

# Customer Centric Business

**Who are our customers? What do our customers want? What problem are our customers trying to solve?** Although these questions are asked by many businesses, customers are not always at the centre of a business, its processes or its culture. Readers need look no further than their experience with call centres where the transferring between silos, the inability to resolve problems and poor hand-off is frequently experienced. The need to move to a customer centric business approach is necessary because customer service is increasingly the best market differentiator for a business and is how a business can align itself to rapid changes resulting from technology and globalisation.

## 1 Introduction

Meeting increasing customer expectations and revising business operations to support globalisation and trends in technology is a challenge faced by businesses.

Outside of real estate, government monopolies, and some specialist products and services, having multiple competing suppliers for the provision of products and services is the norm. In addition, advances in technology and access to information make it easier to copy and improve products resulting in a shorter time for market competitiveness. This lack of uniqueness for product and service sourcing and the shorter life expectancy for products makes customer service the key differentiator and the need for the servicing of customers to be at the heart of a business.

This combination of customer needs, product life, and accommodating changes within the business environment requires both a flexible business structure and a customer centric business. A flexible customer centric business structure and its implementation are addressed in this document.

## 2 Customer Centric Business Operations

A customer centric approach to business is about a change in business operations to put the customer at the centre of business activities. This applies to both internal and external customers.

### 2.1 Understanding the Customer

A customer centric approach starts with an understanding of the customer and a resolution of:

- Who are our customers? Establishing who the customers are including all stakeholders involved in purchasing decisions.
- What do our customers want? Determining what the customers actually want because they are looking to solve a problem.
- What problem are our customers trying to solve? Purchasing decisions are made when a solution to a problem is presented.

Consider the sales and promotion of a staple like Coca Cola. Part of the marketing is about taste and quenching a thirst, but the majority of advertising and marketing is about a lifestyle and customers having a great lifestyle through consumption of Coca Cola. Coca Cola is solving the lifestyle problem for its customers.

The difference between the rhetoric in business around customers and what customers actually experience is seen in the attitude of people within various areas of a business. In everyday business activities and conversations; are customers seen as an inconvenience?

The fundamental change for a customer centric business is from having customers fitting into processes that are convenient to a business to having a business being able to readily customise processes to accommodate specific customer needs. A lack of a customer centric focus is often seen in government services where you can only be serviced between set restrictive hours for a few days a week and at a fee.

## 2.2 Profit Stemming from Customer Loyalty

The profit motive remains an important part of a customer centric business, the difference lies in recognition of how that profit is achieved. A customer centric business differentiates itself as follows:

- **Cost Cutting of Quality** – Recognition that a short-term focus of cutting costs by lowering quality is counterproductive to customer loyalty from which profit comes. The drive for profits often sees a short-term view of a business taken and a regime of cost cutting implemented. Whilst controlling costs is important, cost cutting by reducing quality is only sustainable in the short-term, often resulting in longer term decline for the business because customer loyalty is undermined. The common practice of rewarding short-term cost cutting by people who are unlikely to be around in the longer-term perpetuates the cycle of customer decline and reduced profitability with time. To retain customer loyalty, a customer centric business focuses on quality of service for a given cost.
- **Profit before Customer** – Recognition that profit will come from customer service, rather than customer service being a cost impacting profits. Where profit is put first and the customer is seen as an afterthought to profit, customers become increasingly disenfranchised and dissatisfaction increases. Overtime, the customer loyalty is eroded and profits are impacted. Customer centric business operations prioritise the servicing of the customer, recognising that profits will come from customer loyalty. A customer centric business rewards the customer loyalty and moves away from rewarding short-term outcomes at the expense of the medium and long-term customer relationship.
- **Perception of Value** - Recognition that customers will pay a premium as long as it is perceived to be value for money. A customer centric business moves beyond a conversation of cost, to engage itself and its customers in conversations about value for money. As long as the perception of value for money is maintained in the view

of the customer, then customers will pay a premium and greater profits achieved.

Much of the discussion around customer loyalty revolves around the focus of the business on short-term verses a medium to longer-term view. With many reward and remunerations structures focusing on the short term, it is perhaps unsurprising that the medium and longer term aspects are often overlooked.

## 2.3 From Products to Solutions for Problems

Part of a customer centric approach is a move from product orientation to the provisions of solutions for problems. The fact that many businesses are still product orientated rather than solution orientated for customer problems is illustrated by the following:

- **Sales performance** – Sales people are often paid for sales made on product lines rather than solutions sold to customers. In addition, most sales people are paid when a sale is made rather than when a solution to a problem has been successfully implemented by a customer.
- **Business optimisation** – Much process improvement and business optimisation often focuses on internal operations, e.g. re-engineering process to lower the cost of production. The challenges seen by customers when interacting with call centres and being transferred around an organisation with an apparent lack of care and ownership illustrates a lack of end-to-end customer process optimisation.
- **Silos** – The lack of integration between business silos and the exposure of customers to these silos. The common example of silos is the need to tell multiple areas of a business about a change in address.

It is the moving between silos and the apparent lack of ownership and care when trying to get a problem solved that is one of the biggest frustrations for customers.

## 2.4 Aspects of Customer Centric Business

Irrespective of the size of a business or the industry in which it operates, there are

common aspects to a customer centric business including:

- **Problem Solving** – Providing solutions to customer problems. A change of focus from selling a product to selling solutions to solve problems.
- **Spanning the silos** – Ease of customer service across the areas of a business. Protection of the customer from the need for intimate knowledge of internal business structure to move across silos to solve a problem.
- **Customer Processes** – Processes are designed and operate end-to-end as the customer interacts, i.e. the processes are designed around the customer and not around existing business functions.
- **Accountability** – Business to be accountable for problems that may occur with the products and services they provide.
- **Ownership** – Taking ownership of the relationship and any problems that arise with the customer.
- **Care** – Customers want to know that someone cares about them and their needs.

Each of these changes involves a change in approach by people within a business to the customer. It is a change in approach that will then drive any other restructuring and business changes required to support a customer centric structure.

### 3 Customer Centric Business Structure

A customer centric business structure that is flexible and can accommodate changes within the business environment is shown in Figure 1. The business drivers of Regulation, Market Forces, Customers and Stakeholders are shown impacting a business through the customer facing Branded Services. Operational Services underpin service delivery and depend upon Supporting Services. A common capability for Audit, Governance and Risk management and for Strategy and Planning (Budgeting) is also required.

### 3.1 Business Drivers

The main drivers of a business are regulation, market forces, customers and stakeholders. Each of these drivers impacts all areas of a business and shapes the overall operations of a business. The principal stakeholder is usually suppliers (outsourcers and channel partners) impacting upon costs.

### 3.2 Branded Services

Customer perceptions of a business are based on the brand of a business. Branded Services are the face of a business and the point of interaction with customers. Components of branded services include:

- **Service Delivery** – These are the actual delivery of services for the business, the ultimate point of customer contact and what defines the customer experience. Service delivery has unique aspects for each industry and is how a business differentiates itself in the market. Consistency and persistency in quality of service are required.
- **Sales** – Resolves problems for a customer and in the process, delivers sales for the business. A sale is about empowering the customer and guiding them to a wise decision.
- **Customer Retention** – A specific function dedicated to the follow up and servicing of existing customers to resolve any problems that have arisen.
- **Marketing Services** – Covers the brand management, public relations, corporate communications and marketing functions.

For a large corporation owning many brands or branded businesses, a Branded Services capability may exist for each brand.

### 3.3 Operational Services

Operational Services underpin the service delivery to customers. Depending upon the industry and type of business, a range of operational services occur. Examples in the airline industry would include Engineering, Catering and Airport Operations. For the mining industry, operational services may include the movement of product from the mine to the site of the customer or the

provision of onsite catering and facilities management services.

management and maintenance of buildings and plant.

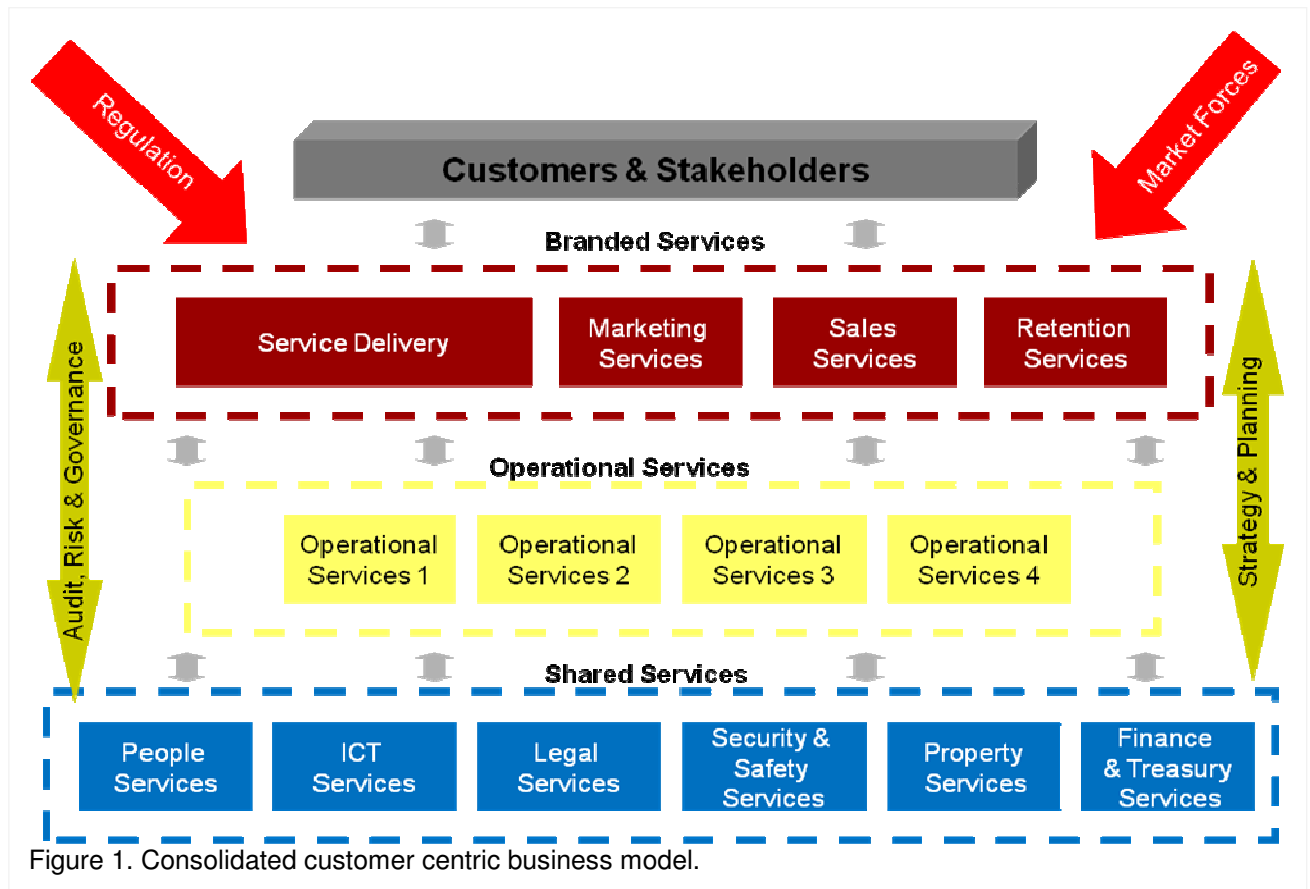


Figure 1. Consolidated customer centric business model.

### 3.4 Shared Services

Shared Services are the common or utility services that all areas of business depend upon, e.g. accounts payable or payroll. Shared Services include:

- People Services – The human resource (HR) services required including payroll, performance management, hiring and professional development.
- ICT Services – The information, communication and technology (ICT) services that are the lifeblood of any business.
- Legal Services – Provides the necessary legal advice and services.
- Safety and Security Services – ensures the safety and security of a business. Increasingly this area sets the policy for ICT to implement.
- Property Services – Sometimes termed facilities management, this is the

- Finance and Treasury Services – A shared capability for procurement and other critical financial management within a business.

### 3.5 Common Capability

Across all areas of a business is the need for an integrated Strategy, Planning and Budgeting capability embedded in all business areas. Also embedded within business areas is the management of risk and the appropriate governance and audit.

## 4 Variations to Customer Centric Structure

Any business structure needs to be flexible and meet a range of needs according to size, complexity or industry. The structure presented in Figure 1 can be applied in a variety of ways.

## 4.1 Cross Country

The customer centric business structure is suited to large companies with operations in many countries. The following variations may apply:

- **Country Centric** – Apply the structure to each country to develop country based capabilities. May ensure quality of service in a country but at the cost of duplication of capabilities. Duplication in each country can be avoided by using shared services capability across countries.
- **Customer Centric** – While Operational Services may need to remain country based to assure service delivery, customer centric Branded Services may see a single point of contact working across countries.

The customer centric business structure allows for the formation of a virtual global operation, whilst keeping key aspects country based to assure service delivery.

## 4.2 Separate Companies

Large Corporations owning many companies can use a customer centric business structure in one of two main ways: a fully integrated solution or a company based solution but a variety of implementations within the structure may occur.

- **Company Based** – The customer centric business structure is applied to each company within a corporation with an overall corporate governance structure. Advantages may include flexibility and empowerment to assure service delivery. Costs from the duplication of infrastructure and poor customer service from a lack of integration across-silos may result.
- **Integrated Solution** – Each company uses the corporately provided capabilities with any variations in branding as required. Advantages may include lower costs through lack of duplication and the cross-silo needs of the customer are better catered for. Having all companies in a corporation highly integrated on the same infrastructure makes it harder to sell off a company and issues with service delivery being too removed from a customer may occur.

Either implementation is a balance that depends upon the effectiveness of the overall governance and management of a business.

## 4.3 Within Business Areas

The principles of the customer centric business structure apply within all areas of a business. Consider People Services within shared services providing HR management to all areas of a business. People Services:-

- Are driven by the same business drivers, e.g regulatory compliance.
- Need to deliver services and ensure they have a good reputation (branded services and service delivery). Customers need to understand the service offered by HR (Marketing Services) and failure to manage their customers properly will see complaints to management (Retention Services).
- Depends upon Operational Services to perform their responsibilities, e.g. payroll function within HR for HR staff as well as other areas of the business.
- Relies upon the shared services of legal and finance and treasury, amongst others, to perform their role and deliver services to their customers.

The significance of the customer centric business structure lies in the embedding of principles within each area of the business and an overall approach to business.

## 5 Outsourcing and Offshoring within Customer Centric Structure

Outsourcing and Offshoring are part of the business environment and can have a roll to play within a customer centric business. Outsourcing and offshoring can bring many advantages when:

- **Problem solving** – The ability and preparedness to problem solve exists in-house. Just problem passing to an outsourcer who has no incentive to fix problems seldom delivers a customer centric operation.
- **Core Competency** – Core competencies of a business are kept in-house and

outsourcing or offshoring are used for non-core competencies.

- Intellectual Property – The intellectual property of operating a business is maintained and preserved in-house.
- Ownership – A company does not lose ownership of its business because of outsourcer dependency. The significance of ownership lies in accountability and ensuring control.
- Quality of hand-off – End-to-end integrity of a process from how a customer interacts is preserved and the quality of hand-off in a process is ensured.
- Loyalty – The principal loyalty from the staff of the outsourcer or offshore is to the business for which they work, i.e. they see themselves as an employee of the business and not just as an outsourcer resource.

The same principles of a customer centric business structure apply to outsourced and offshored operations. It is the quality and outcomes from the service provided and the management of the service provider which are important. Each of the service areas within a customer centric business structure can be outsourced or offshored in part, or in total, or provided by multiple vendors.

## 6 Utility and Embedded Services in Customer Centric Structure

The provision of services within a business using a customer centric business structure, especially for shared services, requires a differentiation between those services that should be embedded within a line of business versus those provided centrally as a utility. Consider People Services.

- Utility Service - Having one area responsible for processing payroll on one system makes more sense than having multiple payroll operations. Having one set of resources dedicated to handling payroll issues across all business areas may also be more effective than having resources in each area dedicated to managing payroll issues. This utility of service is still within shared services.

- Embedded Service – Having HR resources responsible for hiring embedded within a business area, having an understanding of priorities, can be more responsive and provide better business support than the traditional and somewhat remote centralised HR entity. This embedding of service is still within shared services.

Similar to People Services is the provision of ICT Services. Some services provided by ICT are best provided as a utility, e.g. network and phones. Other services that form the knowledge worker assembly line, e.g. provisioning systems, are best provided when embedded within an area of business.

Success in a customer centric structure comes from defining and managing the utility services and the embedding of other services within a business.

## 7 Customer Centric Sales and Services

The provision of customer centric services and solution sales to solve problems are critical parts of a customer centric business. The same customer centric business principles apply:-

- To both internal and external customers, e.g. the operation of services on a cost recovery basis between business areas.
- When a business is selling simple products where little education is required, e.g. the selling of a lifestyle by Coca Cola.
- Where complex solutions are sold to multiple stakeholders requiring significant education as part of an extended sales cycle, e.g. systems integration consultants selling a systems upgrade.

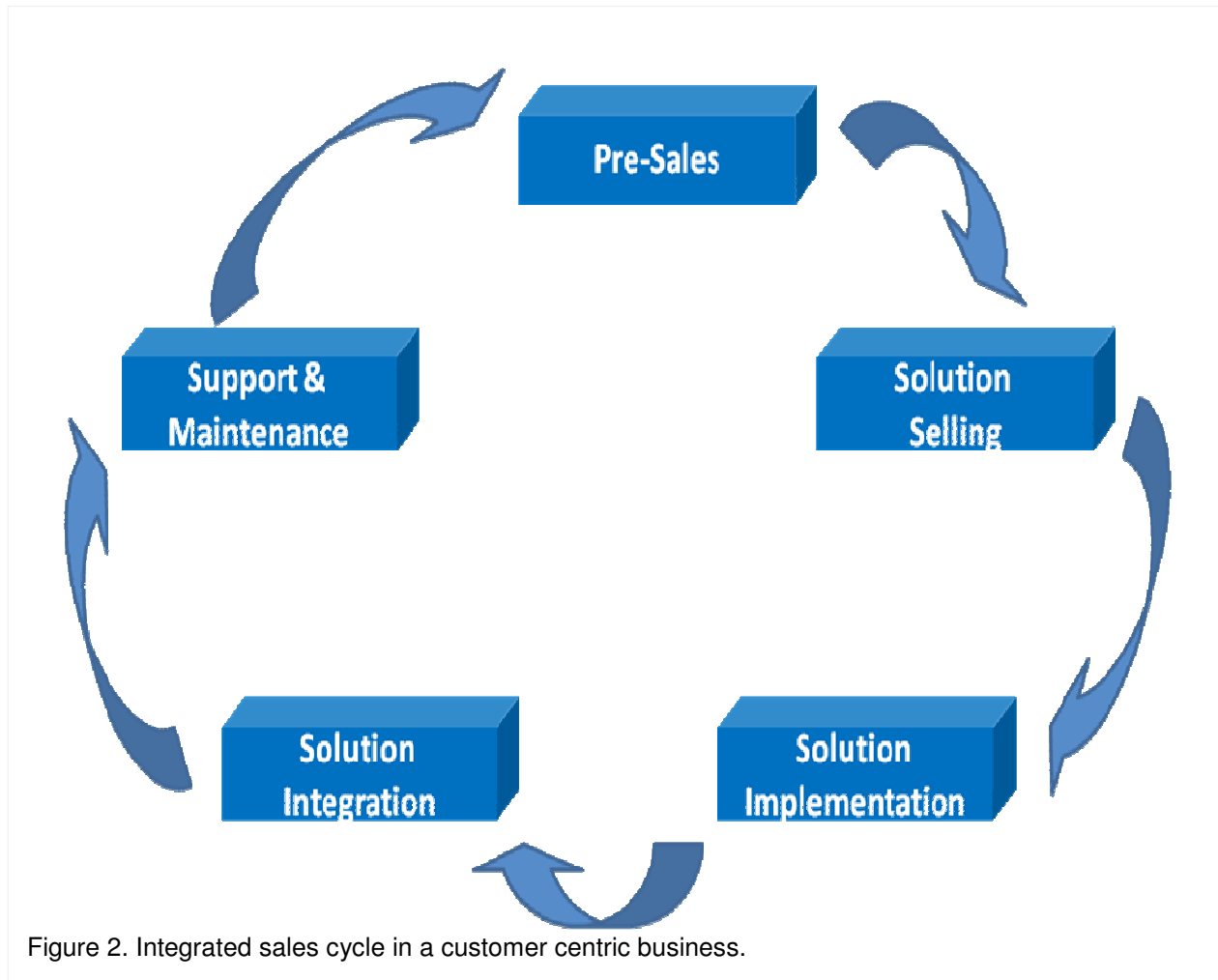
### 7.1 Integrated Sales and Delivery

Integrated sales and delivery is part of a customer centric structure. Tight integration across sales and delivery has advantages for the customer but is also good for a business because it facilitates customer retention, further sales opportunities, and opportunities to cross-sell and promote other services.

While the end-to-end customer management shown in Figure 2 is familiar, it is the integration of the sales process end-to-end from a customer centric perspective and addressing the quality of hand-off which differs.

opportunities and benefits, and to manage expectations.

- **Solution Integration** – Includes having the customer become the champion for the solution and the transfer of expertise to



- **Pre-Sales** – Including education on the problem to be solved, awareness of the benefits brought by the solution and helping the customer to recognise their problem, bringing confidence, and motivating the customer to solve their problem.
- **Solution Selling** – A change from selling product to being the trusted adviser who guides the customer to a wise outcome through a consultative approach of solution selling.
- **Solution Implementation** – This is about customer engagement to help solve problems, assist the identification of

ensure a better customer experience.

- **Support and Maintenance** – Ensuring ownership, management of issues and effective problem solving.

Important changes to the process include:

- **Sales Remuneration** – The remuneration of sales staff to be revised from full fee upfront, to payment at the start, during, and for successful implementation.
- **Sales Opportunities** - A change from product orientated selling to solution selling across the integrated process. This includes the skilling and remuneration of sales people to sell across the silos of a business.

- Sales Role – The role of sales changes from being the single source for the provision of information, to explaining, clarifying, and re-assurance on customer decisions.
- Implementation Management – To ensure the quality of hand-off, those involved in the implementation should be assisting in the solution selling. Engagement to include advising on costing and resourcing, implementation issues and their likely impacts, through to expectation management with the customer.
- Support Management – Similar to implementation, those involved in support and maintenance should be assisting in solution selling, particularly on servicing, cost, and performance management.
- Management of choice - For all but the simplest of consumer decisions, customers can often feel overwhelmed from all of the choices available. This often leads to reluctance when making decisions and a desire for clarity and simplicity. Customers increasingly look to the trusted adviser to lead them through the ocean of choice and complexity, to bring them safely to the wise outcome.
- Value of free – Inclusion of the value of free into the sale process. Value of free is where the customer gets something for free with someone else paying for it. The consumption of free to air TV paid for by advertising is an example. Another example is the use of free applications on smart phones paid for by advertising or applications of reduced functionality with the option to pay for full features.

## 7.2 Customer Engagement

A customer centric business sees a change in how a customer is engaged. A customer centric approach needs to accommodate consumer trends including:

- Customer gratification cycle – Customers are increasingly looking for instant gratification and for the gratification to be greater and to last longer every time. Managed through education in pre-sales and expectation management through solution selling for problem solving.
- Simplification – This is the trend for wanting easy to understand answers that can be quickly implemented to deliver quick results. Similar to gratification, the simplification expectation is managed by having an integrated sales cycle and assurance of solutions for problems.
- Integration across channels – The number of sales channels (phone, store front, mail-order catalogue, e-mail, electronic messaging, Web sites, home service, mobile device and the set top box) is increasing and guaranteed service delivery across the channels is expected. Furthermore, customer expectation includes having service tailored to the channels and integration across the channels.
- Value of how to – Accommodating the value of how to in the sales process. A company gives away value on “how to” do things but makes money from the sale of additional information, services and support. A financial services provider tells you how to manage your superannuation for free but charges for management services should customers elect not to do it themselves.
- Social networking – Use of videos, blogs, webinars and discussion groups within the sales process. This includes having people being able to educate themselves at their speed and gaining confidence through discussion and interaction with other people.
- Automation of the sales process - Where a recognised channel and process for routine transaction selling into an organisation is well established, the focus is on ease of process and integration of systems for ordering and supply. Customer management becomes more relationship orientated to align commercial needs.

## 7.3 Transaction Processing

A customer centric business see changes in the way transactions are processed to better service customer needs. More routine transaction processing is implemented by technology with seamless sharing of information between systems and systems

integrated as a production line for transaction processing.

Supporting this automated transaction processing is a change of skill set. A change from routine transaction processing skills to the ability to diagnose problems, proactively solve problems and manage exceptions. Skilling for management of customer expectation and to support high-value and specialist transaction processing is also required.

## 7.4 Customer Service Centres

Customer centric service sees a change in the operation of call centres. It starts with call centres being an opportunity to talk to customers about their problems. The conversations show care for a customer, leads to a management of expectations, and ensures proactive problem solving. Use of a case-management approach for managing a customer across the silos of a business is also required.

With advances in technology, call centres will not just be about calls but will be centres of service excellence, using a unified messaging environment to value-add knowledge and to solve problems. Service centres are likely to operate across geographical boundaries, seamlessly integrating globally to deliver valued services. Representatives within the service centres will need to have increasing levels of skills, be empowered to problem solve, and be pro-active problem solvers who show they care.

## 7.5 Product Offerings

Rapid access to information and advances in technology is making it easier for products and services to be readily copied and improved upon. The resulting increased competition means that product and service offerings have a shorter period of competitiveness in the marketplace. The need for clear market differentiation and to provide a solution to problems exists. To meet the changing product offerings, innovation needs to be rewarded and nurtured with the creators of ideas and of innovation having ownership of and credit for their activities. Facilitating creativity requires the removal of the risk-averse box ticking culture, an elimination of

the fear of reporting bad news, and a willingness to learn the lessons from failure.

## 8 Customer Centric Business Processes

Part of a customer centric business is processes that function end-to-end as the customer interacts. For a process to be effective the following are required:

- Customer – Who is the customer of a process, i.e. who does the process serve.
- Name - A process with a clearly understood name has more likely hood of being followed.
- Purpose – Good processes have a clearly defined purpose, allowing for assessment of performance and effectiveness. Processes with an ill defined purpose tend to be of high cost and risk, are hard to follow, and deliver poor outcomes.
- Owner – Someone who owns a process and is responsible for its revision and improvement.
- Outcome – Definable outcomes from a process. Important for performance management.
- Responsibilities – Determine who is responsible for what functions within a process and their interactions.
- Functionality – The functionality of a process is understood, including the steps required, information flows, processing logic, and responsibilities.
- Customer-Supplier relationships – Identification of the customers and suppliers within a process, the resulting points of hand-off, and expected outcomes and dependencies.
- Hand-off points – The areas of hand-off within a process are understood so that quality can be assured.

In a customer centric business, the significance of process lies in the ability to guarantee service delivery through standardisation to provide service to a consistent quality. Standardisation is not about the lowest common denominator and elimination of options and flexibility,

standardisation is about consistency to offer the flexibility and customisation required.

Customer centric business is using process as a framework for delivery. It is the ability to bring together different processes and readily customise them to meet changing customer needs in a dynamic business environment that is important in a customer centric business.

Beyond changing business processes so that they operate end-to-end as the customer interacts, is the ongoing use of process as a tool for identifying issues and an ongoing commitment to address the issues identified. Processes are dynamic because the business environment is changing in response to customers, markets and technology changes.

Revision of process to support customer centric business operations need not be a large complex change. It is about changing a few major processes at the core of a business and then using these processes to drive additional changes in other areas and processes. Furthermore, it is about instilling the process principles within key areas of a business so that change will occur over time.

## 9 Dependence on Strategy

The success of a customer centric business depends upon having clear objective and strategies for realisation. A successful customer centric business requires that managers at all levels are empowered to deliver and can readily align activities to strategy.

The significance of strategy and planning lies in the:-

- Guidance and framework it supplies for people to work flexibly within.
- Infrastructure and capabilities developed can be adapted to meet dynamic needs.
- Driving out of issues for resolution.
- Value it brings by thinking something through to the point that others know what they need to do and can develop it further.
- Advantages gained through not having to continuously re-work an activity.

Strategy and planning considerations within a customer centric business (Figure 3) include:

- **Objective** – Defines what is to be achieved. Objectives need to be clearly defined, be quantifiable, be realistic and have a timeframe attached to them. Multiple objectives often lead to a dilution of effort, increased risk, and uncertainty of priorities. In tough times objectives may change to focus on cash-flow preservation.
- **Strategy** – Defines how an objective is to be achieved. Strategy sets focus and direction, and eliminates options. One or two key strategies only are necessary for achieving an objective. Strategies need to be clearly defined, quantifiable and can be readily articulated by managers (at all levels). While strategies need to be reviewed and adjusted according to changes in circumstances, effective strategies seldom change. Sacrificing peripheral business activities to protect core business is often part of a strategy for surviving tough times.
- **Planning** – The activities needed to realise strategy. Planning includes:
  - **Business Planning** – The familiar business planning but also planning for how an organisation survives a major loss of revenue, i.e. how to manage a business through tough times.
  - **Contingency Planning** – Developing contingencies in the event of a risk becomes an incident, e.g. how a potential loss of staff from a strike would be managed.
  - **Business Continuity Planning** – Addresses what the business is going to do should it experience a major incident.
  - **Crisis Planning** – Planning for how to manage a given crisis, e.g. a rail accident.
  - **Disaster Recovery Planning** – Planning for recovery from a disaster and/or for preventing a disaster, e.g. the familiar disaster recovery of ICT.
  - **Operational Procedures** – Describe how operations are to be conducted. Many crisis procedures are actually operational procedures and should be treated accordingly.

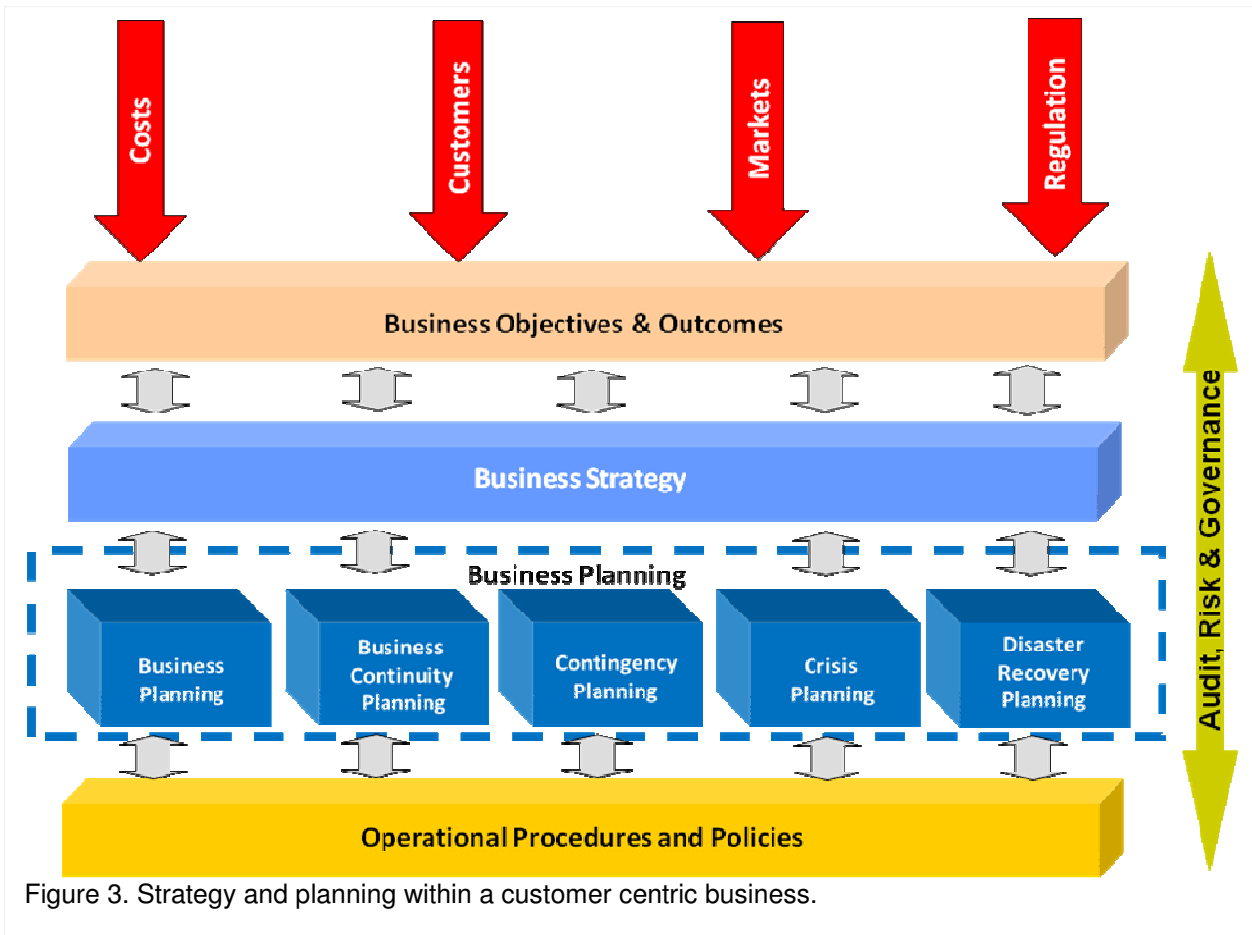


Figure 3. Strategy and planning within a customer centric business.

With planning, the following are of consideration:

- Planning process – The significance of a plan lies in the planning process rather than the plan itself. The planning process is about:
  - Intent – Defining what needs to occur.
  - Issue recognition – Identifying the issues and how they are to be addressed.
  - Building infrastructure – Allows the capabilities and infrastructure developed to be used as required to meet needs in a changing environment.
  - People aligned – Effective communication between all parties so they know what they need to do.
- Implementation – This is the plan covering what to do when an event occurs, e.g. what actually needs to occur when staff relocate to another building.

- Preparation – This is the plan for all preparation that is required so the implementation will actually work, e.g. preparing for a marketing campaign so that the campaign is successful and the business can respond to the results generated.

Plans are most effective when they are regularly:-

- Reviewed –reviewed to ensure they are current, e.g. annual review and post incident reviews.
- Updated –updated at times of review to reflect the changing business environment.
- Exercised –exercised, i.e. tested, so that the plan remains relevant, is valued and staff know what to do in the event of an emergency.

## 10 Aligning Performance

Part of a customer centric structure is improved performance to meet increasing

expectations and to be able to respond to the dynamics of a rapidly changing business environment. Beyond revisions of sales remuneration, aligning performance to a customer centric structure includes:

- **Profit Centre Structure** – Use of cost recovery, active based costing and business area profitability for services provided. This approach drives the delivery of quality services, makes business areas customer centric, and accountable when seeking and provisioning services. Care should be taken to ensure that profit is not the only driver for an area of business, as this profit focus can become counter productive. It is the service focus which is important, profit centre structure is a tool for achieving the outcome. Business areas should source services in-house first, but if the required services cannot be provided in-house, then a business area would be free to procure services from the market. Effective use of budgeting and performance management is required to ensure the successful operation of cost recovery.
- **Executive Remuneration** – Similar to the remuneration of sales people, changing the remuneration focus of executives is part of the change to a customer centric business. Similar to short term focused cost cutting, the trend towards executive remuneration with a short-term focus can be counterproductive to a business. Part of the change to a customer centric business structure is revision of executive remuneration to reflect customer satisfaction and a prioritisation of the short, medium and longer term interests of the business. The Global Financial Crisis and the short-term focus of executive remuneration is a case in point. To improve customer retention, the Board of the Commonwealth Bank of Australia has included customer satisfaction in the performance metrics and remuneration of the CEO. This change has seen increased customer satisfaction, increased customer retention and increased profitability.
- **Service Level Agreements (SLAs)** – A move to SLAs that are customer orientated. SLAs are no longer the minimum that will occur, to SLAs that provide a value-added service because the

service provider is proactive in engaging the customer when problems occur.

Effective SLAs manage to both outcomes and behaviours because it is by inducing the right behaviours that service excellence is achieved. SLAs can apply between areas of business to ensure the provision of services as well as with external customers.

- **Outcomes and Behaviours** – A change in performance management to move beyond outcomes to instilling and managing the right behaviours.
- **Empowerment** – A culture of empowerment, enabling problem solving at source to meet customer expectations.

## 11 Aligning ICT

A successful customer centric business requires the proper alignment of Information Communication Technology (ICT) to business operations, presenting the right information at the right time in the right way. Access to the right information allows transactions to occur and problems to be solved.

Similar to a manufacturing assembly line for cars, Airlines manufacture flights, media companies manufacture newspapers and broadcasting companies manufacture TV shows. Knowledge worker based industries like financial services manufacture foreign exchange trades and share transactions or insurance premiums in the insurance industry.

Whilst ICT is now a business utility, two types of ICT are seen: the underlying ICT utility infrastructure and the business embedded knowledge worker assembly line ICT. The underlying ICT utility is the common and shared ICT like phones, networks, and desktop computers. The business embedded knowledge worker assembly line is the ICT to support the knowledge worker assembly line, the customer relationship management software, the billing and payroll, the enterprise resource planning software, and other applications required by business. Similar to a car manufacturer gaining the competitive advantage because of their better assembly line operations, it is the ability of a business to to apply and optimise its knowledge worker assembly line that gives it

the advantage and to provide the basis for a customer centric business.

This recognition of ICT as a utility and as the knowledge worker assembly line is pivotal to the success of a customer centric business because it provides the approach for the design, application, and operation of ICT.

Resolution of the ICT requirement for a customer centric business depends upon the end-to-end processes, resolution of the information and processing rules at each step of the process, the integration of information sources, and the progressive alignment of the assembly line as driven by business priorities.

Similar to aligning the performance of other areas of business, ICT operates as a customer centric business shared service on a cost recovery basis servicing both the underlying utility and the business embedded knowledge worker assembly line functions.

## 12 Governance

Part of a customer centric business is a revision of governance to support empowered decision making and problem solving at source. This includes adoption of governance that supports:-

- Risk based approach to business – Including the management of risk in business decisions and operations to realise a range of business outcomes. In particular, the use of risk mitigation and impact minimisation activities to drive improved business performance that also manages risk.
- Empowered Command and Control – Change from centralised decision making and command and control to empowered decision making at source aligned to clear strategy and outcomes. Centralised decision making suffers from the problems of time for decisions making is too long, absence of all of the required information and being remote from a changing environment.
- Decentralised business structure – Move from large centralised structures that run the risk of becoming obsolete to be replaced with distributed but consolidated operations with clear outcomes that are aligned to overall strategy.
- Clarity of outcomes and strategy – Clear articulation of outcomes and strategy to enable management to operate and align to deliver guaranteed services. This includes management of budget and resources to outcomes.
- Spirit of compliance – Integration of standards and compliance within business operations because it is best practice for a business of area.

A revision of governance and related reporting and audit to support a customer centric approach to business is about small pragmatic changes that drive a wider cultural change.

## 13 Implementation

The change to a customer centric business need not be complex or onerous.

Implementation of a customer centric business structure is a program of change that, will however, takes time to fully implement because it is a cultural change. Implementation is a case of changing key aspects in core business areas and having the change progressively permeate across a business. Above all, it is a change in attitude and approach requiring:

- Leadership – Having the Board, Executive and Senior Management with the vision, strategy and preparedness to lead by example. Part of this leadership is having the executive out talking to customers (both internal and external) and walking around operations to see how the business performs. The significance of leadership in the transition to a customer centric business cannot be underestimated because it is a case of setting the example as it shapes the culture of the business.
- Skilling – Undertaking the necessary training, education and the critical re-skilling of staff to operate within an empowered framework to meet customer needs. The change to proactive engagement, to having conversations with customers, to empowered problem solving are all part of the change in skill set required. Often it is a case of trusting staff to deliver and empowering them to respond.
- Process definition – A realignment of key and core processes to become customer

centric, with ownership, accountability and empowerment.

- Performance management – A change to key areas of performance including sales remuneration, profit centres and cost recovery structure, and an adoption of management to behaviours.

The adoption of a customer centric approach is likely to be phased, embedding capabilities and capacities in key areas. The risks associated with a change in business need to be considered against the risks from maintaining the status quo.

## 14 Conclusion

A customer centric business is about a change in approach to place the customer at the centre of business operations. A customer centric approach is required because customer service is the unique market differentiator and a flexible and dynamic business structure is required to support changes from trends in technology and globalisation.

The fundamental change for a customer centric business is from having customers fitting into processes that are convenient to a business to having a business which is able to readily customise processes to accommodate specific customer needs. These same principles apply to both internal and external customers.

Aspects of a customer centric business include:

- Outcomes and strategy – The required outcomes are defined and the strategy for achieving is clear. Activities can be readily aligned to strategy and managed through an empowered structure.
- Customer understanding – Appreciation of what problems customers are trying to solve and a change from product orientated selling to solution selling for problem solving.
- Revision of sales process – Have an integrated sales process that is based on solution selling to solve problems.
- Revision of sales remuneration - The remuneration of sales staff to be revised from full fee upfront, to payment at the

start, during, and for successful implementation.

- Spanning the silos – Protection of the customer from the moving across silos to solve a problem and ensuring ownership of problems across silos to let the customer know that a business cares for them.
- Process alignment – Processes operate end-to-end as the customer interacts and are focused on the customer rather than the internal business structure.
- Cost recovery – Provision of services within a business from a customer perspective on a cost recovery basis, to drive ownership and accountability.

Revision of a business to customer centric operations need not be a large complex change. It is about changing a few key processes at the core of a business and then using these processes to drive changes in other business areas and processes. Furthermore, it is about instilling principles within key areas of a business so that change will occur over time.

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IMS Corp.

Lvl 17 44 Market Street Sydney NSW 2000 Australia

Email: [info@imscorp.com.au](mailto:info@imscorp.com.au)

Web: [www.imscorp.com.au](http://www.imscorp.com.au)

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