

# A roadmap to customer centricity

Becoming a customer-centric business is not easy. It is much more than good products and great service. It requires a new cultural mindset, organisation alignment, and relentless innovation.



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# LEADING THE FUTURE

Hello! I am your customer.

Yes, a real person, a human being.

I have my needs and wants, to get through the day, and to achieve what I must.  
But I also have my hopes, dreams and ambitions.

For too long you have treated me as a name or number.  
You group me into what you call a segment, or sometimes just a mass market.

But I'm not prepared to tolerate that anymore.

I am me. Don't treat me like somebody else.

Sometimes I might be very similar to others,  
but I can also be very different and discerning.

In the old world, I realise I didn't have much choice.  
I needed you more than you needed me.

But things have changed.

Now I have the power. Now I'm in control.  
You need me, more than I need you.

It's time you started doing business on my terms.

In fact, why are you actually in business?  
Just to make as much money as you can, from whatever you can?

Or to make a difference, to make my life better?

I don't mind if you make money.  
If you can do something more for me, I want you to succeed too.

You'll be able to invest in creating an even better business  
With more rewards for both of us.

Why don't you learn a bit more about me? Come and listen to what I really want.

I'd love to tell you what I'm really trying to achieve.  
Not just whether or not I want your latest gadget, gizmo or gumption.

Why don't we get together and find a way to really solve my problem?  
I'd even be happy to pay more if you can really help me find the right solution.

And what about that brand of yours?

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Your name, your logo, and all those pretentious advertising slogans?

They're all about you, and how great you are.

Actually, I'm more interested in me, and what you can do for me.

Start thinking about my world.

Don't sell me travel tickets, help me explore the world.

Don't sell me running shoes, help me to run a personal best.

Don't sell me potted plants, help me to create a magical garden.

Stop bombarding me with your smug (but highly creative, you tell me) campaigns.

Telling me what you want to sell, when and how you want to tell me.

I'm not here just to prop up your sales targets.

I have got a life you know. I will buy things, but in my own time, on my terms.

Worst of all are all those unsolicited mail shots and phone calls.

They interrupt me and frustrate me. And eventually make me hate you.

When I do want something, I expect it to be easy.

Come to me, or to places convenient for me.

Rather than making me go to places convenient for you.

And at times to suit me.

I expect what I've seen online to be in your stores, or to be available by phone.

And to be able to take it back to any of your places, if I don't like it.

But I want you to be open and honest about what the deal is.

None of those hidden clauses or additional costs.

Sometimes I wonder if you're trying to trick me, and whether I can really trust you.

And when I do decide to buy something from you, please don't call me Sir or Madam. I'm simply me.

Don't just follow a process or a script. Try and learn something about me.

And whilst we're on the subject of stereotypes, please don't say goodbye with one of those fake "have a nice day" smiles, which I know you have already done a thousand times today already.

If I can get any book or music delivered to my door in 24 hours

Then why shouldn't I expect a new car, a new washing machine, and new home to be just as quick?

And if you treat me with you the best service when I'm a big cheese at work

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Then I don't expect to come back later and be treated like trash as an individual.

Treat me well as an individual and I will tell all my friends how good you are  
And I might even switch to you as a corporate customer too.

Treat me as a human being. And be a yourself, not a corporate clone.

I know you get rewarded for satisfying me. But frankly I expect much more than that.

I demand 100% satisfaction, and 100% of that so-called delight too.

Every time I talk to your people. Every time I experience anything to do with you.  
It should be right, it should be excellent, it should be perfect.

However I don't want the same every time. Life's too short and a bit boring.  
To be honest, I'd sometimes like you to surprise me!

Which brings me to something that a friend of mine tells me that you care about a lot...

Loyalty.

Whether I really want to come back again. And do. And buy more. And tell others.  
So you give me a plastic card. With something like a 1% discount.

Hmmm. To be honest I think loyalty is something that has to work both ways.  
If you trust me, care for and do more for me. I might just do likewise.

But a relationship is perhaps asking too much of me.  
Do I really want a relationship with a big anonymous company? I think not.

I know you invested millions in those customer relationship management systems.  
But all I get is yet more pieces of direct mail. About what and when you want.

I'd much prefer to get to know other people who share my passions.  
For travelling. Or running. Or gardening. Real people like me.

The best thing you could do is help me build relationships with other people in my world.

Help us to share our experience and opinions, even about you.

Help us to share our ideas and interests, and to do what we love most.

I'm then happy to buy your products. And delighted to be part of your community.  
And you might even find the things I say and share, are valuable to you too.

Surely measuring how strongly I feel about you, and intend to do more with you  
Are much better, forward-looking indicators of your success, than your financial history.

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And one final thing about people – the real people, the human beings who work for you.

I know they work incredibly hard, but I wonder what life is like for them

So what makes them tick? Want to do more? To even surprise me?

I want to support a company that cares about its own people too.

It cares about who makes its products, and the impact it has on people all around the world.

Because I bet they care a lot more about me as a person, than me as a product.

If you give them time, and encourage them to know me, maybe they can create a much better solution to my needs, which I'd be happy to pay more for, and therefore better results for your business too, .

When you think about it. I know you're a real person just like me  
But when you go to work you put your blinkers on.

You restrict yourself to some artificially defined sector.  
Whilst I see a bigger, more exciting, more connected world.

You become a slave to short-term, transactional thinking.  
Whilst I think without limits.

You follow conventions and prejudices of your own making.  
Whilst for me, everything is possible.

It's simple really. You've just got to see my world.  
Do business from the outside in. Not the inside out.

Start with me, and everything else follows.

We can be real people together. Happy supporting each other.  
With so much more opportunity. And more fun.

Together we can do extraordinary things.

## **What does it take to build a customer-centric business?**

Whether it's the way you define your business, the style in which you serve your customers, or where you look for new ideas and inspiration, the chances are that you are still on the inside looking out, rather than the outside looking in.

We are all human – we all have dreams and aspirations. Yet when we go to work, we put our blinkers on – we restrict our thinking to our defined sectors and functional roles, we limit our ambitions to the scope of our responsibilities and rewards. We stop being real people.

We commend ourselves to be customer focused, or even customer centred. We seek to deliver great service, or rather service experiences. And we hope to gain the loyalty of customers, by persuading them to have relationships with us. The problem is, we do all of this from the inside out. Our starting point is still, invariably, our business - our brands, products, and targets. We do it on our terms. This doesn't work anymore.

Customers now have the awareness, knowledge and power to demand better. Their trust is low and loyalty rare. They are more different and discerning, and their expectations are incredibly high. If they can buy any item from Amazon, and receive it in 24 hours, then they expect that as a minimum service level from you. They also want more – to be enabled, energised, and even surprised.

Doing business from the “outside in” means doing it why, when, where and how customers want.

Similarly, we grow complacent with the same old benchmarks – the familiar case studies, the innovations that become the conventions, the same old stories of “legendary” service. Southwest Airlines, and even Innocent Drinks, were great mould breakers, but the world keeps moving on.

Seeing things from the outside in is also about learning from other markets, learning from companies with similar challenges in completely different sectors. As I travel around the world – speaking to and advising companies large and small - I meet the most amazing people, and learn about truly inspiring brands, with ideas that really make you think.

In recent months I have been inspired by the Latvian heritage of Stenders Soap Factory, the digital entrepreneurs of Estonia, the funky Serbian water of Voda Voda, the designer Turkish bathrooms of Vitra, the ultimate luxury of Banyan Tree, Natura and the beauty secrets of Brazilian girls, Celpay's mobile payment systems in Africa, and the fusion designs of China's first luxury brand, Shanghai Tang.

Here are three examples of extraordinary service, delivered in truly innovative ways: Oregon's Umpqua Bank, the funky and fast-growing financial services business

that rejects conventions, Net a Porter showing how to apply similar attitudes in the online world, whilst China's Li & Fung is doing likewise as a B2B business.

## **Example: Umpqua Bank**

***How Gap and Starbucks inspired “the world’s greatest bank” and a customer experience that is the envy of America.***

The River Umpqua weaves a lazy path through the green and golden forests, deep and rugged canyons of Oregon State.

This is the land of lumberjacks, and in 1953 the South Umpqua State Bank was founded to serve the people of Canyonville, population 900. It was a small, traditional bank, loved by locals and proud of its reputation for great service. It was also very conservative, and only started to grow by acquiring one or two other small local banks.

In 40 years it grew to six branches, with a market cap of \$18 million. However with the logging business starting to decline, the bank looked to be heading in a similar direction. Most people thought it would be swallowed up by a national giant, but the Board were determined to maintain their independence. When the long-time president decided to retire, they thought about promoting from within, but something in their pioneering blood told them to look wider.

They took a big risk, hiring someone who was anything but your typical bank manager. He was energetic and dynamic, a mid-thirties banking consultant from Atlanta, who argued that his experience had allowed him to see many great ideas, and others not so good. He wanted to bring the best of the best to Canyonville. At interview he told them directly “If you want things to stay the same, I am not your man. If you want wholesale change that will create shareholder value, I might be”.

Ray Davis set to work. First challenge was how to be different. Banks are notorious commodities – sterile, transactional, predictable and intimidating. Davies recognised that the opportunity to be different was in the “how” rather than the banking products themselves.

He looked at the service experiences that customers responded most positively to, asking how Gap would create a bank, how Starbucks would deliver financial services. He went to ask them.

The “store” concept was born. Employees spent full days out living in the customers’ world, exploring great service from other brands, and comparing it to banks. He started to rethink the whole concept of a bank branch. Why do people go there, what for, what services it should offer, how it should look and feel, sound and smell.

The ambition of Umpqua Bank is “to create a unique and memorable banking environment in which our customers perceive the bank as an indispensable partner in achieving their financial goals; our people may achieve unparalleled personal and professional success; our shareholders achieve the exceptional rewards of ownership; and our communities benefit from our involvement and investment in their future”.

Within a year, and with \$4 million investment, the first “store” in West Roseburg opened. 12 months later Umpqua was named one of the best companies to work for. Another year later Umpqua Holdings made its entry onto the stock market. With various acquisitions and mergers, the bank grew across the American West. With a simplified name of Umpqua Bank, it built a reputation for its funky store-concept banks that delivered a distinctive service experience. By 2004 Umpqua had grown to 65 stores and a market cap of \$600 million.

Today, the first clue that Umpqua is different is its huge fashion boutique-style windows. On entering you are greeted by a sign that says “Welcome to the world’s greatest bank”. How can this be?

Now curious, you walk past people browsing their wi-fi emails, or sipping coffee on the huge leather sofas. Newspapers and lifestyle magazine hang on the walls, and you can catch the latest news on huge plasma screen TVs. Soft lighting and chill-out music add to the relaxed feeling.

You might notice large colour coded wall displays of the latest financial services – “your green account”, “in your prime”, “the business suite” (themed to the audience, not just standard products promoted on their % APRs). You might be inspired by the successful local restaurant owner, whose story is described this week on the Hero Wall. You can even pick up a t-shirt, baseball cap or coffee mug bearing the pine tree logo too.

But where are all the bank clerks, the desks, the cashier windows? The coffee is served at the “serious about service” concierge desk, which is also where you ask for help with your money. In moments an associate joins you on the sofa, and takes you through your financial options as you sip your coffee. Sip. Surf. Read. Shop. Bank.

## **Example: Net a Porter**

***From London to New York, the upmarket retailer seeks to build the best online relationships with fashionable females.***

“Net a Porter gives you front row seats at the shows without the hassle ... If you can't contemplate a season without a pair of Jimmy Choo flip flops or a Chloe envelope bag, you'll feel very at home here” proclaims The Good Web Guide. The brand is also loved by an increasing number of trend-setting celebrities, high-flying female managers, and clothes-conscious mums too.

Fashion stylist Natalie Massenet has created one of the best examples of exceptional service by an online retailer. Indeed, that description probably does the business a disservice. It is as much a magazine, a community, an advisor, a best friend.

Born in 2000 out of a gap Massenet saw between women reading the glossy magazines, and then searching in vain to actually find the desired items, Net a Porter is a fusion of services. It boasts the best designers, latest fashions, combined with sharp editorial and deep insight into the latest fashion trends, what to buy and what not. It is like a personal consultant and shopper at the click of your fingers, or mouse, and delivered to your door in luxurious packaging, within 24 hours.

Click on the site, and it feels much more like a women's fashion magazine – it has authority and gossip, recommendation and edited ranges, videos and interactive graphics, alongside the simplicity of a catalogue. The pages showcase the latest lines with stunning photography, all available to buy, which is often not easy in the niche distributed world of high fashion. Purchases are sent worldwide by express delivery from one of the global distribution centres, arriving in luxurious black packaging.

Commentary and opinion comes in the form of trend forecasters and fashion journalists straight from the likes of Vogue and W Magazine. The editorial team takes the uncertainty out of telling what's hot, and what's not – a fashion or a fad, a smart choice, or a fashion faux pas. There is also direct comment from real people – customer feedback, observations and suggestions.

Whilst the target audience is clearly affluent and female, men obviously have an important role to play too. Net a Porter's "Santa" service sends an email to cheque-signing husbands saying that their wives or girlfriends have just identified a desired item, and how they can quickly bring a smile to their faces.

The results are encouraging, with 100,000 active customers, and around 1 million unique visitors to the site, who browse the latest fashions on average two or three times a month. And with sales of \$75 million, the business has been profitable for the last two years.

## **Example: Li & Fung**

***The Chinese business partner that works with the world's leading brands, so that they can focus all their attention on their customers.***

Walk through a shopping mall in any of the world's great cities, and 30 to 40% of the retailers and brand names that you see are likely to rely upon Li & Fung for their business success.

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Li & Fung is the world's leading virtual supply chain. In a world where ideas and relationships are all you need to succeed, why not let somebody else take care of the rest. Dream up your new fashion collection, and Li & Fung will sort out the sourcing, manufacturing, distribution, merchandising, and even your back office.

However Li & Fung is not some enormous Asian factory churning out the world's clothes before branding, it is a smart, contemporary, invisible business too. It manages your supply chain, sourcing the best materials, finding the right manufacturers, planning the production, assuring quality, finding the most efficient distributors, packaging the items in your own brand too.

It offers companies like Levi's a virtual, customized supply chain. This is much more than outsourcing your manufacturing, instead their team will identify the right place in the world to source any material or activity at any time. From clothing and furnishings, handicrafts and toys, gifts and promotional materials, it is your ultimate one stop shop.

Old supply chains were driven by what factories made, now they are designed to match demand, driven by what people want to buy. In the past it was transaction, now it is a partnership with shared information and people, risk and reward. Old supply chains delivered goods to warehouses, now they package and put tags on, and deliver them directly to the store ready for sale.

In a "flat world" distance and borders, economies and regulation, no longer shape what you can make or do. Li & Fung takes much of the cost, distraction, and risks out of being a global business. The vertically integrated model (where you sought to own and control your supply chain), and the cluster model (like the car manufacturers of Detroit, where suppliers were encouraged to locate themselves nearby) are both redundant in this new global workplace.

Founded in 1906 in Guangzhou, Li & Fung now has 70 offices around the world, acting as the sourcing hubs for virtual networks of suppliers. Indeed the whole idea of "made in" a country is increasingly meaningless. Imagine a new jacket, the shell made in Korea, the lining in Taiwan, filling in China, accessories in Hong Kong.

Since Li & Fung went public in 1992, the business has grown at an incredible rate, with revenues now at \$7 billion, and market capitalisation over \$12 billion. CEO Bruce Rockowitz describes his phenomenal growth record a result of "active entrepreneurship" with his customers – or business partners as he prefers to call them - together imagining the future without frontier, then working together to innovate and deliver solutions, and share in the commercial success.

Time to think like a customer

So what can we learn from these companies, and many other unconventional examples around the world? Three themes for delivering outstanding service emerge.

Firstly, throw off your blinkers, and see what you do from your customer's point of view. Don't sell a drink, sell a celebration. Don't sell a loan, sell a dream purchase. Or whatever it is that your customer is really interested in. The customer's world is much bigger than your product world, with more opportunities for you, and more engaging for customers.

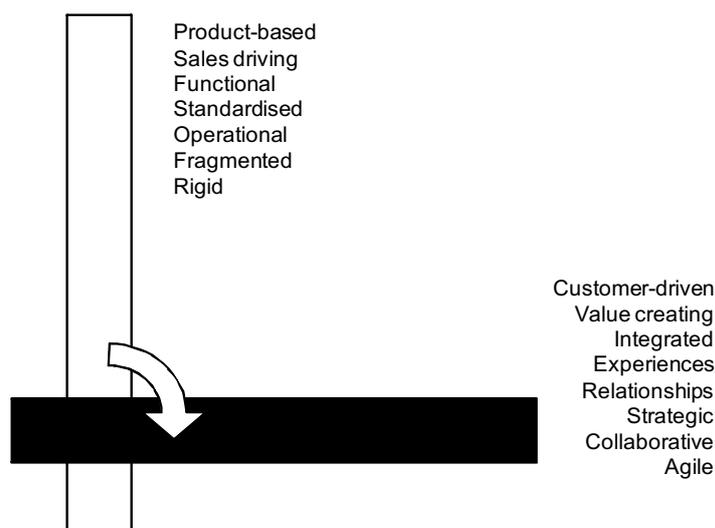
Secondly, rethink your whole business from the outside in. Define your brand by the aspirations of customers, communicate and serve them on their terms – when, how, where they want – collaborate to develop better solutions, facilitate relationships between them not with them, and deliver an experience that is distinctive and personal - which, if done well, they will pay more for too.

And thirdly, go beyond the sale - consider about how your product or service can do much more for your customer - help them to use and apply it in more valuable ways – rationally by being their guide, coach or entertainer – emotionally by enabling them to do, be, become or belong to something more. Forget the language and formality of your workspace, start being a human being again.

## Roadmap to build a customer-centric business

Becoming a customer-centric business requires fundamental change to the whole business, not just how it interacts with customers. It therefore requires a managed programme, typically lasting 12-36 months, that aligns with the strategic and operational priorities, and delivers sustained value creation.

The change to a customer-centric business must be driven by business leaders, must be managed to mitigate risks, must unlock new energy inside the organisation and with customers, must make a difference to customers, and must deliver results both intermediately and on completion.

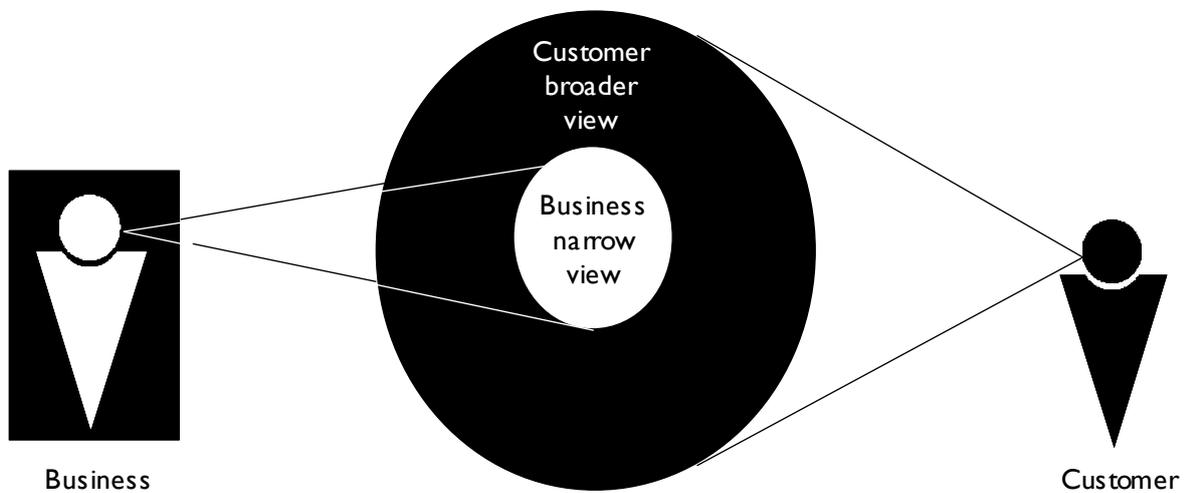


There are four phases to the management of change to becoming a customer-centric business:

## Phase 1: Making the case

1. Defining a compelling vision for the future – what does it mean to be customer centric, what will be different, why will it be better?

- Customer Centric Vision Workshops
  - Customer Immersion
  - What's possible
  - What's plausible
  - Vision video



2. Evaluating the current business – how effective is it in attracting, serving and retaining customers compared to best practices?

- Customer-Centric Benchmarking
  - Benchmarking competitors and other sectors
  - Evaluating the “as is” state
  - Agreeing the “to be” state
  - Gap Analysis

3. Understanding how this relates strategically – how does a customer centric focus fit with other priorities, and deliver strategy better?

- Business strategy alignment
  - Mission, values and goals
  - Business priorities
  - Financial plan

4. Engaging stakeholders in all of this – prioritising internal and external stakeholders, in both the imperative and opportunity of change?
  - Stakeholder management
    - Stakeholder mapping
    - Engagement plan
5. Agreeing what it will take to make happen – what resources will it take, what does it mean we stop doing, and have to start doing?
  - Change workshop

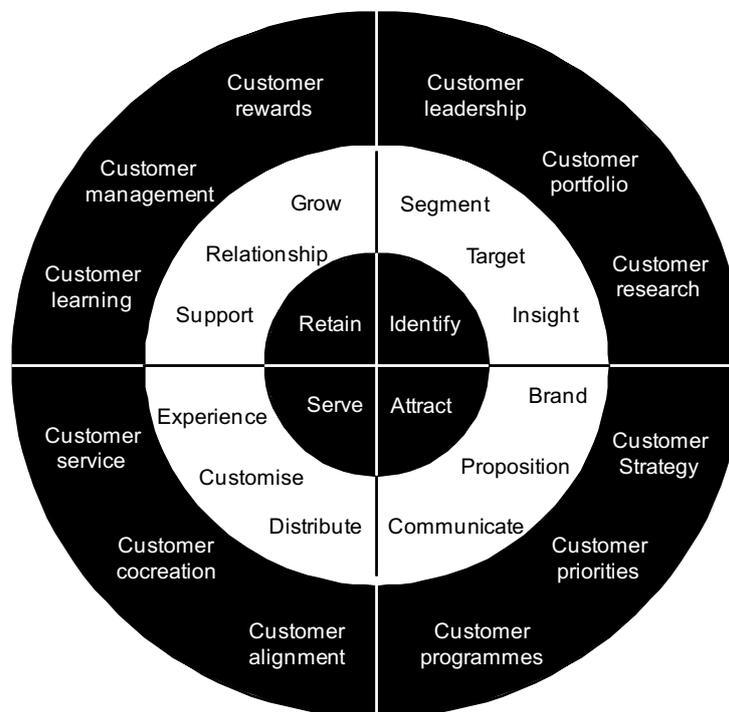
## Phase 2: Making ready

6. Mapping out a programme of change horizons – how will we move from “as is” to “to be” states in a series of phases, phasing investment and results?
  - i. Change planning
    1. Horizons
    2. Budgeting
    3. Resourcing
    4. Aligning
7. Identifying priorities – balancing the financial imperatives, what matters most to customers, making it coherent and logical, and finding quick wins.
  - i. Change governance
    1. Sponsor
    2. Steering group
    3. Project team
8. Acquiring the needed resources and investment – making the business case, securing the money, people, time, help, to do it?
  - i. Business case
    1. Preparation
    2. Approval
9. Preparing people for change, building commitment – building a desire and internal energy to make change happen, and making it “designed by customers” too.

- i. Customer education
  1. Immersion
  2. Big Talk forums

10. Engaging customers in the change – so that it is “designed by customers”, they are engaged in both the solution and the partnership process of creating it.

- i. Collaborative design
  1. Journey mapping
  2. Needs mapping



## Phase 3: Making it happen

11. Challenging leadership beliefs and behaviours first – ensuring that leaders change too, as they have moulded by the old organisation, structure and values.

- i. Leadership workshop
  1. Business challenge and opportunity
  2. Personal challenge and opportunity
  3. Personal role in leading change
  4. Personal role in changing self

12. Developing pathfinder projects – pilot the change with chosen teams, segments, products, markets to learn from, and demonstrate the impact.

i. Pathfinder projects

1. Project selection
2. Experience design
3. Product, process and culture development
4. Test, learn, launch and adjust

13. Focusing on hearts and minds – making change in culture and process at the same time, so that people have the tools to do what they now believe is right.

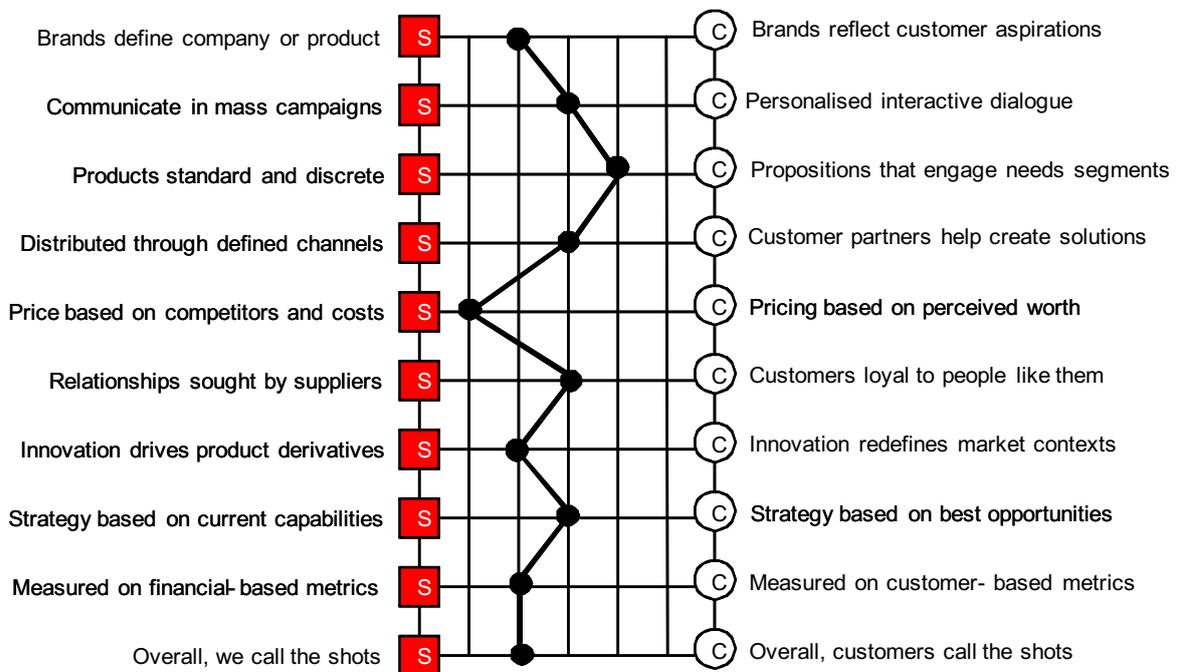
i. Internal communication

1. Regular updates
2. Symbols of change
3. Forums and feedback

14. Managing the change as a programme of projects

i. Project office

1. Milestone deliverables
2. Governance reviews



16. Roll out the change programme throughout the business and across all markets – change is not a point but a journey

- i. Project office
  - 1. Sustain for at least 18 months
  - 2. Embed into business as usual
  - 3. Leadership driven

17. Develop sustaining mechanisms to do business in a more customer-centric way as the normal business practice

- i. Business model
  - 1. Customer-driven business planning
  - 2. Customer-driven resource allocation
  - 3. Customer-driven organisation structure
  - 4. Customer-driven marketing, sales, service, support
  - 5. Customer-driven performance scorecard
  - 6. Customer-driven investor relations

18. Introduce new performance metrics and incentive structures – so that people are rewarded for customer-centric behaviours

- i. New KPIs and Targets
  - 1. Team and Individual targets
  - 2. Bravo Zulu style recognition
  - 3. Development framework
  - 4. New training resources

19. Ensure that the change delivers business impact – improved products and services, better customer experience

- i. Deliver change for customers
  - 1. Customised products
  - 2. Personalised service
  - 3. Segmented propositions
  - 4. Customised products
  - 5. Personalised service
  - 6. Improved experience

20. Communicate success as an ongoing activity – continuing to adjust and improve, and demonstrate the impact of a customer centric approach.

- i. Deliver improved business results

1. Impact on shareprice
2. Impact on profitability
3. Impact on sustained growth
4. Impact on brand reputation
5. Impact on customer advocacy
6. Impact on customer satisfaction

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**Peter Fisk** is an expert advisor, keynote speaker, and bestselling author. He has over 25 years of experience working with business leaders in every sector across the world. He is professor of strategy, innovation and marketing at IE Business School. Explore more about his experience, insights and ideas, case studies and workshops at [www.theGeniusWorks.com](http://www.theGeniusWorks.com)