Customer Centricity Programs: Building the Foundations for Success

Successful Customer Centricity Programs Can Deliver Substantial Benefits

Customer centricity, customer focused and end-to-end customer experience management are increasingly popular business themes and objectives in today's rapidly changing and increasingly disruptive business environment.

Online business publications contain many examples of organisations that have reaped significant bottom line benefits from undertaking Customer Centricity Programs (CCPs), just two examples are:

- In the first 18 months of its Value Service Culture program Telstra's Finance and Administration Group's delivered $15 million in annual savings and additional revenue[1], representing approximately 2% of the group's operating expenditure[2].
- Sprint, a major US wireless telco, reaped US$2B (A$2.7B) in annual customer service savings from its Customer Experience Transformation program[3], equivalent to approximately 10% of annual operating expenses[4].

But They Are a Significant Undertaking

While many of the articles, presentations and case studies discuss the significant benefits and the general steps involved in a CCP, only a few detail the effort and commitment required for success. While the benefits can be very significant, the effort and commitment required to become truly customer centric should not be underestimated. In most cases, a CCP will involve multiple projects, taking months or years and requiring significant financial, time and emotional investment. CCPs typically impact almost all, if not all aspects of the organisation or division in which the program is undertaken. From a McKinsey Seven S model perspective, all seven Ss are likely to undergo change, from Strategy and Style to Skills and Systems, from Staff and Structure to Shared Values. In the case of Sprint, when it undertook its multiyear Customer Experience Transformation, the program[3] saw major changes across Strategy, Style, Structure, Staff, Skills and Systems.

Success Requires the Leadership to Win Stakeholders' Hearts and Minds

A recent article by McKinsey and Company[5] put forward the case that "Many customer experience transformations fail because leaders can't show how these efforts create value." The programs fail to build momentum or a track record of success and therefore lose support. Without leaders continuing to articulate a clear and compelling value proposition for the program, the likelihood of failure is high as the raison d'etre and necessary momentum for change is lacking. Both the Telstra and Sprint CCPs were driven from the top by committed leaders able bring their people with them on the journey.

The length and complexity of CCPs coupled with the significant 'ask' placed on employees and business partners means it is necessary to win both the hearts and minds of the stakeholders for the program to succeed. A vital component of wining the hearts and minds is that primary stakeholders (shareholders, employees, business partners and customers) see and believe that the program's benefits significantly outweigh its costs. Therefore, savvy business leaders will take a step by step multi-dimensional approach that continuously identifies, quantifies and conveys the improvements for both Profits and People as the program progresses.

Success Also Requires Early Wins to Establish Momentum and Credibility

A step-by-step approach requires initially establishing a clear overarching vision of what the program will deliver; quickly followed by identifying and completing a number of quick win initiatives to establish credibility and bankable benefits to fund future initiatives. In other words, the program needs to become self-funding from both financial and emotional perspectives as soon as practical. Justifying and building the required support for the early initiatives requires a mixture of projected benefits, examples of what other companies have achieved and the goodwill of employees, business partners and customers.

[1] http://www.marketculture.com/downloads/hvc/cases/MarketCulture%20Telstra%20Transformation%20Case%20Study%20-%20May2010.pdf

[2] CustomerWise estimate based on analysis of data in the Telstra 2010 annual report.

[3] https://static1.squarespace.com/static/55ddf49ae4b06dcd53f979ec/t/55f1975fe4b0d34cb3ea6607/1441896287786/CEO.pdf

[4] https://www.google.com/finance?fstype=ii&q=NYSE:S

[5] http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/linking-the-customer-experience-to-value

Projected benefits need to be quantitative, evidenced based and rigorously developed in order to build confidence and commitment. Hence, quantifying the projected benefits requires:

- a clear understanding of the initiative's objective, scope and effort;

- developing realistic hypotheses for the outcomes;

- the use of accurate data points for the current operations; and

- relevant case study data from other companies that have undertaken similar initiatives to support the hypotheses.

Importantly the scope of the benefits needs to cover both financial and non-financial aspects, as often the non-financial benefits will make the biggest difference for employees and customers, building stronger commitment.

Prioritise Initiatives and Track Benefits to Continue to Build a Support Base

As the information is gathered for the initiatives use it to classify the initiatives into one of four categories (based on return vs effort): Quick Wins; Major Projects, Fill Ins and Dogs. Discard the Dogs, start on the Quick Wins, save the Major Projects until you have built sufficient momentum and commitment to ensure their success and leave the Fill Ins to last.

As each initiative is completed, it is imperative to complete a Post Implementation Review (PIR). The PIR will gather the learnings (to apply to other initiatives) and confirm the delivered benefits (financial and non-financial) to be added to the CCP's inventory of benefits.

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