storage capacity, simply by not asking the right questions. If you genuinely understand the customer's needs you can do the right thing by them. Doing the right thing by them creates long- as well as short-term revenue. Sexy things, especially technology-enabled solutions, can seem highly desirable but if your teams are not skilled in hitting the mark on the basics they will create gaps that doom you to failure. It is very easy (too easy) to get distracted by new toys.

Making it real

"Metrics are simply a tick box if you do not invest in moving the score."

One strategy described repeatedly as critical in the process of getting buy-in for a customer-centric approach was to commercialise the concept. Get the research and the maths that supports the business case and connect with Finance to help you make a solid example of the potential contribution to profitability for your business. Because it is a longer play – with a potential two-years plus time horizon on significant returns – numbers were seen as essential to strategy and to getting shareholders, the board and teams signed up and on the journey.

The other side of the numbers equation was advice to ensure the company understands that investment is required in the process. As with any development of technology capability, it cannot come about without resources. Supporting effective development also requires the concept to be operationalised effectively for the business. Clear concepts, robust metrics and dashboards of progress reporting both up and down to stakeholders are essential.

Measure progress. You need to know how you are doing. Rolling assessments of experiences (alongside other forms of internal metrics) for customers, employees and supply partners can be a highly effective way of assessing where you are and finding out how you are doing going forward. Net Promoter Score equivalents ["Would you recommend us to…"] across each of these key groups can offer a good triangulated view of performance.

Key insight:

Do the maths of customer centricity to understand its commercial value and to take your stakeholders on the journey.
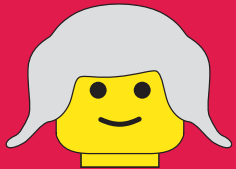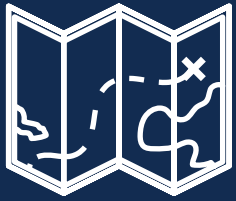
Key insight:

Develop a long-term network approach.

Operating logic

"You can't do one thing to be customer centric. You have to do everything. Everything has to connect."

In today's world customers are shifting constantly into different roles, into different contexts, and moving seamlessly around different platforms. They are ahead of business. Businesses now need to learn to deliver to this expectation for seamless, coherent, contextually specific movement and recognition. This requires that all parts of the business come together to deliver, or it cannot work. If the customer is at the centre of the logic of operations then there is implication for the pipeline of business activities. Size is seen as a challenge here. Smaller businesses research as delivering

superior customer experiences, because the larger you get the harder it is to manage an experience across a pipeline. Attached to this is the problem of priorities. In larger businesses a key barrier that develops between the company and the customer is in the pull of short-term goals and targets – these can cloud the longer-term view and lead to a focus on cost reduction as opposed to value creation.

It does not matter how good your purpose is if your operation is not designed to deliver on it.

"Wonderful vision and purpose are great but I want to know – how are you going to deliver? Show me the evidence that this has permeated through your business and out to your customers."

Digital enablers

More than one participant warned of the need to recognise that some companies here are falling behind global digital best practice. Internationally, businesses are in a constant process of improving their digital and data capabilities. Experiences of those improvements are public as New Zealanders access international offers or travel overseas. The danger for local commerce is in a presently widening gap and the potential to fall ever further behind on meeting developing customer expectations. Locally, online presence is often biased towards promotional activities, often not offering transactional capability or tools to assist decision-making. Similarly, in the rush to 'thought leadership' content plays are ever more common but the majority are thinly disguised sales pitches that lack substance or

SORT
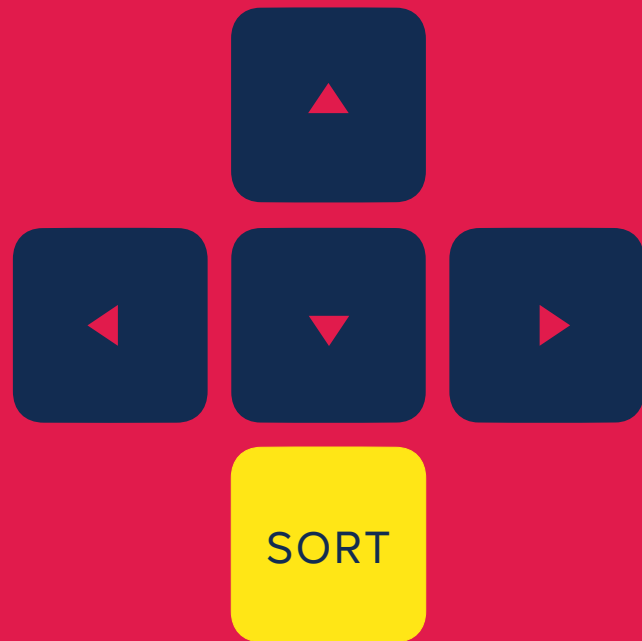
relevance. The customer-focused opportunity is in developing your platform for engagement to deliver useful tools, add relevant value and make transactions and contact easy. True thought leadership is a complex and costly play – delivering high quality basics may be a far better option. Another good lesson in examples from overseas is to understand all your channels as part of a wider connected system and to join up your online and offline spaces and offers. For example, a selection of clothes online can lead to a home delivery, to try before you actually buy. Or groceries bought online can be delivered to your car when you need them, on your way home. The easier and more interesting it gets to be a global shopper the harder it is to accept substandard local experiences.

The need to get your data in good order and curated effectively is a theme that has been addressed in previous Briefings. The need for effective collection and use of data came up repeatedly in this research, particularly as a means to manage an ongoing relationship. Customers expect you to know them – requiring appropriate communications and good use of any information you have asked them for or obtained from them previously. It is offensive and time consuming to be asked for details you have already supplied, and yet many companies were seen to be making this basic error persistently. Similarly, while many businesses ask about preferences, too few actually use that information to deliver a tailored response. A slightly different twist emerging on this theme was the

need to look beyond the immediate data to the wider networks behind the account holder. No matter the rules to which we signed up, many of us have cards that are used by other family members. We buy for others on our accounts. Others use our accounts to browse. Thus, the understanding an organisation has about us as individuals may be skewed by the actions or needs of those to whom we are connected. It can lead to mis-targeting that is simply slightly annoying, or it can result in entirely inappropriate communications; a challenge few businesses are thinking about currently, but will need to do so in the future. Underneath these issues is the implied absence of a company-wide data strategy; a precondition for a coherent, customer-focused response. The view was, "If you

do not have one, you need one." Similarly with any points-driven 'loyalty' programmes. On their own, points programmes are not loyalty programmes but they can be designed to create value that supports a loyalty build. A customer experience strategy needs to sit behind any 'points' work to identify what different activities are able to contribute and how they each map into wider objectives.

Changing worlds

The goalposts are shifting for human and digital delivery technologies. Once, in human terms, the aim could be to deliver reasonably well on customers' expectations and you could have an advantage. Now, quality delivery is a basic requirement. There has been a lift in standards and in service across industries, attached to

Key insight:

Digital and data technologies are vital tools in the customer centricity space – use them strategically and effectively.
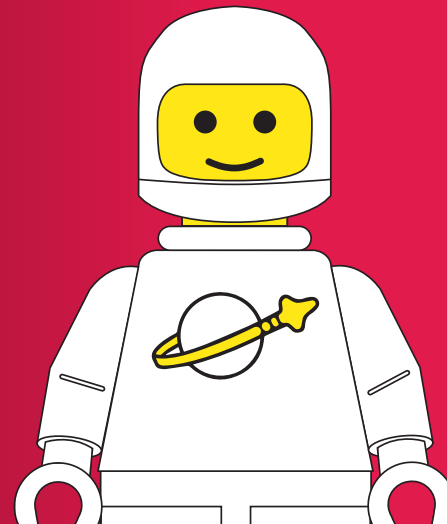
a commensurate lift in expectations. The majority of businesses are providing a good, reliable experience as the baseline. The requirement to succeed strategically through customer advantage is to lift your game beyond the base line. This requires a clear-eyed view of where you are now, where you want to go and how you will need to change things to get there.

Customers have also changed. They have had expectations set by new global experiences and they want those repeated. They want you to know them properly, to understand them deeply, to provide immediate responses and to deliver quality results. At the same time they are less loyal, more powerful and more complex to deal with. They would rather believe a stranger on

TripAdvisor than your sales rep. This requires an ability to map into their networks and to facilitate conversations that enable you to respond to demand and opportunity. Digitally-enabled inputs have changed the way customers make their purchasing decisions. They will come to you fully armed with all the information you had prepared for them. So you need to be able to have a different sort of relationship, to add value in new ways. It will probably reduce your traditional brochure bills, but the new investment required is in changing the skill-sets of your teams.

Historically, businesses have focused on marketing products and services but there needs to be a shift to focus on delivering a quality experience, or the customer funnel will become

as wide at the bottom through churn as it is at the top and those who do not recognise these changes will find themselves engaged in permanent and expensive efforts in acquisition. Tourism was offered as an example of a key space in which we would be wise to consider this shift to emphasise experience. If the promise is not delivered on, the world will know about it quickly.

Today, being customer-centric means you must design and develop your business around the needs of your customers – going deep enough to segment your base and to really understand your different segments. Increasingly, a 'one size fits all' approach is not enough and you will have to work out what differentiation looks like across segments within your business, as well as outside it.

Key insight:
If you want to really know your customer and understand where you can improve your business, go to the middle band – not the champions or the detractors but the 35 – 70 percent that are just 'okay'. Ask them: What would they like to see done better?
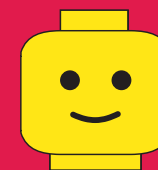
Insights recap

- To shift from being product-centric to customer-centric is a long-term journey of transformation

- Operationalise what customer-centric means for your business and how you can measure it

- Look at best practice outside your own industry and learn from that

- Think 'outside in' for your customer strategy design and 'inside out' for its activation

- Bring the customer into the model and the room

- Develop your story and bring it to life

- Engage your teams – they are the engine of progress

- 'Task out' can be as effective as 'cost out' in refocusing resources and effort

- Create feedback loops that can support continuous improvement cycles

- Build loyalty through building relationships. Do not rely on 'loyalty' programmes that are actually incentives

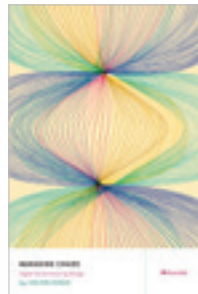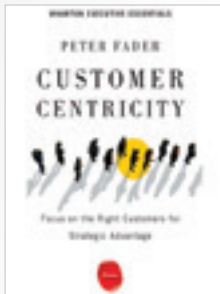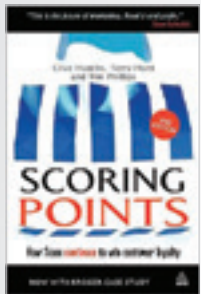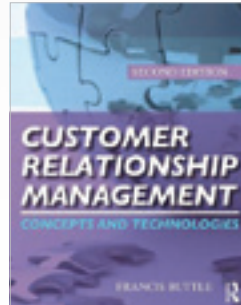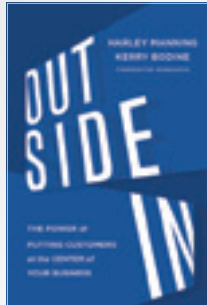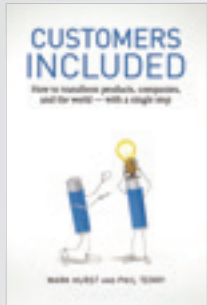- Ensure the promise in your marketing reflects the experience
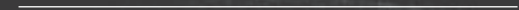
A Customer-Centric Business Assessment: Questions to stimulate discussion with your leadership team

1 Is customer centricity a viable strategy for achieving competitive advantage in your business?

2 Do you have a clearly defined customer value proposition?

3 Does your business have a business-wide customer experience strategy?

4 Does your business have an employee experience strategy?

5 Do the needs of the customer define business priorities?

6 Do you know the value of your customers?

7 Do you measure delivery on value to customers?

8 Do your values drive behaviours? Do any of them reference the customer?

9 Have you comprehensively mapped all your customer experience touch points and developed a plan for improving the overall integrated experience?

10 Do your customer-facing and product/service development teams have access to a steady flow of customer information that is turned into actionable information to improve customer experiences?

11 Is your organisation operating from a comprehensive map of customer- centric business processes in order to prioritise the development of your competitive capabilities?

12 Do you have a calendar of activities to address critical priorities to improve customer experience?

13 Does your organisation have an efficient process for piloting and scaling new business applications and systems to improve customer value and return on investment?

14 Do you make the lives of customers and partners easier through well-designed digital/ web-based and/or mobile systems and tools?

15 Are your team members in sales, service, support and delivery plugged into business systems that make it easier for them to service customers?

16 Are your team members fully equipped with access to reliable, integrated mobile productivity and analysis tools, regardless of where they may be working, in order to understand and respond to customers?

17 Do customers have access and incentive to update information in your systems as part of your network of customer intelligence?

18 Have you completed a comprehensive digital security assessment and implemented a continuous, proactive security plan for your business and your customers?

19 Do you talk to your customers regularly?

20 Do customers participate in developing solutions in your business?

Some reading

Scoring Points: how Tesco continues to win customer loyalty By Clive Humby and Terry Hunt (2007) Kogan Page

Customer Centricity: focus on the right customers for strategic advantage By Peter Fader (2011) Wharton Digital Press

Good Strategy, Bad Strategy: the difference and why it matters By Richard Rumelt (2011) Crown Business

Managing Chaos: digital governance by design By Lisa Welchman (2015) Rosenfeld Media

Customers Included: how to transform products, companies and the world – with a single step By Mark Hurst & Phil Terry (2013) Creative Good

Outside In: the power of putting customers at the center of your business By Harley Manning & Kerry Bodine (2012) Forrest Research

Strategic Customer Service: managing the customer experience to increase positive word of mouth, build loyalty, and maximize profits By John A. Goodman (2009) AMACOM

Customer Relationship Management: concepts and technologies By Francis Buttle (2012) Routledge

> **There are no traffic jams along the extra mile.**
> – Roger Staubach

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