Customer Excellence and the Customer-Focused Organization

A Roundtable Overview

European Chapter Discussion
Customer Excellence and the Customer-Focused Organization

Thought Leadership Roundtable on Digital Strategies
An executive roundtable series of the
Center for Digital Strategies at the Tuck School of Business

In 2011, the Roundtable on Digital Strategies discussed technology megatrends of the coming decade and their potential impact on corporate IT and enterprise business models. Four years later, these technologies have taken hold, and the impacts on the vendor/customer relationship from mobile computing, social technologies, and big data are particularly evident. Disruptive technological change has always put businesses at risk, and with the current pace of change, it has never been more important to align technology with corporate vision to deliver world-class customer experiences.

Members of the European Chapter of the Roundtable on Digital Strategies convened at Clariant International in Munich, Germany, for a day-long discussion of how customer/vendor interactions are changing, what it means in today’s world to be a customer-focused enterprise, and what role technology and digital strategies play, both in creating the new customer landscape, and in adapting to it and managing it for the benefit of customers and vendors.

Participants in the session included CIOs and their customer-facing business partners from host Clariant International, Eaton Corporation, Hilti Group, Holcim, Insurance Australia Group, the International Federation of the Red Cross and Red Crescent Societies, and UPC Cablecom.

Key Insights Discussed in this Article:

- **Traditional customer segmentation models belong to the Stone Age.** In B2C markets, families now behave like small businesses. B2B “customers” now include design partners, service providers, and non-paying end users. Enterprises must adapt. Pages 2-4, 6, 11, 13

- **Existing business models face existential risk.** Technology is elevating customer expectations while creating – and attracting – non-traditional competitors. Pages 2, 5-6, 12-13

- **Functional silos are out; customer business processes are in.** Customers want solutions, not products, and vendors need to integrate with their value chains. Pages 3, 4, 6, 8, 11-12

- **“Customer-centric” is more than the latest slogan.** Product to solution; data to insight; efficiency focus vs. value focus – companies need to do it all; to say nothing of establishing a culture that will allow and enable the transition. Pages 2, 5, 8, 12-13

- **Gaining insight is work-in-progress.** Enterprises are “data rich and information poor.” Assembling the pieces and analyzing them to support material business decisions is an extensive – and difficult – work-in-progress. Pages 6, 7-8, 9, 10

- **IT groups risk joining the dinosaurs.** IT needs to lead the charge to support new business models, integrate with customer processes, and above all shift corporate culture from functional silos to integrated business teams. Pages 2, 8-9, 12-13
Introduction: What’s an Enterprise to Do?

"Your customers are only satisfied because their expectations are so low and because no one else is doing better. Just having satisfied customers isn't good enough anymore. If you really want a booming business, you have to create Raving Fans." — Kenneth Blanchard and Sheldon Bowles, *Raving Fans: A Revolutionary Approach to Customer Service*

Enterprises exist to serve customers, and yet as they succeed and grow, the emphasis — of leadership, of technology, of organizational structure — often shifts to focus on improvements that benefit the enterprise, rather than its customers. Blanchard & Bowles’ challenge to companies contains plenty of hyperbole, but it captures our attention because it resonates for all of us as consumers, in experiences with airlines or telecomm providers or take-out restaurants. Customer delight, they argue, means starting and ending with the customer in the center of every decision,

Clayton Christensen famously argues a contrary point of view in his classic *Innovator’s Dilemma*:

The decision-making and resource-allocation processes that are key to the success of established companies are the very processes that reject disruptive technologies: listening carefully to customers; tracking competitors’ actions carefully; and investing resources to design and build higher-performance, higher-quality products that will yield greater profit. These are the reasons why great firms stumble or fail when confronted with disruptive technological change.

Which way do enterprises need to behave when the technological landscape is shifting as rapidly as it is today? What might these authors have said differently if they were writing today, when more than 150 private company “unicorns” have so disrupted traditional business models and so re-defined customer relationships that their pre-IPO valuations are already measured in billions? How can established enterprises protect themselves from being disrupted by non-traditional upstarts and simultaneously maintain or improve position relative to their traditional competitors?

Blanchard and Bowles published in 2004, and Christensen seven years before that, yet their themes are as relevant in 2015 as they were at the time. *The Innovator’s Dilemma* came in the midst of the dot-com boom, while *Raving Fans* appeared as Google, the iPod and iTunes were beginning to define how the broader world would interact with the Internet. Today, a plethora of new entrants in social technologies, cloud, big data, and mobile computing are completely changing how companies and their customers interact, in both B2B and B2C. Christensen in particular points out the dichotomy that arises every time we have widespread technological change, between existing/legacy customers who were acquired and served in the “old” model, and new potential customers, with new and different sets of expectations and values. Complicating matters, the changes in this technology cycle have been so dramatic they have created a generation gap in behavior and expectations that may be wider than any since the advent of television: from one perspective, the younger population that grew up with a mobile phone, and the older population that didn’t. What’s worked as recently as today may not be successful tomorrow, and it’s management’s job to figure out how to both keep existing customers and delight new ones.
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Meet the New Boss. NOT the Same as the Old Boss.

Rob Kaufmann, the Manager of International and Movement Relations for the International Federation of Red Cross and Red Crescent Societies (IFRC), launched the discussion by describing a typical customer scenario in the new digital age:

The population knows so much more than they used to. Take the young teen who manages the Netflix account for the family: She is very-well informed, and she has high expectations for what you should be providing. It means when we offer something, we can’t pretend: Offerings have to be so much more professionalized. We have to be very transparent, and quick to admit when something is not meeting the customer’s needs, and then to adapt.

“Over time data becomes so much more available to consumers,” confirmed Anthony Justice, Chief Customer Officer for Insurance Australia Group.

Instead of taking time to call four call centers to get four quotes, you can now get that same information from 15 companies in three minutes. Customers have become infinitely more informed, and therefore differentiation doesn’t come on product or even price. It comes on how you make the customer feel. So we have to start segmenting based on customer behaviors.

We have customers who want to feel loved and respected, and buyers who want to feel really smart. We have price chasers, and we have disinterested buyers who just want the problem to go away. We have to segment our products and services and offerings in the market to meet all these needs. Traditional demographic segmentation is from the Stone Age.

Volker Libovsky, Vice President of IT for UPC Cablecom & UPC Austria, picked up Justice’s theme:

In the old model 10 or 15 years ago, it was a central experience for the family to come together, to enjoy dinner, and to watch TV. We used to do “household” business, and we could monitor the needs of the family. We gave them a certain set of products, and they always took the same thing. There was hardly any difference.

Now with the proliferation of screens, a family has five iPhones, three iPads, five TV sets. And with every iPhone generation, every speed generation, they want new products. We don’t know who is who, and it’s easy to offer the wrong entertainment to the wrong audience. We tried to create a self-care system with a hierarchy of profiles where the customer can define the limits, but it’s very complex: Customers love freedom, but they hate choice, because with choice they can make mistakes. The customer actually wants us to segment within the family.

“It’s a complex dynamic to figure out how to balance the set of interests that together create a customer profile,” Kaufman agreed. “The child manages IT, the mom is the CEO, and Dad is Treasurer. Your customer is now the whole household, which speaks to your point about how differentiated messaging and products need to be.”

“Families have become like small businesses, with one CEO and a variety of needs,” Libovsky summarized. “It’s very much a business segmentation that we have to think about, even in the B2C environment.”
“People’s needs in insurance don’t change as quickly as they do in trendy industries like media or fashion or toys,” Hans Brechbühl, Executive Director of the Center for Digital Strategies, suggested to the Roundtable’s B2B participants. “Those are really fast-cycle industries, and I would assume that if you’re in industrial machinery or cement, you’re going to need fewer product cycles.”

“Actually, we really are seeing changes in customer behavior,” disagreed Cyrille Brisson, Vice President of Marketing for Eaton Corporation’s Electrical Sector for the Europe, Middle East and Africa Region.

The most pronounced example is in the data center industry. We still have to deal with a designer, a contractor, and an end user, but very often now the end user is working with the designer on many different data centers at once. Instead of purchasing center-by-center, they are running a one-or-two-year purchasing cycle, to an extent completely unknown before. We used to supply the construction industry; today we are much closer to the customer side of the business.

Ramit Budhraja, Head of Customer Excellence for Holcim Technology, described how customer segmentation is changing even in the cement industry:

Traditionally we looked at application-based segments: Are they building a tunnel or a dam? Because of course those have different requirements. More recently we are moving to a needs-based segmentation. One simple model is the product life cycle: There are customers who are innovators, and others who are growers, riding a wave. So we have started to come out with specific strategies and value propositions to best serve each need-based segment.

For example, an international construction company wants to grow in many different countries, and their biggest need is that they don’t want their suppliers to become a constraint on their own growth. How can we guarantee that we will be available to them in all those countries? This is a value proposition based on needs, and not based on a particular product at a particular time.

“Large construction projects are complicated animals,” Budhraja continued, supporting Brisson’s point. “You start with an owner, but you get these large specifiers involved. So there is a large value chain, and it’s becoming more and more important for us to get in early and meet with many more of the stakeholders.”

“One dynamic we see already then is that the ‘customer’ is not always the person who’s paying,” Brechbühl observed. “So if you can find a way to really understand the needs of the end user, then you’re serving your customer better because their customer is happier. You’re serving the mom better because her kids are happier; you’re serving the contractor better because his client is more satisfied.”

Moments of Truth

The Internet has been the primary driver of customer education, and hence the root cause of changes in the customer/vendor relationships. How has online technology changed customer/vendor interactions?

Budhraja described the two sides of Holcim’s business:
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On the B-to-C side, we have looked at how to handle transactions and relationships more efficiently, and this means self-service. So of course we have portals where people place their own orders. In B2B construction, a lot of different people need a lot of similar information to flow to them, so is there a common platform somewhere in there, and can we play a role in that platform? This is an area we’re struggling with.

“But self-service also creates customer-facing problems,” Budhraja pointed out, returning to Justice’s opening theme on different types of customers. “A small retailer near Rio de Janeiro told me:

“When I used to call your salesperson, he would recognize my number and greet me, have a good chat with me, ask me about my children. Then he would ask if I wanted the same order repeated, and that was it, a very pleasant conversation and business well done. Today I phone your call center, and the guy is in Colombia, and they ask me for my customer number and I don’t even know what my number is.”

“So it does create some issues,” Budhraja finished, “But of course from an efficiency point of view to centralize our entire Latin American back office into a single location in Colombia is good for us.”

“I want to challenge that,” interjected Martin Petry, CIO of the Hilti Group.

For me, consolidated call centers are a thing of the ‘90s. That is how Ireland grew, by collecting people from all over Europe to have language capabilities all in one spot. We spent quite some money optimizing our call center infrastructure with number recognition and so on, and we celebrated when we saved headcount in call centers. But now our customers have moved online, because that is how they optimize their own productivity.

Let’s look at the banking industry as an analogy, which has comparatively complex products. Internet information and e-banking now do it all. So now banks have a major crisis, because they don’t know what to do with all the employees advising customers who are actually better-informed than the employees. So I wonder whether call center consolidation is really the path forward.

“But I don’t want my customers to have too much access,” rebutted Francisco Boker, VP of the Functional Minerals business unit at Clariant. “We have centralized basic stuff online, but if they have a specific query, I want them to ask me and start an interaction. Otherwise you get too detached from your customers.”


Ed Happ, Global CIO of the International Federation of Red Cross and Red Crescent Societies, gave a provocative example of how one company resolved the ‘what we want vs. what the customers’ want dilemma:

In his book Moments of Truth Jan Carlson gives an example from when he was CEO of SAS that shows what it is to be customer-driven to the point where you re-orient your business to make it easier for the customer. It’s the example of frequent fliers having to walk three terminals over to reach a connecting flight. He asked why, and the answer was, “That’s where the plane comes in.”
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Well, how much does it cost to tow the plane around so it’s next to where most of the passengers are coming off that connecting flight? So SAS started to do that, and their corporate business went up, because they were the one airline with which you could make the short connection in the hub.

So SAS got less efficient at how they were moving planes around in order to be more efficient for the business customer, because that ended up being the most valuable process. It’s a fascinating reversal: Are you willing to change the process of your business to something less efficient to be more efficient for the customer?

“The customer excellence challenge should be to put that customer experience first at the time of designing solutions,” declared Donna Vinci, Digital Group General Manager & Chief Information Officer of Insurance Australia Group (IAG). “Those moments of truth count, and if we consider them when we design for things, it’s a clear differentiator for our organizations around this table. It’s really important to change the cultural mindset with everyone in your organization. It changes the way we organize or orient ourselves. It may not always be the most efficient, but it will win you business.”

“It has been a big change for Hilti to move from internal management of customer touch points to understanding what the customers actually do and how they actually work, so that we can integrate and add value, instead of being a disruption,” Petry commented. “It’s very detailed, and it differs customer by customer. They order tools from us, but what they expect is actually that we fix their logistics.”

Boker told a similar tale at Clariant: “We are changing from providing exact chemistry to provide a particular solution, towards understanding what is precious to you, and providing that. But we’re struggling a bit, because customers often don’t communicate precisely what they need.”

“Customers have three levels of needs, right?” pointed out Petry’s colleague Felix Krause, Project Manager at Hilti. “Their known needs, their hidden needs, and their unknown needs. So what you’re talking about are the hidden needs, or even the unknown needs. Those are the needs where you have to really understand the processes of the customer in order to be able to create value for them.”

The IFRC’s Happ offered an example of the difference between known needs and hidden needs:

In the Syrian crisis we took a lot of pride, and pointed out to our donors, that we were serving thousands of hot meals a day, and in fact feeding hundreds of thousands of people. But one of our managers in Syria said that everybody was complaining about the food, how they didn’t like the taste or the quality.

So we gave the people in the camps the pots and pans and ingredients and said, “How about you cook your own meals?” Rather than providing the end product, we provided the materials for the customers to make the products themselves. And the complaints on the food went to zero.

“It gave people more dignity to prepare their own food,” explained Happ’s colleague Kaufmann. “It’s the same message about authentic feedback from the customer, and that’s the motivation to improve the customer experience.”
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Connecting the Data Dots

“The SAS and IFRC examples are based on real customer insights, and that’s why they worked,” Budhraja commented.

It didn’t matter whether efficiency happened on the company side — they really did benefit by serving the needs of the customers. We’ve all seen quite the opposite. We say, “We want to get this customer. Let’s give him some more service!” So we put a silo over here, we give him technical support. But many of the services that we throw at our customers are not valued, and if they’re not valued, they won’t be paid for.

“So if it’s based on real customer insight we will tend to get it right, but if it’s just based on a desire to get a new customer by piling on new services, we often get it wrong,” he concluded.

“Hence the need for segmentation,” Justice commented. “It’s important not to generalize, because not everybody wants the same thing.”

Across customer segments, we have identified nine different points in our customer journey. We measure customer advocacy at every point along the journey, and then at the end we measure net promoter score for customers who’ve been through them all. The risk is if you get into so much detail that you can’t manage the interaction. So there’s a trade-off of detail and practicality.

“And if you make it too complex and line up too many different people inside the same company,” added Brisson, “Then the sales process breaks down, and even if you bring great benefits to the customer, it’s almost invisible to them. We have to limit the complexity of the customer relationship to get our message through.”

“So have we turned a corner in our use of data?” Brechbühl asked. “We’ve long used data for efficiency and perhaps to deliver better service. Not that these are wrong uses, but are we now using it to cultivate customer relationships? Are we close to where we’d like to be, or at least on the right path?”

Not so much, Jon Bechert, VP of Information Technology for Eaton’s Electrical Sector in Europe, the Middle East & Africa suggested: “The first question is still, ‘What is the dollar value?’ That’s literally the first question, every time, and not ‘How is this good for the customer?’”

“We try and dress it up,” Vinci agreed, “And we try to kid ourselves that we’re doing something from a customer-centric perspective. But we still start from the perspective of how it’s going to benefit us. I believe that if something does benefit the customer, then it will benefit us, but you have to have that leap of faith.”

“This is the same discussion we are having with mobile network operators,” said Kaufman. “We’re telling them we want to leverage their systems for emergency communications, and their first question is, ‘What’s the business case?’ Well, the business case is, ‘You’re going to save the lives of your clients so they’ll pay you again!’”
“Before we can even try to help customers further their interests, we have to understand their data better,” Bechert explained. “And I don’t mean just the one account manager who deals with a customer — we need to spread that knowledge inside. We are trying hard to get insight, but we just don’t yet provide enough insight to enough people.”

“But even transactional data helps you improve the customer relationship,” Laska objected. “A lot of relationship management is about following up — with complaints, with orders, with other communications. This is how we started to steer our CRM: follow-up, tracking, performance management, cross-selling.”

“Collecting data is still very transactional, and that is the big challenge we have,” Krause rebutted, simultaneously agreeing and disagreeing. “The difficulty lies in actually connecting those data dots and figuring out the customer journey behind them.”

“And that’s not easy to do,” pointed out Khushnud Irani, CIO of the Holcim Group. “It’s easy to analyze the data, but you really need people who understand the business who can interpret, who can make the connections.”

Eaton’s Brisson illustrated Irani’s point about the difficulty of obtaining and using information:

The great difficulty we have is tracking how customers consume their information. They get most of it online, so being able to influence that is critical: How can we place the right information into their hands at the right moment? That’s extremely difficult to find out.

The challenge is the number of systems from which we have to combine information. One new program we have generates a gig of clickstream data every day, and we combine it with orders and sales data and Dun & Bradstreet data and so on, and in the end we say, “This guy should be buying all of this, but they’re only buying that.”

What we’re still missing is the ability to combine everything to create the profile of an engineer, to know that right now he’s dealing with factory maintenance, and to automatically send him the right material to leverage opportunities. There are a lot of different sources that have to be combined, and we’ve yet not integrated all of them.

Data Rich, Information Poor

“I still see silos, very much silos,” Boker agreed. “I do credit management. I do order intake.’ They are not integrated, and ERP systems are made to work like silos. There are way too many.”

“We do need to work with Marketing to make a bigger push to integrate more, to turn a lot of different sets of data into information,” Bechert stated. “There are such a variety of systems, especially in companies built on acquisition. There has to be a way to unify them and make sense out of them. IT just has to push itself beyond the basics of silos.”

“IT guys have a tendency to push back on everything,” observed Holcim’s IT-guy-in-chief Irani. “Traditionally we’re running IT systems, and in the last several years we have all these SaaS providers
Happ suggested one approach to easing organizational change lies in Martha Heller’s analogy of the four-lane highway, from her book *The CIO Paradox*:

You have the truck lane, which carries the bulk of the business: Our ERPs and large systems are probably in trucks. Busses are more regional and fit-to-purpose for moving lots of passengers, and then you’ve got taxicabs with a few passengers, and motorcycles zipping in and out, and maybe they have a passenger on the back and maybe not.

If we view the IT enterprise that way, then the portfolio of what we’re managing is not trying to make everything look like a truck, but rather embracing motorcycles, taxicabs and busses. We place the architectural hooks, so that we can look for opportunities for each of them to move up a class, for a taxicab to become a bus or a truck. But we are not going to apply the same identity management in a business process to a taxicab as we would to a bus or a truck. The mindset for a motorcycle should be, “I can sign up and get immediate access.”

The way we run our IT portfolio has to become more and more nuanced, because if we treat everything like a truck, we’re going to be come dinosaurs.

“So one of the biggest challenges then is to have roads to drive on,” suggested Krause,

Because they are the integrations that give us cross-functional touch points. I agree we should focus on getting things done more quickly, but the danger is that we focus too much on functionality: “Can I have this app, can I have that button?” From an internal perspective that makes sense, but we need to think in customer processes: How do we integrate into them, and make sure that the motorcycle actually gets from A to B? That’s what I mean by having a road.

And even if a company can build the programs and integrate them to collect and analyze all its data, UPC’s Libovsky pointed out, then there’s a further challenge:

We collect a lot of data about customers, because all our products are digital. We know what our customers watch, how many websites they query, how many emails they get. But we call ourselves ‘data-rich and information-poor.’ We can profile our customers, but we’re in the trust business. So we have to use all the data in a way that the customer sees an upside from it. If we use it just to commercialize it, then the customer will not be happy, we will lose the trust, and we will lose the customers.

“Exactly!” agreed Boker. “If he doesn’t get any value-added, then he has no incentive to change, or even to participate in the game.”

If you want to create value for the customer, Vinci declared, then “it’s about understanding life events: Life events of the organization, and life events of individuals, and the roles that they play.”
There’s an element of personal information you want to know about individuals that will help you influence them to make better decisions and be successful. There’s also information you want to collect that helps create insights about the organization: What’s happening in the company, what projects are going on, what’s happening in their industry that might trigger events. Everybody is playing roles in the organization, and they’re human beings as well.

“There are people who suggest that ultimately each individual is going to own their own little bundle of data about themselves, and it’s going to come with them just like their phone,” Brechbühl posited. “Is this something your companies are wrestling with?”

“It’s already an issue. Google and others use such data and play with it, but if we start, then we will disrupt our business model. I know what happens to that data: If you don’t pay for the product, then you are the product. So it’s an issue, and we cannot fully address it,” Libovsky answered.

“That is a big problem if we do customer innovation workshops, for example,” Laska said from a B2B perspective. “Customer X definitely does not want us to do the same with Customer Y.”

“Data and confidentiality are definitely issues for IAG,” Justice added. “The obvious example in insurance is telematics: People who are good drivers are quite happy to have a little black box in their car, but bad drivers don’t want to give up their data because their premiums will go up.”

“We may come to a new definition of privacy and a new relationship to privacy,” Kaufman mused. “Privacy in the future may no longer be about confidentiality: It may be about intent. There should probably be no expectation that you won't have information about me, and I can't protect against that, but there may be protection against what you do with that information.”

Brechbühl asked the group how technology is changing the nature of their customer interactions.

“It really depends on the business model,” Irani answered. “Whilst we are a local business, 20 years ago we utilized bare minimum technology, most of the business elements could be done via phone calls or personal meetings. Today the situation has changed, websites, e-portals, apps, digitization is rapidly gaining momentum in our industry — customers can not only order online but also see where their delivery trucks are, and as the younger generation gets more exposed to our line of business, it will further deviate from the traditional legacy channels.”

“We also are getting huge growth in the self-service channel,” Justice agreed. There are lots of things to do, at all the touch points, and from the customer point of view it should be a better experience than if they ring up and waste time in a call queue to get someone else to do it. Self-service enables customers to feel like they’re more connected to the organization, and more in control of the interaction.

Clariant’s CIO Volker Laska described the opposite dynamic: “In our industry there is limited interest in self-service,” he said. “There’s a small customer segment interested in simple self-service portals, but generally it’s seen as somebody else dumping work on them.”
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UPC’s Libovsky described a more heterogeneous set of customer behaviors:

One-third of our customers want to deal with us only by phone. They won’t use self-care at all. One-third use self-service on a very limited basis, and one-third use it every day. The differences are very much linked to the generations that grew up with technology. In our industry, if you don’t follow technology trends, you will be dead, or getting close to dead, within five years.

“In chemicals,” Libovsky suggested to the Clariant team, “It may take technology far more time to disrupt your business model, but just wait. The insurance business, the banking business: They’ve all had to completely reinvent their situations. You shouldn’t be over-concerned, but you should be well aware of these trends.”

“There are three big types of disruptions that affect our companies,” Brisson proposed.

The first one is economic pressure. One example is how Google and Facebook are building out data centers on an industrial scale, and killing the business for uninterruptible power supplies. Another is disintermediation: We see all kinds of people starting to sell online, which disrupts traditional go-to-market channels.

And the really interesting disruption is the combination of a layer of user data with our products. For example, what’s happening to utilities: They are almost bankrupt, as the profits from power generation are disappearing. The physical gear is becoming completely commoditized. Knowing who is going to need power when is becoming essentially a financial market, and so the money is coming from operating the grid to get the data.

“If you take a look at our resiliencies,” Brisson finished, “There is not one of our markets that is not threatened with a critical change in the coming ten years. It’s a big opportunity, but moving in all directions at the same time is difficult.”

Kaufmann described how even non-profit enterprises are being disrupted:

More and more businesses, venture funds, and non-humanitarian enterprises are increasingly seeing profits in social development, and the non-profit sector has not become comfortable with the idea of social development gains as a result of profit. So the business sector will start to take market share: As an example, insurance companies will figure out how to promote and protect vulnerable communities. We are no longer anti-business, but we’re not yet pro-profit, and need to get much further down that continuum or we will be obsolete.

“We certainly have part of our business model that’s not-for-profit,” IAG’s Vinci confirmed. “It’s about our societal obligation to help mitigate risks in vulnerable areas.”

“It’s also the notion that thriving communities can become viable customers,” Happ added, “And that sometimes the prerequisite is to support the community, or you won’t develop the bottom of the pyramid customer base — which is what every big business is looking at.”

“For us,” Vinci said, turning the lens around to look at IAG, “It’s about non-traditional disrupters.”
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Alibaba is going to disrupt our business, as are Woolworth’s and Coles. Sensor-driven technology from Intel changes the whole risk paradigm of what we underwrite. We have majority market share in Australia and New Zealand, and not one of these players is an insurance company, and yet their impact means that we have to totally re-shape our business model.

“Because the disrupter is not necessarily someone who is going to destroy the whole value chain in one go,” Vinci’s IAG colleague Justice continued. “We provide taxis for our customers to get them from the repair shop back to their houses when they drop off their cars. Uber disrupts that element, and there are a hundred other examples, all through the value chain.”

“So to link back to our primary topic,” Vinci summarized, “The customer is in the middle of all these disruptions.”

We have been a product-centric organization, and we felt we were on safe ground with good market share, and suddenly these non-traditional players come and they’ve got the customer engagement, while we’re still thinking, “Are we doing a policy or are we doing a claim?” The customers are using the new technology, they understand it, and they have a choice. To survive and thrive, we have to change our whole business model.

For all of us around the table, the nuances around what the customer wants and needs may not be obvious yet, and they may not even know yet. So it’s the convergence and the pace of change that creates the opportunity for us to disrupt ourselves, before we get disrupted.

“We Create Value”

As the day’s discussion drew to a close, Brechbühl asked the group about how they have started to move their organizations towards cultures of customer excellence.

Holcim’s Budhraja responded first:

A common challenge around the table today has been, How do you shift a product-centric, asset-intensive industry to become customer-centric? We start every meeting with a safety moment, because safety is the first priority. So the first thing we did was to create a “customer excellence moment,” and now that’s how we end every meeting, which means we leave the room thinking, “What more can we do for our customers?”

The second program was “Connect with Customers.” We said there is benefit when individuals meet customers – not just salespeople, but production, quality, back office — people who never normally meet a customer. This is powerful stuff, and can help improve the customer centricity within the organization. There was pushback, but we said “Everyone, at least once a year.” At least that’s been our starting point.

The third was what we call our “Customer Commitments.” They’re a global set of principles, put into one language that our whole company can speak, across boundaries:
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- We are easy to do business with.
- We keep our promises.
- We create value.

“And then we asked every group to convert our customer commitments into customer charters,” Budhraja finished, “Which are measurable ways in which we can track whether or not we are fulfilling these commitments. And all of these programs have been fairly successful.”

“We do customer visits at Hilti, too,” Krause contributed. “And we also have people participate in the customer call centers — not just complaints, but the normal business as well. We get a lot of insight about specific customer problems, and from an IT perspective we learned how crucial performance is for the people on the phones. If a customer calls and says ‘I want the same drill bits as last time,’” and we say ‘Let me check you customer engagement card,’ it’s already too late.”

“If you walk a mile in those shoes, you can see how things have to play out through the series of systems that you’ve delivered,” Vinci said. “And very quickly you realize that with some tweaks in the database or something, you can simplify things and take some of the pain away.”

“Whatsoever we do,” Krause emphasized, “Whether it’s finance or repairs, ERP or security, we have to ask, ‘What’s the value for the customer?’ If you were standing in front of the customer, could you explain why your project adds to the value chain? We repeat and repeat that question over and over again. We’re not claiming we’re perfect at it, but we’ve started.”

IAG’s Justice brought the conversation full circle, back to the fundamental issue of customer evolution:

One of the biggest barriers is that organizations have been telling their front-line teams for years, “You’re doing a great job with the customer.” So there’s belief embedded that customer service is great, and we’ve got it all sorted out. Yet the world has changed around us, and what customers are expecting today is very different from what they expected three, five, ten years ago. So the message needs to be “You have been doing a great job in the five-year-ago world, but today you need to be doing things fundamentally differently.”

And “differently” might not always be through a conversation with a customer. It might be allowing the customer to interact digitally. There’s a huge piece about re-setting the mindset of the organization as to what “customer focus” means, because it’s very, very different from before.

Donna Vinci summed up the different themes that wove through the day’s discussion:

You just have to be in sync. You have to have a business strategy that operates in the contextual relevance of the day. Today that's the digital age, so technology and the business have to be in sync. You can't have a business strategy and a technology strategy all done separately. Whether it's marketing, strategy, the call center, business processing, the back office: The technology and digital teams in the business have to be in sync. It has to be a business strategy in a digital age.
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