

## **Stay fit and survive**

### **Ian Duncan on developing a company strategy to survive and thrive in the downturn**

We all know that the economic environment has changed immeasurably in one year. The financial services sector is unrecognisable, unemployment figures are rising at an unprecedented rate and budgets in the public and private sectors are being cut or frozen. What we are hearing from people in business is that they are finding it hard to get away from day-to-day fire-fighting so strategic planning is taking a back seat at a time when it is more critical than ever.

Business leaders need to get the time to make the right decisions while still enabling the organisation to respond quickly to the crisis at hand. How can they do both? They need to change the structure of their organisations to ensure that they can listen to customers, design flexible solutions to adapt and implement changes quickly.

#### **Listening to Customers**

Customers' needs, issues and concerns are changing more rapidly than ever before. If you are not in tune with what they need and want from you, then you might as well shut up shop. Very few organisations know how to listen to and respond to customers' real concerns. They often miss the point entirely.

Across the frontlines in all organisations, opportunities are missed when customers are not listened to. For instance, in call centres, front-line agents are frequently measured on the average time it takes to deal with a customer. They are trained not to listen out for real opportunities to create a different type of customer experience, but to deal with the issue at hand and move on to the next call as quickly as possible.

If they are trained to really listen, the call-centre experience would be a much more powerful one: it can help prevent switching, it can help to upsell and it can lead to customer loyalty. In one case, work we did with a UK utility company helped to reduce the number of customers switching to an alternative energy supplier by half. Getting into conversation with your customers creates loyalty. Listening to what they care helps you to adjust your products and services to meet their needs. It transforms organisations.

#### **Design flexible solutions**

Business leaders who can turn the insights gained from listening into new products and services will set themselves apart from their competitors and provide clients with real value. Designing your organisation to deliver these products and services requires looking at how work has traditionally been done.

In the past this would have involved looking at functional structures and creating ways to standardise the production process. By its very nature, changing processes and workforce practices are painstakingly slow. In reality, a lot of organisations are actually organised in the same way. Today in service organisations, there is a huge opportunity to change faster. This involves designing new services by first developing an understanding of how people in the organisation communicate with each other.

---

See how things are currently done, what commitments do people make to each other internally and lead to work getting done? If you review the organisation from this perspective, it is possible to design the internal relationships around the delivery of service. This removes layers of bureaucracy and bottlenecks that inhibit organisational agility.

It's about simplifying the internal "promises" that people inside organisations make to each other. Designing your business to work this way can transform an organisation's culture leading to great efficiency and effectiveness. Take the case where a bank designed a new broker proposition to deliver underwriting within three hours and redesigned its internal functions and relationship to make that proposition a reality. As a result, business improved by 400% over a 12-month period.

## **Deliver changes quickly**

Identifying change and reorganising around the commitment to the customer is one thing but implementing change can be the real challenge. How do you get employees to look outside of their own area of responsibility and focus on the great good of the company? Getting buy-in and support from employees is critical. For employees to make the right kinds of commitments, they need to understand the context of the proposed changes, how they fit in with the company strategy and the impact they have.

At this time, it is difficult for companies to offer financial incentives to motivate employees, however there are other non-financial motivations. Mechanisms which offer recognition to individuals for work done helps make people feel appreciated.

Also putting employees in touch with customer concerns can be a great motivator. Letting them talk directly to customers, make promises to them and be responsible for delivering on these promises helps people to feel proud of the company and of the role that they play within it.

So you need to listen to customers and design flexible solutions to allow your business to change and adapt. It is then imperative that you make the changes quickly. The prize for getting these three streams working in tandem is huge.

Generally, to plan the sequence: start with listening, then design and execution, you create the capacity to beat the economic downturn and steal a march on competitors.

Pilots and experimentation are the key to working this way. This approach allows you to build a continuous feedback loop to test your new offers with customers, informing design and getting the right action happening fast to create a virtuous circle. In essence, building new commitment-based design and management structures executed as experiments is a winning formula to survive and thrive in difficult times.

Employees are happy because they are making a real contribution to company performance and they are hearing directly from satisfied customers. Loyalty is created among the customer base because products and services are being tailored to reflect their needs and business leaders can take satisfaction in knowing that their organisation is flexible enough to move with the changes in the economy and the market. "Only the fittest will survive".

Ian Duncan is director of VISION Consulting Ireland.