

Business-IT Strategies

Vol. 13, No. 10



# Customer-Centric Business Strategy: Aligning Business and IT

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A customer-centric business is an approach to business operations for sustainable profitability through customer loyalty due to the actions of an empowered workforce. In addition to business benefits, a customer-centric approach provides an overall framework for the design, development, operation, and management of IT. This *Executive Report* addresses the implementation and operation of a customer-centric business for aligning business and IT.

Executive

Report

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*The Business-IT Strategies Advisory Service Executive Report is published by the Cutter Consortium, 37 Broadway, Suite 1, Arlington, MA 02474-5552, USA. Client Services: Tel: +1 781 641 9876; Fax: +1 781 648 8707; E-mail: [service@cutter.com](mailto:service@cutter.com); Web site: [www.cutter.com](http://www.cutter.com). Group Publisher: Kim Leonard, E-mail: [kleonard@cutter.com](mailto:kleonard@cutter.com). Managing Editor: Cindy Swain, E-mail: [cswain@cutter.com](mailto:cswain@cutter.com). Print ISSN: 1530-3470 (Executive Report, Executive Summary, and Executive Update); online/electronic ISSN: 1554-7086.*

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# Customer-Centric Business Strategy:

## Aligning Business and IT

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Among others, Professor Ranjay Gulati of Harvard Business School has talked about the importance of an empowered workforce putting the customer at the center of business operations to ensure sustainable profitability and to allow a business to accommodate changes in IT and globalization.<sup>1</sup> The chairman of Toyota, Akio Toyoda, confessed that production problems and the associated recalls of 8.5 million vehicles within 2010 were caused when Toyota abdicated its proven customer-centric business objective and strategy of making quality cars for customers in favor of an objective to become the world's largest car manufacturer. The US \$5.2 billion loss incurred by Iridium is another example of what happens when a business fails to understand its customers.<sup>2</sup> At other times, a business gives preference to cost cutting and other activities over customer service (e.g., the excessive punitive fees and charges levied by some banks). Another common example is that of some outsourced call centers where customers have complained extensively of poor transfer between silos of a business, frustrations at not being able to have problems resolved, and a sense of a lack of care about the customer.

A business implements a customer-centric approach<sup>3</sup> because it allows a business to differentiate itself in the market<sup>4</sup> and because it provides an overall strategy for the management of a business — including IT. Advances in technology and access to information make it easier for competitors to replicate and quickly improve products and services, resulting in increased competition, faster times to market, and ever-shortening periods of competitiveness in a market — all of which place a further premium on being a customer-centric business. A customer-centric approach to business encompasses all areas of a business, including:

- **Leadership and culture.** Aligning the culture of a business allows for ownership and empowers people to problem solve at source.
- **Performance.** This includes change of performance management in key areas of business to reflect customer-based outcomes. Measures include

executive remuneration through to resolution of the quality of handoff in processes. Any changes in performance regime need to be progressively extended across a business with customer service prioritized within operations.

- **Solution selling.** Transition to solution selling to solve customer problems includes a revision of remuneration of sales staff and changes to sales processes, including an integrated sales process to ensure delivery.
- **Business collaboration.** This includes a greater use of partnerships, alliances, and business collaboration to service the needs of customers.<sup>5</sup>
- **Processes.** This includes revision of processes to function end to end as the customer interacts, cutting across the silos of a business and ensuring quality of handoff in customer-supplier relationships. It is implemented through revision to core processes and then extended into related processes and business areas through integrity assurance within the core processes.
- **Governance.** This includes extension of customer-centric business principles to internal business structures to embed customer service ethos and ensure quality of handoff. Also includes the provision of services on a fee-for-service, cost-recovery basis because of the resulting responsibility and service ethos.
- **Business application of IT.** This includes the application of customer-centric business principles to IT<sup>6</sup> for strategy, governance, administration, development, and operation. In particular, a customer-centric approach requires IT to provide business leadership as well as services to business.
- **Outsource and offshore vendor alignment.** This includes extension of the customer-centric principles to operations provided by vendors of outsourced and offshored services.

Aimed at both IT professionals and a wider general business audience, this *Executive Report* looks at the implementation and management of a customer-centric approach to business for sustainable profitability. Beginning with what constitutes a customer-centric business, the report then looks at a suitable business structure required to support a customer-centric business. The pragmatic implementation of a customer-centric business to achieve practical results is considered next with a focus on organizational and cultural change. Finally, some aspects of customer-centric IT operations are addressed.

## CUSTOMER-CENTRIC BUSINESS

A customer-centric approach to business puts the customer at the center of business activities with business operations orientated around customers rather than business operations in support of internal business structures. The customer-centric approach applies to both external customers, particularly the customer-supplier relationship within processes and between areas of a business.

### Understanding the Customer

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

- **Who are our customers?** A customer can be an individual, a group, or another entity (company, government, institution) and includes all stakeholders involved in purchasing decisions. Customers increasingly include collaborative groups based on shared vested interest. For IT, customers include the internal business areas, outsourcing vendors, channel partners, and business customers.
- **What do our customers want?** Determining what the customers actually want is important because the decision to purchase is based on solving a problem. The marketing by McDonald's of a premium range of fast food offerings using the "just a little bit fancy" approach is an example of problem solving for customers who are seeking something special as a treat while still being competitively priced and suited to the entire family. Having the business address "what our customers want" changes how a customer relationship management (CRM) solution, for example, is implemented and used by a business.
- **What problems 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. In addition to quenching a thirst, Coca-Cola is sold as solving the lifestyle problems of its customers (i.e., you get a better lifestyle when you drink Coca-Cola). The success of the iPhone for Apple is another example of a lifestyle solution, where the needs of customers have been understood and Apple gains significant profit at minimal cost from the passive revenue stream of iPhone applications developed by external parties.
- **What is the customer's experience of a business?** A decision to purchase is often based on the perception of a business by a customer based on previous experience and the personal relationship.

The understanding of “who” is the customer applies to different types of customers, including those shown in Table 1.

### Sustainable Profitability

Sustainable profitability in a customer-centric business comes from the following sources:

- **Customer service being synonymous with profit.** Profit comes from customer service, rather than customer service being a cost that impacts profits. Part of the success in the turnaround of the automotive industry in the US in the postglobal financial crisis era has been a greater emphasis on quality products that customers value. The view of “how much does it cost to service a customer based around existing models” has been replaced with new models, market innovation, and profit based on what is the value to a customer. A customer-centric business prioritizes the servicing of the customer, recognizing that profits come from customer loyalty and values the medium- and long-term customer relationship.
- **Customer perception of value.** Customers will pay a premium as long as value for money is perceived. Customers paying for premium brands in clothing or electing to drink more expensive boutique beers are examples of this approach. A customer-centric business recognizes the importance of value for money in the customer relationship.
- **Retaining quality of offering.** Short-term cost cutting by lowering quality is counterproductive to customer loyalty and sustained profitability. Singapore Airlines differentiated itself in the market by providing a better quality of service and new products at comparable cost to incumbents. At the same time, many incumbent airlines responded to the challenge of Singapore Airlines by cost cutting through lower quality. Such actions served to reinforce the position of Singapore Airlines in the market. The emerging Middle Eastern-based airlines are now using the same strategy to challenge incumbent airlines that cut costs through lower quality. The common practice of rewarding short-term cost cutting by people who are unlikely to be around in the medium to longer term perpetuates the cycle of customer decline and reduced sustainable profitability. A customer-centric business focuses on the quality of service for a given cost, markets this difference, and preserves the perception of value for money in the mind of the customer.
- **Actions of an empowered workforce.** It is the actions of an empowered workforce that is trained, empowered to take ownership of issues, and is allowed to make decisions and solve problems that determine the experience of a customer. Profit comes from a workforce that is valued.
- **Managing the IT challenge to the incumbent advantage.** Changes in IT mean that the advantage

Table 1 — Types of Customer for a Customer-Centric Business

Type of Customer	Use of Customer-Centric Business Approach
Internal customers	Having areas of business consider each other as customers with cost recovery on a fee-for-service basis can be used to improve quality of handoff in process, raise the level of performance, and improve operations because of the resulting pride taken.
Channel partners	Extending customer-centric principles to channel partners and having channel partners extend the principles to their customers due to reflection on brand of a business.
Customers with preexisting knowledge or FMCG	For customer with existing knowledge on product and services and for fast-marketed consumer goods (FMCG); solution selling to solve problems also applies (e.g., the use of lifestyle solution selling by Coca Cola).
Complex solutions or customers with limited preexisting knowledge	Solution selling is required for complex solutions, especially where multiple stakeholders exist and/or significant education as part of an extended sales cycle is required (e.g., systems integration consultants selling complex system upgrades; customers who have had a previous bad experience).
Outsource and offshore vendors	From initial arrangements to outsource or offshore operations through day-to-day delivery of services, customer-centric principles of solution selling to solve problems apply.

of incumbency is no longer guaranteed. Some customers must go with a utility supplier despite their service being less than desired (e.g., a large company going with the telecom network company because of the network). The emergence of smart grids and distributive power generation challenges the dominance of centralized power generation companies. A customer-centric business responds to the challenge of changes in IT and can overcome the loss of incumbency advantage.

- **Using IT in market reorganization.** Recognition of the role of IT in customer service and in market reorganization and aggregation is important. The cost or inconvenience of changing suppliers often sees a customer remain with an incumbent despite the level of service being less than desired (e.g., customer dissatisfaction with banks and their fees and charges). Through the use of IT and changes in methods of payment, a market can be reorganized. The success of the Virgin Group in reorganizing many markets has been because changes in IT allowed a market to be reorganized, and Virgin used customer-centric service to realize opportunities. A customer-centric business uses changes in IT and supports customer-centric service through IT.
- **Concentration on core competencies.** Aligning to branding principles of defining a niche,<sup>7</sup> a customer-centric business concentrates on excellence in a niche and its core competencies. The ability to use cloud computing for the provision of noncore activities outside of the organizational boundary allows a business to focus further on its core competencies, with cloud computing playing an increasing role in the provision and management of noncore services.
- **A focus beyond the immediate.** Recognition of the importance of the medium-to-longer-term view in the customer relationship and sustainable profitability is important. With many incentive and remuneration structures focusing on the short term, the medium- and longer-term aspects of the customer relationship and sustainable profitability are often overlooked. A customer-centric business values and rewards the medium- and longer-term view.

### Common Elements of a Customer-Centric Business

Irrespective of the size of a business or the industry in which a business operates, there are some common elements as to what constitutes a customer-centric business. Using the context of IT management, some of these elements are presented to show the role of customer-centric business principles in shaping operations (see Table 2). Table 2 shows both the role of

a customer-centric approach in shaping IT as well as the leadership role of IT in adding value to customers.

### Customer Engagement

A customer-centric business sees a change in how customers are 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 each time. The gratification cycle is managed partly through customer education as part of the presales process and through expectation management as part of solution selling for problem solving. The innovation around products and services available to customers to meet evolving business needs is also part of a customer-centric business.
- **Simplification.** This is the trend for wanting easy-to-understand answers that can be quickly implemented to deliver quick results. This desire for simplification can be used to advantage within a customer-centric business because of the opportunity it provides for education, which leads to confidence and a purchasing decision. Similar to the management of gratification, management of the simplification expectation can be achieved through having an integrated sales cycle and assurance of solutions for problems.
- **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 choices and complexity and to bring them safely to the wise outcome. A customer-centric business includes the reassuring of the customer to guide them through choice to the wise outcome as part of the sales process.
- **Integration across channels.** The number of sales channels (e.g., phone, storefront, mail order catalog, e-mail, electronic messaging, Web sites, home service, mobile devices, and Web TV) is increasing. The customer seeks guaranteed service delivery across these channels. Furthermore, customer expectation includes having services and messages tailored to the channels and integrated across these channels. A customer-centric business assures service across the channels.
- **Value of free.** 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 of the value of free.

Table 2 — Common Elements for a Customer-Centric Business in the Context of the Management of IT

Element for Customer-Centric Business	Aspect Description	Application to Management of IT
Culture	The culture of the business is to service the customer and staff, showing pride in ability to service.	IT staff set the example for the business of what and how a customer-centric business operates because it is in the best interests of IT to operate in that way.
Customer-centric processes	Processes are designed and operate end to end as the customer interacts within a customer-centric business (i.e., the processes are designed around the customer and not around existing business functions). Processes ensure continuity by addressing quality of handoff at points in the process as well as customer-supplier relationships in a process.	Defining processes end to end is an effective way of capturing user requirements and undertaking business analysis. As well as defining functionality, the approach drives enterprise architecture and allows IT to provide the knowledge worker an assembly line that the business seeks.
Leadership	From the board and executive through line management, management leads by example in servicing customers. It is this unity of purpose of leadership that influences the operations of a business, shaping its culture.	IT management shows leadership by treating customers in the way they would wish to be treated.
Outcomes and strategy	The required outcomes are defined with a clear strategy for achievement. Activities can be readily aligned to strategy and managed through an empowered structure.	A management approach to IT delivery; business-driven IT strategy defined; management allowed to determine best approach and solutions required to meet outcomes.
Ownership	Taking ownership of relationship and any problems that arise with customer. A sense of lack of care and ownership by a business of a customer relationship alienates customers. Customer-centric businesses often utilize case management for resolution of disputes and provide a single point of contact for follow-up and ensure follow-up occurs.	Customers seldom distinguish between different areas of specialization within IT, all they see is a problem; they do not understand how to fix and want someone to take ownership of the problem. IT support that uses a case management approach with a single point of contact to coordinate specialized IT services is valued by customers.
Partnerships, collaboration, and alliances	Make use of alliances, partnerships, and collaboration to better service customers. Includes the use of collaborative tools and information exchange to allow businesses to achieve benefits from aggregation and collaboration in alliances and partnerships.	Provision of collaborative tools for enhanced communication and ensuring seamless information exchange between systems.
Problem solving	Providing solutions to customer problems. Customer-centric business has a range of structures in place to ensure problem resolution of customer problems, including solution selling through to follow-up and customer care in postsales environment.	Charging areas of business for IT services, based on requests received against problems solved; instills a service ethos in IT while ensuring business responsibility.
Process optimization	In addition to processes operating end to end as the customer interacts, process improvement and business optimization needs to be around the customer as well as reengineering processes with an internal focus to lower cost of production.	Use the need for process optimization as a driver for replacement of outdated technology and for better platform and database integration.
Responsibility	Business (areas) to be responsible for problems that may occur with the products/services provided. Since customers seldom distinguish business areas or an individual or a business when problems occur, a customer-centric business facilitates responsibility at source as well as empowerment of problem resolution.	Customers want to feel that someone can be held responsible and that someone will address their problems. Internal customers seldom distinguish between inhouse IT and outsourced services, making the reputation of IT synonymous with the lowest level of service received by a customer.
Solution selling to solve problems	Part of a customer-centric approach is a move from product orientation and the selling of products to the provisions of solutions for problems. The product orientation of a business is seen from sales staff remunerated on several sales made based on product lines through to the structuring of budgets and revenue forecasts based on units of products sold. While recognizing the importance of product sales for forecasting and supply purposes, a customer-centric approach rewards integrated solutions sold to customers to solve problems.	IT takes leadership in explaining what IT does for the business and how IT can help the business (e.g., IT allows 95% of transactions to go through without any manual intervention after initial data entry). This then provides a strategy for IT, a basis for deployment and integration of systems, as well as making IT relevant to the business.
Spanning the silos	Ease of customer service and process across the areas of a business. A customer-centric business protects the customer from exposure to and the need for intimate knowledge of internal business structure, while making it easy for the customer to interact and have problems solved.	Integration of disparate technology platforms and databases and delivering results through a common interface for ease of use are examples of how IT helps a business span silos to better service customers.

Another example is the use of free applications on smartphones paid for by advertising or applications of reduced functionality with the option to pay for full features. A customer-centric business accommodates the emergence of value of free within the business model.

- **Value of “how to.”** A business 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 a customer how to manage its superannuation for free but charges for management services should the customer elect not to do it themselves. A customer-centric accommodates the value of how to within the business model.
- **Social networking.** Social networking involves the use of videos, blogs, Webinars, and discussion groups within the sales process. This includes allowing people to educate themselves on products and services at their own speed by replaying product presentations as many times as they like. Gaining confidence through discussion and interaction with other people through blogs and Twitter is also part of a customer-centric business.
- **Customer dynamics and grouping.** This is making use of social networking to form customer groups based on a vested interest. Such customer groupings are often highly dynamic with customers having variable supplier loyalty. A customer-centric business provides solutions for customer grouping and accommodates groupings within the business model.
- **Automation of the sales process.** Where a recognized channel and process for routine transaction selling into an organization is well established, the focus is on ease of process and integration of systems for ordering and supply management. A customer-centric business allows for the automation of sales supply processes and ensures resources are skilled and available for customer and relationship management.

A customer-centric business often brings significant changes to IT, including:

- **Business leadership.** Includes leadership of the business on these trends, the business impacts, and in how IT can be used to meet the resulting business opportunities.
- **Change leadership.** Regards leadership in changes to business operations as a result of these trends, leadership in helping customers through the changes, and leadership in implementing change within IT operations.

- **Systems integration.** Includes managing integrated solutions and solution integrity required by a customer-centric business, such as the management of dependencies, risk, and contingencies.
- **Revised services.** IT is expected to provide customer-centric operations to meet business needs and to provide the necessary services to support integrated solutions.

### Transaction Processing

A customer-centric business sees changes in the way transactions are processed. The change is from having large numbers of staff supporting routine transaction processing to selecting highly skilled staff making extensive use of integrated IT solutions to service customer needs. As more routine transaction processing occurs through the use of IT, a change from an aptitude for routine transaction processing is replaced with expertise in problem diagnoses, proactive problem-solving expertise, and the ability to manage expectations. Skilling to support high-value and specialist transaction processing is also required.

Consider the administration of printers in a large complex organization. The number of administrators required for printer management is significantly reduced with the automation of moves, adds and changes, toner ordering, client driver updates, and printer configuration details. The need for many administrators interacting through a graphical interface for manual printer configuration is replaced with a few highly skilled administrators who diagnose problems that are not automatically fixed by the printers and the related management system itself.

Part of a customer-centric business is supporting the changes to transaction processing within a business and within customers and suppliers. For printer automation, this includes standardization of end devices, training of the end users on automated order processing, and revision of order management processes with suppliers.

### Customer Service Centers

Customer-centric service sees a change in the operation of call centers. Change starts with call centers being seen as an operation that provides the opportunity for a business to talk to its customers and to help customers with their problems. Such conversations show care for customers, lead to management of expectations, and ensure proactive solving of problems. Use of a case management approach to customer problems facilitates resolution and ensures that the customer is removed from navigating the silos of a business.

With advances in technology, call centers will not just be about phone calls, but will be centers of service excellence. Using a unified messaging environment to value-add knowledge and to solve problems, service centers are likely to operate across geographical boundaries, seamlessly integrating globally to deliver valued service to customers on any device — anywhere and anytime. A customer-centric business will see representatives within service centers possess increased skill levels and be able to work across the channels. Representatives will be proactive problem solvers who are empowered to problem solve and who engage in conversations with customers. A customer-centric business will also see changes to the management and culture of service centers, with recognition on the quality of outcomes based on customer satisfaction.

### Product Offerings

Rapid access to information and advances in IT are 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 solutions to problems exists. To meet the changes in product offerings, innovation needs to be rewarded and nurtured within a business. Pride in innovation needs to exist, with passion and commitment to

new ideas and new approaches. A customer-centric business sees the creators of ideas and of innovation having ownership and credit for their contributions. Facilitating creativity requires changes to the risk-averse, box-ticking culture, a willingness to report bad news, and the ability to learn lessons from failure.

### CUSTOMER-CENTRIC BUSINESS STRUCTURE

Improving support for external customers often starts within a business, with services provided between areas of business using a customer-supplier relationship using fee-for-service on a cost-recovery basis because of the service ethos and responsibility that results.

#### Customer-Centric Operations

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 on supporting services. A common capability for audit, risk management, governance, and for strategy and planning (budgeting) is also required.

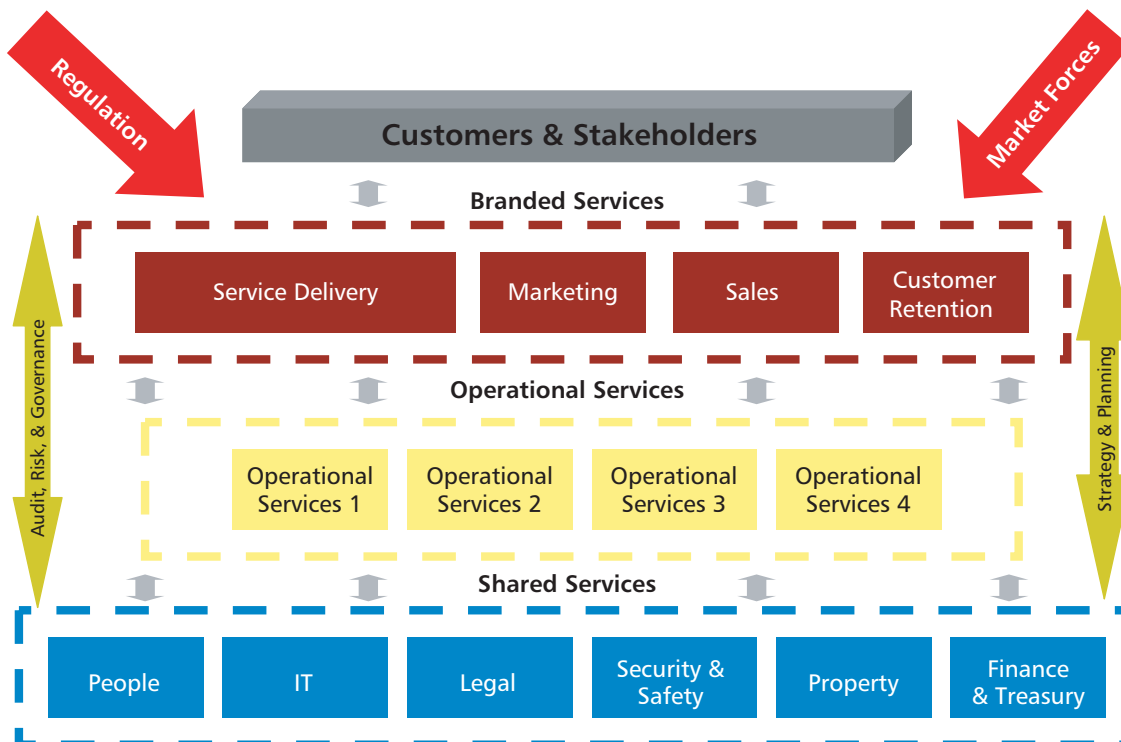


Figure 1 — Consolidated customer-centric business structure.

## Branded Services

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

- **Service delivery.** This is 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 a business differentiates itself in the market through consistency and persistency in quality of service.
- **Marketing.** This covers brand management, public relations, corporate communications, and marketing functions of a business.
- **Sales.** This resolves problems for a customer and, in the process, delivers sales for the business. A sale is about a solution, empowerment of the customer, and guiding the customer to a wise decision.
- **Customer retention.** This is a specific function dedicated to the follow-up and servicing of existing customers to ensure loyalty and retention by resolving any problems that have arisen.

For a large corporation owning many brands or branded businesses, a branded-services capability may exist for each branded area. Outsourced and offshored services are appropriate within branded services so long as the ability to problem solve and the intellectual property and ability to manage the operations are kept inhouse.<sup>8</sup>

## 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 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. With effective management and quality assurance, outsourced and offshored operations are well suited to providing solutions for operational services.

## 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.** The HR services required, including payroll, performance management, hiring, and professional development.

- **IT.** The communications, systems, applications, and data that underpin business operations.
- **Legal.** The necessary legal advice and services.
- **Security and safety.** Ensures the security and safety of a business; increasingly, the policy for data security and safety is being seen as a business responsibility with IT services being the implementer.
- **Property.** Sometimes termed “facilities management,” this is the management and maintenance of buildings and plant.
- **Finance and treasury.** A shared capability for procurement and financial management within a business.

Outsourcing and offshoring often occur within the functions of shared services (e.g., payroll or IT services). Shared services underpin the other areas of business, and effective customer service depends upon the continuity and integrity of operations in shared services.

## Shared Capability

Across all areas of a business is the need for an integrated strategy, planning, and budgeting capability embedded within business areas and operating in a unified approach. Also embedded within all business areas is the management of risk and the appropriate governance and audit. These are all core capabilities that are best kept inhouse.

## Variations to Customer-Centric Operations

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.

### Cross-Country

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

- **Country-centric.** Apply the structure shown to each country to develop country-based capacities and capabilities. A country-centric approach may ensure quality of service in a country but at the cost of duplication of effort and capabilities. Duplication in each country can be avoided by using a shared services capability across countries but keeping the appropriate country capabilities. Appropriate country-based capabilities are those requiring extensive face-to-face interaction with customers and specialist knowledge for country-specific operations.

- **Customer-centric.** While operational services may need to remain country-based to assure service delivery, the customer-centric branded services may see a single point of contact working across countries.

The customer-centric business structure shown in Figure 1 allows for the formation of a virtual global operation, while keeping key aspects of operations country-based to assure service delivery.

### Separate Companies

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

1. **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.
2. **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.

### Within Business Areas and IT

The principles of the customer-centric business structure apply within all areas of a business. Consider IT services as shown in Table 3, which are driven by the same business drivers. IT services need to deliver services and ensure they have a good reputation (branded services and service delivery). Customers need to understand the service offered (marketing services) and failure to manage customers properly will see complaints to management (retention services). IT services also depend upon the services from finance, treasury, or legal.

The significance of the customer-centric business structure lies in the overall approach to business and IT and

in the embedding of a culture of responsibility, ownership, and empowerment within each area of a business.

### Outsourced and Offshored Operations Within Customer-Centric Business

Other than the shared capability of strategy, planning, budgeting, risk, and governance, areas of the service areas within a customer-centric business structure may be outsourced or offshored, in part or in total, or provided by multiple vendors.<sup>9</sup> Successful customer-centric outsourced or offshored operations occur with resolution of the following issues:

- **Problem solving.** The ability and preparedness to problem solve exists inhouse. Problem passing to an outsourcing or offshoring vendor that was not tasked to resolve problems seldom delivers a customer-centric business operation.
- **Core competency.** Core competencies of a business are kept inhouse, leaving outsource or offshore vendors to undertake the noncore competencies and functions, which is often their area of expertise. A customer-centric business keeps core competencies inhouse because that is why the customer works with that business.
- **Intellectual property.** The intellectual property necessary for operating a business is maintained and preserved inhouse. It is the intellectual property that allows a business to innovate, to bring new products and services to market, and to service customers.
- **Ownership.** A business retains ownership of its business and operations, keeping it free of outsourcer dependency to shape its future. The significance of ownership also lies in responsibility and retaining control of operations.
- **Quality of handoff.** This ensures the end-to-end integrity of processes and the quality of handoff in processes. Assured delivery and the ability to apply processes to service customers are required in a customer-centric business.
- **Loyalty.** The employees from the provider of outsourced or offshored services see themselves as employees of and part of the business to which they are contracted. Such a sense of loyalty is important because of the pride and care that result.
- **Outcomes and behaviors.** The provider of outsourced or offshored services are managed to outcomes and behaviors using the same customer-centric business principles as for other areas of a business.

Table 3 — Consolidated Customer-Centric Business Structure Applied to IT Services

Service Area	Application to Management of IT
Branded — Service Delivery	Main point of contact will be call center operations for help desk, where every interaction with the business is an opportunity to show the value of IT to the business. Service delivery also includes projects and programs, outage management, and business strategy/planning.
Branded — Sales	From desktop support through business requirements gathering, a range of sales opportunities are presented to IT. Especially with the use of fee-for-service cost recovery.
Branded — Marketing	Communication to the business of what IT is doing, management of outages, and protection of brand and reputation of IT through good service provision. Range of communication to the business includes anything from e-mailing newsletters to breakfasts showing off capabilities of IT.
Branded — Customer Retention	Opportunities occur at many points of IT operations, including follow-up surveys and reporting to the business.
Operational — Development	Provision of services for system and solution design, development, and testing.
Operational — Implementation	Provision of services for project and program management as well as services for the implementation of systems and solutions.
Operational — Support	Provision of services for ongoing support of IT (network administration, database administration, systems administration, asset management, and capacity planning).
Shared — People	Use of solutions and resources from people services to manage recruitment, payroll, and staff career development.
Shared — IT	Use of staff within IT to provide IT support.
Shared — Legal	Use of staff from legal services to assist IT with legal advice.
Shared — Security and Safety	Use of solutions and resources from security and safety services for issues within IT.
Shared —Property	Facilities and property management services to support the operations of IT.
Shared — Finance and Treasury	Use of finance and treasury services to support IT, including accounts payable/receivable, penalties, and currency exchanges.
Shared Capability	Integration of IT into the strategy/planning of the business, including budgeting. Governance of IT and its alignment with business operations, including funding and reporting.

Customer annoyance with poor transfer between silos of a business, frustrations at not being able to have problems resolved, and a sense of a lack of care about the customer reported for some outsourced call centers arise when the aforementioned issues remain unresolved.

### Utility and Embedded Services in Customer-Centric Operations

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 verses those provided centrally as a utility service. Consider the case of people services and the services provided to a business:

- **Utility service.** This is where one area is responsible for servicing the needs of a business. The example is the processing payroll where having one system to support all business areas is appropriate. 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 approach occurs mainly within the shared service function provided.

- **Embedded service.** This is where the shared service function is embedded in the lines of business. The example is the hiring of staff where having HR resources embedded within a business area because the HR function is more responsive, closer to the business, and understands business priorities. The same level of efficiency and engagement is seldom achieved by the somewhat remote centralized HR operations. This embedding of service of approach occurs within the shared service function provided.

Some services provided by IT are best provided as a utility (e.g., network and phones), while those forming the knowledge worker assembly line such as CRM and enterprise resource planning (ERP) are best provided when embedded within the business. Success in a

customer-centric structure comes from defining and managing both the utility services and the embedded services within a business.

### Customer-Centric Business Processes

Part of a customer-centric business are processes that function end to end as the customer interacts. Such an end-to-end processing approach has many advantages, including:

- **Requirements.** An effective way for defining and gathering user requirements because businesspeople can relate to what is happening.
- **Architecture.** Driving systems and database integration to better define enterprise architecture.
- **Quality of handoff.** Addressing the quality of handoff points and dependent processes (the most common cause of issues in processes).
- **Information in context.** The information is supplied to the use in context, often tied to business and processing rules, making it easier for knowledge workers to undertake their roles.
- **Exceptions management.** End-to-end process continuity often reduces the number of exceptions to be managed and allows for the definition of exceptions management processes and reporting.

In a customer-centric business, the significance of process lies in the ability to guarantee service delivery through standardization to provide service to a consistent quality. Standardization is not about the lowest common denominator and elimination of options and flexibility. Rather, standardization is about consistency to offer the flexibility and customization required. Customer-centric business use process as a framework for delivery. It is the ability to bring different processes together and readily customize them to meet changing customer needs in a dynamic business environment.

Beyond changing business processes so that they operate end to end as the customer interacts, a customer-centric business is the ongoing use of process as a tool for identifying issues to improve service and an ongoing commitment to address issues identified.

Revision of process to support customer-centric business operations need not be a large or complex change. The process is about making pragmatic changes within core processes of a business and embedding these changes to realize benefits. The changes are often iterative, ongoing, and can then be extended to other processes and drive additional changes in other areas. By ensuring the end-to-end integrity of core processes

with a focus on quality of handoff, the performance of supporting and related processes are aligned to the performance of the core processes. Process change in a customer-centric business is about instilling process integrity principles within key areas of a business so that change will permeate to other areas over time.

### CUSTOMER-CENTRIC BUSINESS IMPLEMENTATION

The adoption of a customer-centric business approach by a business is best achieved in a staged pragmatic approach based on outcomes achieved. While continuous improvement is part of the implementation process, a series of integrated and rolling change management programs are also required. Changes to key aspects of processes, performance management, and instilling responsibility and ownership in core business areas are required. By assuring integrity of core processes, change can progressively permeate across other business areas. Similar to any other organizational change management program, a customer-centric business requires the elements as shown in Figure 2.

The competing forces of regulation, markets, costs, and customers are driving a business, particularly the strategy of a business and the need for change. Transition to a customer-centric business requires the alignment of the following to overcome incumbency:

- **Leadership.** Encompasses the leadership vision, strategy, and support required for change. In addition to leadership from the executive level, all levels of management require vision, drive, and ability to implement change.
- **Change capability.** Consists of the capability of an enterprise, business, or team to undergo change (i.e., does it have the right people with right skills to implement?).
- **Change capacity.** Consists of the capacity of an enterprise, business, or team to undergo change (i.e., all of the structures and resources necessary for change). This includes the actual time to spend on undergoing change.

### Leadership

The change to a customer-centric business starts with the leadership of a business. The board, executive, and senior management have the vision and strategy and lead by example. Part of this leadership is being out there talking to customers (both internal and external) as well as walking around a business to see and experience the actual performance of a business.

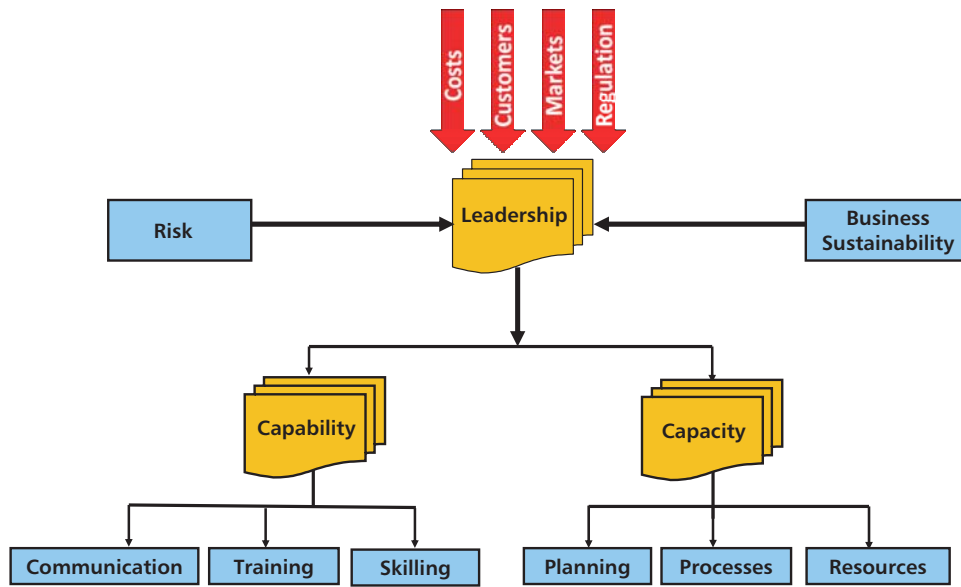


Figure 2 — Elements for implementing a customer-centric business.

The significance of leadership in the transition to a customer-centric business cannot be underestimated because of the message it sends about a business and its culture. Leadership for a customer-centric business requires the following:

- **Vision for change.** Key people have a vision of what they want to achieve, can effectively communicate the vision, and build a leadership team across the organization that shares the vision with the ability to implement. Successful change can be implemented when management across a business can articulate the vision of a customer-centric business.
- **Vision for application of IT.** Key people with the vision and ability to apply IT in a customer-centric way and to meet emerging opportunities is required.
- **Strategy for change.** One or two key strategies only are required, and these strategies need to be readily articulated by managers so that they can align their areas of business.
- **Drive for change.** Supporting the vision and strategy is the drive from leadership to consistently and persistently apply the customer-centric approach. It is the combination of drive, vision, and strategy that embeds change within business areas.
- **Risk management of change.** Includes management of the risks associated with undertaking the change to a customer-centric business as well as understanding the risk of not undergoing the necessary change. Risk management of rushed change and unrealistic expectations is also required.

- **Business sustainability through change.** Leadership is required to sustain current operations whilst a business undergoes any change (i.e., change does not disrupt operations unnecessarily).

### Capability

A customer-centric business develops the necessary capabilities within its business. While external consultants can help with the process, sustainable change comes from within a business with a desire to do better. The capability of an organization depends upon the people in the organization, particularly those involved in the change and those leading the change to a customer-centric business.

### People and Social Systems

There is no magic wand and no one-size-fits-all solution or methodology for achieving a customer-centric business. Rather, a customer-centric business requires recognition of the following principles:

- **Working with people.** Change is about working with people collaboratively to get the best out of people. Empowering people to deliver to outcomes and respecting professionalism contribute to getting the best from people.
- **People determine success.** The results realized from change depend upon the people, the processes, and the flow of information — in that order. Any change methodology or framework is only as good its implementation and the key factor in success is the caliber of people used.

- **Systems accommodating the people factor.** The effectiveness of any business system (function, process, operation) depends upon the people using it. A successful customer-centric business values the people factor and accommodates it. The “oh, only if they did this” approach to change is unsuccessful.
- **People bringing change.** Business processes and IT contribute to change and methodologies, frameworks, and processes all help with change. It is people that bring and sustain change.
- **Social groups.** People work in groups, often across business areas, with a range of social dynamics. Experience of success with a customer-centric business approach in one group influences many others groups and individuals.
- **Highly connected individuals.** A customer-centric business uses highly connected individuals of significance to influence those around them who in turn bring peer pressure to bear on those around them.

Developing and sustaining the capability of a customer-centric business requires a variety of approaches, including:

- **“Target to shoot at” approach.** It is easier for people to deconstruct than to construct. People can readily tell you what is wrong and choose between options than articulate what they need (i.e., providing people with a target to shoot at). The target needs to be good enough to get the message across and to get buy-in and support, but the target also needs to allow people to find things wrong so that they can take ownership.
- **“Rolling momentum” approach.** Orchestrating large-scale change is complex, risky, and results vary. A more effective and lower risk approach is to gain buy-in and support from a small group that delivers, and then progressively extend that influence to larger and larger groups.
- **“Coalface support” approach.** Sustainable change is seen when lots of people in operations (at the coalface) consistently and persistently make small changes in the way they operate and champion changes because it is in their vested interest.
- **“Organizational squeeze” approach.** Focuses on buy-in from executive leadership and from the “coalface,” to put pressure on a business (i.e., the top and bottom of an organization are driving change and putting the pressure on the middle layers of a business).

From customers expressing dissatisfaction through Twitter and Facebook pages to the use of blogs within an

organization to apply peer pressure, social networking is playing an increasing and transformative role in the implementation and operation of a customer-centric business.<sup>10</sup>

### Skilling

To work effectively in the changed environment of a customer-centric business, people will need to have changed some of their skills. Successful customer-centric businesses place a premium on skilling in the professional or soft skills of problem solving, communication, time management, relationship management, and presentation. Such skilling often occurs as part of ongoing personal development activity, as well as part of change-specific activities. Skilling in a customer-centric business sees a change to proactive engagement, to having conversations with customers, and to problem solving through being empowered. Often, the skills can be developed by trusting staff to deliver to outcomes within a clear framework.

### Training

Training in the use of new systems and processes, revised policies and procedures, and in customer service are all part of a customer-centric business. Similar to skilling, training is both ongoing as part of business and change specific.

### Communication

Successful change to a customer-centric business occurs through effective communication to those involved in the change. Considerations for successful communication include:

- People need to be able to clearly repeat back key messages from the communications in their own terms.
- Effective change communication occurs when people can tell you how the change impacts them and those around them.

Only so much information can be communicated in a given time. Several short sessions with reinforcement through practical exercise and practice is often an effective method of communication.

### Capacity

A customer-centric business develops the necessary capacities within its business, including the availability of time to undergo change. Taking a staged approach, progressively implementing manageable pieces, and embedding into key areas to realize the benefits is often better than trying to do too much change at once.

## Planning

The planning for the implementation of a customer-centric business comes from the definition of the objective and the strategy to be used. While the timeline and milestones defined in a plan are important to any implementation, the value of the plan often lies in the planning process,<sup>11</sup> including:

- **Intent.** Defining what needs to occur.
- **Guidance.** Providing a framework for empowered people to flexibly work within.
- **Building infrastructure.** Allowing infrastructure and capabilities to be developed, which can be adapted to meet dynamic needs.
- **Issue recognition.** Driving out of issues for resolution and the approach to be taken to resolving the issues.
- **Risk management.** Identification of risks, dependencies, assumptions, and likely impacts. This permits the thinking through or reasoning of an implementation, particularly a shared understanding of impacts and consequences.
- **People alignment.** Providing the basis for effective communication between all parties to keep activities aligned.
- **Change agent.** Using the planning process as an agent of change.

Although the role of planning within a customer-centric business is changing, the need for planning is increasing because both problem resolution occurring at source and planning is the framework within which empowered delivery occurs. Centralized decision making often takes too long and is often made with inadequate information by people who are remote from the situation.<sup>12</sup> In a customer-centric business, decisions aligned to strategy for resourcing, financials, planning, sourcing, and even acquisitions occur close to the coalface. Planning in a customer-centric business is a framework for management to outcomes to strategy and objectives.

## Processes

The right processes to guarantee service delivery is key to the successful operation of a customer-centric business and to the successful implementation of a customer-centric business. In addition to operating processes end to end as the customer interacts, the outcomes from a process need are defined and measured for assuring the quality of handoff implemented. A solution and processes for the implementation of a customer-centric business, together with ongoing process improvement, are required.

Process change is often implemented in a staged approach, focusing on core processes end to end. Then by using process integrity and quality of handoff, the organization should progressively implement changes in related and supporting processes.

## Resources

Like any other business activity, realizing a customer-centric business requires proper resource allocation. Considerations around resource allocation include:

- **Time.** Participants need to be able spend time away from core business activities on the change activities of business analysis, process reengineering, skilling, and training.
- **Budget.** Commensurate with the change activity, based on ROI.
- **People.** Those leading the change need to be of high caliber and lead by example. Many change programs suffer because of false cost savings made.
- **Complementary skills.** Influencers of change are a combination of the drive and vision, management of the detailed implementation, and the required communication and “political” skills. Having these skills in one person or a team of three with these complementary skills working together to lead the change (distributed across the organization) is a powerful agent of change.
- **Leveraging strengths.** The personality trait of an individual or team is often a strength that can be used in the implementation of a customer-centric business (e.g., use those of detailed mindset for details of implementation within their area of responsibility).
- **Infrastructure.** The capability of the business infrastructure to support change activities are part of the return from the planning process.

## Collaborative Sales Process to Enhance Customer Experience

A collaborative integrated sales and delivery process is part of a customer-centric business structure. Such a tight integration has advantages for the customer as well as being good for a business because it facilitates customer retention, furthers sales opportunities, and provides for cross-selling and promotion of other services. Such integration of the sales process has advantages for IT, especially in the management of procurement and in ensuring delivery of business integrated solutions by external suppliers.

Although the customer management shown in Figure 3 is familiar, it is the customer-centric focus and integration end to end from the customer perspective that is the differentiator in a customer-centric business structure. Aspects of the integration within a customer-centric business include:

- **Presales.** This includes helping the customer with problem recognition and awareness of the benefits brought by the solution. Using solution selling to problem solve brings confidence and motivates the customer to solve its problem.
- **Solution selling.** Encompasses a change from selling product to being the trusted adviser who guides the customer to a wise outcome using a consultative solution-selling approach. The focus is on the perception of value for money by resolution of the customer’s problem.
- **Solution implementation.** This is about customer engagement to help solve problems. The solution sales process assists with implementation to identify other opportunities and benefits and to help manage customer expectations.
- **Solution integration.** Solution selling in order to problem solve has the customer become the champion of its solution and ensures the transfer of expertise to the customer. All of this ensures a better customer experience, leading to other opportunities.
- **Support and maintenance.** This involves ensuring ownership, management of issues, and effective problem solving. Solution selling to solve problems ensures that the customer outcomes are achieved because of the further opportunities that result from a well-supported and maintained solution.

Important changes to processes include:

- **Sales remuneration.** Includes the remuneration of sales staff to be revised from full fee up front to payment at the start, during, and for successful implementation.
- **Sales opportunities.** Consists of a change from product-orientated selling to solution selling of the products and services of a business as an integrated solution. The skilling of salespeople to sell across the silos of a business and changes to remuneration are required.
- **Sales role.** The role of sales changes from being the single source for the provision of information to advising and reassurance on customer decisions.
- **Implementation management.** To ensure the quality of handoff, those involved in the implementation

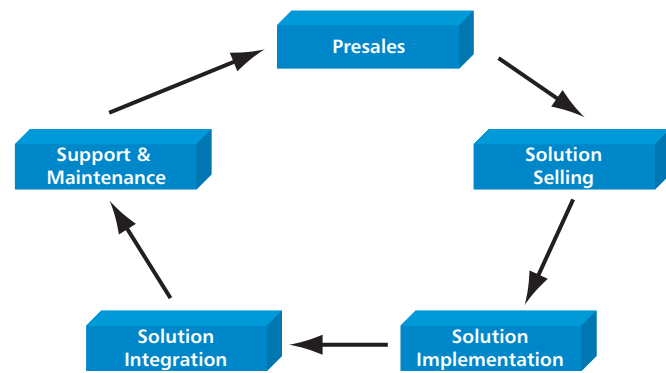


Figure 3 — Collaborative and integrated sales cycle to enhance customer experience in a customer-centric business.

should be assisting in solution selling, including engagement of implementation resources to advise on costing, guidance on implementation issues and likely impacts, up 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.

### Aligning Performance

Part of a customer-centric structure is improved performance to meet increasing customer expectations and to be able to respond to the dynamics of a rapidly changing business environment. Beyond revisions to IT and of sales remuneration, areas for revision include executive and leadership remuneration, fee-for-service cost recovery, aspects of service-level agreements (SLAs), and cost savings in operational expenditures.

#### Executive and Leadership Remuneration

Similar to the remuneration of salespeople, changing the remuneration focus of executives and leadership is part of the change to a customer-centric business. Revision of executive remuneration to reflect customer satisfaction and a prioritization of the medium- and longer-term interests of a business are required. The Board of the Commonwealth Bank of Australia has included customer satisfaction in the performance metrics and remuneration of its CEO, and this has seen increased customer satisfaction, increased customer retention, and increased profitability.

#### Fee-for-Service Cost Recovery

The use of fee-for-service cost recovery, together with activity-based costing and profit centers, are part of a customer-centric business because of the resulting

responsibility and customer service ethos. Consider the provision of IT services. When having areas of business provided with budget for procurement of services from IT on a fee-for-service basis, then both the areas of business and IT are held responsible. Areas of business should elect to procure services inhouse because of cost and better service, though practical measures to ensure business integrity are also required. One measure would be business areas are mandated to source services inhouse first, but if the required services cannot be provided inhouse, then business areas would be free to procure services from the market. Other measures would include funding mechanism governance to stop the formation of duplicate (shadow) IT systems and the customer-centric principle of profit from services provided returning any profit back to the business (shareholders) after investment in infrastructure.

From the costing of routine transaction processing to facilities management to project and program implementation, the principles of fee-for-service cost recovery drives ownership and responsibility while improving quality of service and making business areas customer-centric.<sup>13</sup>

## SLAs

SLAs are a necessary tool for the provision of services, and customer-orientated SLAs are part of a customer-centric business. Aspects of SLAs within a customer-centric business for use with external customers or between business areas include:

- **Use of SLAs to provide value-added services.** Rather than having SLAs that manage and reward outcomes, many SLAs are written and managed so that the SLA becomes the minimum service provided. In addition to disenfranchising the customer, such SLAs often prove counterproductive to the service provider, not least the hidden costs in customer management that result. Customer-centric SLAs manage to outcomes.
- **SLAs to manage behaviors.** Outcomes and behaviors management shows that inducing the right behaviors leads to better outcomes. SLAs in a customer-centric business induce behaviors, often resulting in increased customer satisfaction and more business. An example of behavior management is having penalties that make it worth the effort of a supplier to improve service rather just excepting fines.
- **Staged implementation and review.** Successful SLAs are often implemented in a staged approach, with parties working together to develop the necessary

capacities and capabilities. The SLAs are subject to collaborative and regular review as business needs change.

- **Removal of risk from service costs.** SLAs often require a costing for services, but not all services can be readily quantified. Fault diagnosis of IT is a service that is hard to cost because of the number of unknowns, particularly how long it will take to resolve. Separation of parts from labor and repair from diagnosis costs is one approach. Another is to separate the risk costs. Rather than building risk into service costs, customer-centric SLAs separate the risk cost and manage it via a different agreed mechanism, similar to the management of risk in programs (e.g., the Terminal 5 program for Heathrow Airport).
- **Unit costing.** Customer-centric SLAs use the principles of unit costing to minimize disputes. Braking services down into component parts with transparency of costing to agreed rates makes it easier for the service supplier to manage its costs, while allowing the customer to see the value for money.
- **Exceptions management.** Customer-centric SLAs have an agreed mechanism for effectively managing exceptions, including the scope of exceptions.

## Cost Savings

Inefficiencies within business operations, which are often ripe for change and are the cause of frustration for customers, may perpetuate because the status quo cost is absorbed within routine business operational costs (OPEX). Conversely, initiatives to change business operations are often funded from capital expenditure (CAPEX) and are therefore vulnerable to cost cutting. Funding for transition to a customer-centric business should predominantly come from cost savings in OPEX because if the business does not realize the benefit of the change, then the value of the activity should be questioned. CAPEX may sometimes be required to cover some of the more intangible benefits of change that cannot be funded directly.

## Governance

Part of a customer-centric business is a revision of governance to support empowered decision making and problem solving at the source, including:

- **Risk-based approach to business.** Encompasses the management of risk in customer management and business decisions. The use of risk mitigation within a customer-centric business and impact-minimization

activities drive improved business performance, which also manages risk.<sup>14</sup>

- **Empowered command and control.** Includes change from centralized decision making and command and control to empowered decision making at source, aligned to clear strategy and outcomes. Centralized decision making suffers from the problems of time required with decision making, absence of all required information, and being remote from a changing environment.
- **Standards regime.** Encompasses a common governance regime that is flexible to meet specific business needs across business areas; for example, use of ITIL or COBIT; includes the adoption of a multilayered approach of controls and standard methodologies or frameworks to ensure service delivery.
- **Resilient business.** Requires building redundancy and durability into a business to ensure sustainable profitability and management of crises.<sup>15</sup>

- **Audit capability of customer-centric capability.** Includes having customer-centric principles within the auditing of a business. Audit should be about the “spirit of intention” as part of “business as usual” because this encompasses best practice for business.

#### CUSTOMER-CENTRIC BUSINESS SUPPORTED BY IT

A customer-centric approach to business and its implementation provides an overarching objective, strategy, and framework to the design, development, operation, and management of IT. It is the principles of the utility infrastructure of IT and the knowledge worker assembly line supplied by IT that underpin the successful operation of IT and of a customer-centric business.<sup>16</sup> In addition, a customer-centric business requires leadership from IT in business innovation and in the alignment of IT to business operations.

Aspects of the role of a customer-centric business within IT operations and some of the benefits to IT services are shown in Tables 4a and 4b.

Table 4a — Role of Customer-Centric Business in IT

IT Function	Principle of Customer-Centric Business Using IT	Benefit to IT
Asset management	Spanning silos of a business	A single asset management solution integrated into databases for financial management, inventory, and procurement. Results in lowers costs due to single and current inventory of assets.
Audit	Culture of responsibility	Makes the audit process easier because audit principles are embedded in operations and the intent of compliance exists based on vested interest.
Budget and resourcing	Unit costing of services and fee-for-service cost recovery	Better estimation of costs and resources, while driving out hidden costs; increases responsibility within both IT and business area.
Business analysis and requirements	End-to-end processes as the customer interacts	A structured and comprehensive approach for requirements gathering that business areas can embrace. Aligning the information and business rules to each step of a process also reduces scope creep.
Capacity planning	Knowing what problems a customer is trying to solve	Knowing what problems business areas are looking to resolve is important information for capacity planning.
Cost savings	Perception of value	A customer-centric IT service helps stop deployment of duplicate or shadow IT solutions in business areas. IT is seen to be of business benefit rather than a business cost.
Data privacy	End-to-end processes as the customer interacts	End-to-end processes and aligning the information and business rules to each step of a process means that the data privacy issues are identified and managed accordingly.
Data security	End-to-end processes as the customer interacts	End-to-end processes show who should have what access to data so that effective controls can be implemented.
Database administration	Spanning the silos of a business and end-to-end processes	Used to identify the connectivity and interactivity between database sources, impacting database administration policies, procedures, and schedules.

Table 4b — Role of Customer-Centric Business in IT

IT Function	Principle of Customer-Centric Business Using IT	Benefit to IT
Disaster recovery	Customer-centric SLAs for the provisions of services	When system availability requirements are specified against customer requirements, the disaster recovery capacities and capabilities of systems can be established; and with unit costing, the business case for disaster recovery established. Customer-centric SLAs also used for disaster recovery service management.
Enterprise architecture	Spanning the silos of a business and end-to-end processes	Provides the basis for system requirements; system and database integration required, thus forming the basis for effective enterprise architecture.
Governance	Empowered command and control	Ensures decision making is kept close to source, resulting in ownership and improved service.
Procurement	Integrated sales process	Use of suppliers that adopt a customer-centric integrated sales process to ensure service delivery.
Program and project management	Integrated sales process	Use of a customer-centric integrated sales process when selling services to business areas for projects and programs due to resulting stakeholder engagement and reduced risk.
Resourcing	Unit costing of services	Better knowledge of services and use of unit costing of services leads to better resource planning and resource utilization.
Risks	Risk-based approach as part of customer-centric business	Use of risk mitigation activities to achieve better business outcomes.
SLAs	Customer-centric SLAs used in IT operations	Use of unit costing for service management and resource management through to use of SLAs to better manage relationship with business areas.
Service model for IT delivery	Utility and embedded services	The customer-centric business model of embedding some functions within the business and others provided as a shared utility forms the model for the delivery of IT services because the large centralized IT department structures seldom perform to the level of service required.

Beyond the immediate benefits brought to both business and IT from adopting a customer-centric approach within IT, a customer-centric approach allows IT to accommodate some future trends, including:

- **Cloud computing.** The use of cloud computing for the provision of IT services is set to intensify the need for an IT operation underpinned by customer-centric principles. IT practitioners are likely to become more involved with business operations, stakeholder management, process change, and customer service.
- **Green IT.** As businesses become green because it is good for business, green IT is expected to play a major role in both the greening of a business and in changing how a business operates. An IT operation underpinned by customer-centric principles would facilitate the greening of a business.<sup>17</sup>

- **Convergence.** The convergence of content, telecom, financial transactions, and the rise of information organization services are leading to market reorganization and changes to business models (see Figure 4). To remain competitive, content creation companies (media) need to provide not only value-adding content but information organization services. Telecom companies will increasingly integrate applications with carriage to provide value-added services while looking to extend content-based services. Information organization companies are extending their influence into carriage-related services. Further convergence of content and carriage with financial transactions is also expected. A customer-centric business responds to customers and evolves its business through the use of IT.



## ENDNOTES

- <sup>1</sup>Gulati, Ranjay. *Reorganize for Resilience: Putting Customers at the Center of Your Business*. Harvard Business Press, 2010.
- <sup>2</sup>Blank, Steve. "No Business Plan Survives First Contact with a Customer — The 5.2 Billion Dollar Mistake." *FC Expert Blog*, 1 November 2010 ([www.fastcompany.com/1699330/no-business-plan-survives-first-contact-with-a-customer-the-52-billion-dollar-mistake?partner=rss](http://www.fastcompany.com/1699330/no-business-plan-survives-first-contact-with-a-customer-the-52-billion-dollar-mistake?partner=rss)).
- <sup>3</sup>For the purpose of this report, a customer-centric business is considered as an approach to business operations for sustainable profitability through customer loyalty because of the actions of an empowered workforce.
- <sup>4</sup>Outside of government services, utilities, and real estate sales, multiple suppliers often compete for the provision of products and services — making customer service an important business differentiator.
- <sup>5</sup>Unhelkar, Bhuvan. "Collaborative Business and Enterprise Agility." *Cutter Consortium Business-IT Strategies Executive Report*, Vol. 13, No. 9, 2010.
- <sup>6</sup>IT in the context of this report includes information technology and communications (ICT).
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- <sup>15</sup>Sherringham, Keith. "Resilience Capability — Developing Enterprise Capability." *Business Continuity Journal*, Vol. 3, No. 4, October 2009, pp. 35-43.

<sup>16</sup>Sherringham, Keith. *Cookbook for Market Dominance and Shareholder Value: Standardising the Roles of Knowledge Workers*. Athena Press, 2005.

<sup>17</sup>Unhelkar, Bhuvan. *Green IT Strategies and Applications*. Taylor and Francis (CRC Press), forthcoming 2011.

## ABOUT THE AUTHORS

**Keith Sherringham** has over 15 years' experience in business consulting in corporations and government at the executive and senior leadership levels on business strategy and planning, business application of ICT, program management and turnaround, and business resilience and change management. Mr. Sherringham is a noted author and speaker on the business application of ICT and is known for his thought leadership and pragmatic strategy in areas including real-time decision making, standardizing the roles of knowledge workers, green ICT, and resilient business operations. He is a former Board Director of the Australian Computer Society, where he was responsible for strategy and planning and has guest-lectured at various Universities in Australia on the impacts of changes in ICT to business. As a company director and mentor to CEOs and boards within not-for-profits, Mr. Sherringham brings his practical and pragmatic business experience to address organizational performance and board and executive relationships. He can be reached at [keith.sherringham@imscorp.com.au](mailto:keith.sherringham@imscorp.com.au).

**Bhuvan Unhelkar** is a Senior Consultant with Cutter Consortium's Business-IT Strategies and Enterprise Architecture practices. He has more than two decades of strategic as well as hands-on professional experience in the information and communication technologies (ICT) industry. As a Founder of MethodScience.com, Dr. Unhelkar has notable practical consulting and training expertise in software engineering (object modeling, processes, and quality), enterprise architecture (including SOA), project management, collaborative Web services, environmental responsibilities, and mobile business. His domain experience includes financial, insurance, government, as well as telecommunication organizations wherein he has created industry-specific SOAs, process maps, quality strategies, and business-transformation approaches.

Recently, Dr. Unhelkar has updated three large organizations (two banks and an insurance organization) in the use of composite agile and demonstrated the concept through training and workshops. His other courses over the past few years in the aforementioned areas have now been delivered to business executives and IT professionals globally, from Australia, the US, Canada, and the UK to China, India, Sri Lanka, New Zealand, and Singapore. Training courses delivered through MethodScience are consistently ranked highly by the participants. Dr. Unhelkar earned his PhD in the area of object orientation from the University of Technology, Sydney, in 1997. Subsequently, he designed and delivered courses on such topics as global information systems, object-oriented analysis and design, business process reengineering, and IT project management in the industry as well as across universities in Australia, China, and India.

Dr. Unhelkar leads the Mobile Internet Research and Applications Group (MIRAG) at the University of Western Sydney, where he is also an adjunct Associate Professor. He has written/edited 15 books in the areas of collaborative business, globalization, mobile business, software quality, business analysis, business processes, and UML and has extensively presented and published papers and case studies. Dr. Unhelkar's current research interests include the application of emerging technologies to enterprise architectures, business analysis in the context of agile, smart sourcing, and environmentally responsible business strategies. He is writing two books: *The Art of Practicing Agile: Applying Composite Agile Method and Strategy to Real Projects* and *Green IT: Strategies and Applications*. Dr. Unhelkar is a sought-after speaker, a Fellow of the Australian Computer Society (elected to this prestigious membership grade in 2002 for distinguished contribution to the field of ICT), life member of the Computer Society of India, Rotarian at St. Ives (Paul Harris Fellow), discovery volunteer at NSW parks and wildlife, and a previous TiE Mentor. He can be reached at [bunhelkar@cutter.com](mailto:bunhelkar@cutter.com).

# Business-IT Strategies Practice

The Business-IT Strategies Practice area focuses on the intersection of business and IT. Through the subscription-based Advisory Service, the Business-IT Strategies team of Senior Consultants guides companies to optimize their IT investments by ensuring they validate business requirements prior to making investments in technology, technology acquisition strategies, and day-to-day management of technology.

Consulting and training services within this practice area are customized to meet your needs; they cover assignments such as harnessing IT as a competitive weapon through sound business-IT alignment, developing an IT strategic plan, and reorganizing and transforming your IT department.

The Business-IT Strategies Practice guides you to identify the IT investments that make the most sense for your business, avoid those that fail to support your business objectives, and position your enterprise so it can leverage IT for competitive advantage.

## Products and Services Available from the Business-IT Strategies Practice

- The Business-IT Strategies Advisory Service
- Consulting
- Inhouse Workshops
- Mentoring
- Research Reports

## Other Cutter Consortium Practices

Cutter Consortium aligns its products and services into the nine practice areas below. Each of these practices includes a subscription-based periodical service, plus consulting and training services.

- Agile Product & Project Management
- Business Intelligence
- Business-IT Strategies
- Business Technology Trends & Impacts
- Enterprise Architecture
- Enterprise Risk Management & Governance
- Government & Public Sector
- Innovation & Enterprise Agility
- IT Management
- Measurement and Benchmarking Strategies
- Social Networking
- Sourcing & Vendor Relationships

# Senior Consultant Team

The Cutter Consortium Business-IT Strategies Senior Consultant team includes seasoned experts in the business technology arena. Several are former CIOs; many have served as business management consultants; others have served as professors at prestigious universities. Collectively, the Senior Consultants on the Business-IT Strategies team have decades of experience both inside corporate IT and business groups, and working with organizations in a consulting capacity. The team includes:

- Paul Allen
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- Rogelio Oliva
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