

## **Evolving towards a more customer centered business model**

**By David Hicks, Chief Executive Officer, Mulberry House Consulting**

### **The Issues:**

When a successful market leading print organisation has been driving double digit growth for the last five years, there are not many forces for change. Clearly the current business isn't broken.

And while the market might be mature and not intrinsically technology based, there are always going to be internal cost reduction (and probably also market consolidation) opportunities available to continue to maintain profit growth for the next 2-3 years. This means that there are even fewer drivers for change.

But during this time customers, routes to market (eg: Amazon) and indeed the core market dynamics (eg: Google) have changed. It is now going to take a brave and very far sighted CEO to direct investments to identify and innovate for new growth opportunities within such a traditional company.

Traditional channel and supply partners might well be closer to these changes, but working out ways to pilot new potential routes to market and business models without isolating these channel and supply partners is also going to be tough.. In addition, of course, is the question of who owns the relationship with end customer, the brand or the channel owners?

This situation is not just limited to print; one need only look at the shape and dynamics of the worldwide music business to see these type of changes. What they all have in common is the fundamental issue "how to objectively evolve a successful business toward a more customer centered business model?"

I've listed below a few approaches proven to help this transition. They're powerful tools that can kick off the required migration but used wisely won't distract or de-rail the core business.

### **Where to start**

#### **Benchmarking**

Objective benchmarking with another organisation is not easy; often it takes an independent third party to point out the areas where the organisation needs to take away learning to use in the other company. Executive benchmarking clubs are one way to do this and ensure regular exposure to other businesses issues.

[Structured Benchmarking](#) also helps to build an objective view of the readiness of an organisation to move towards a more customer centered business model. These mechanisms often also provide benchmark data at the individual capability level together with an evidence based view of prioritization.

## **Measures**

If a traditional business model maintains a strong base of customer advocates then it is likely to already be in good shape and would continue to grow through “word of mouth”. But traditional companies (in particular those with “low interest” products and services) are likely to miss the signs that customers’ perceptions are changing unless they keep in regular touch with customers and systematically measure the underlying level of advocacy.

The “gold standard” measure of advocacy is “[Net Promoter®](#)” which invites customers to self score themselves as promoters or detractors and provides an overall measure of customer advocacy. MHC have found that if you also ask promoters “what is it we do that makes you a promoter?” (and vice versa for detractors) then organisations can start to build an customer focused agenda.

## **Map the Current Customer Experience**

What customers actually experience is critical, and the current customer experience is often the product of unplanned development and is rarely an optimised experience (either for customers or the organisation). There are almost always considerable cost and revenue gains to be had from improvements in the customer experience.

A solid first step is to [map the current customer experience](#) and then validate this with customers. The process helps to identify the “touch points” that customers value and dislike and where the overall engagement with the organisation needs to be improved. This process often points to changes in the business model and highlight where they would have the greatest impact.

## **Innovate, Pilot and Test**

Deploying any of the above customer based strategies are likely to result in innovations that suggest changes in customer facing capabilities, business models, market propositions etc.

Customer centered organisations often establish regular meetings with [groups of customers](#) to rapidly check these innovations (these customer groups will often suggest innovations themselves). Once initially validated these innovations need to be rapidly piloted and tested to ensure they work and deliver the improvements that are planned.

## **Conclusions**

The pressure to become more customer centered is increasing for all types of businesses. Those who make the change successfully will become stronger – they will outperform the competition and will better insulate themselves from external pressures such as the current economic downturn. Some of the approaches outlined here will help you to get started.

But rather than initiate a big bang approach, setting up a small scale pilot and test capability and involving customers will help the organisation to ensure its products and services stay relevant to customers and will point out and prioritize those changes that work best for customers.

**Mulberry House Consulting**  
**May 2008**