

the global future forum

the global future forum prepares business for the future



David Jackson

## The Importance of Being Earnest

**David Jackson** is a founder and Managing Director of Clicktools Limited and a recognized expert in the area of organization design and change.

He focuses on the critical issue of building and sustaining organizations that can continually adapt to meet changing customer needs and challenges.

David has worked across Europe, the US and the Far East.

He is a popular speaker around the world. He has had many articles published, and is an author and contributor to several books. His latest book,

"Becoming Dynamic" published in Spring 2000 describes the process of building an organization where change and innovation are an integral part of its culture.

Contact him at [david.jackson@clicktools.com](mailto:david.jackson@clicktools.com)

There is no doubt in my mind that the battle for the customer which began over twenty years ago is by no means fought and won. We have much to learn about the hopes and aspirations of these people as they continue to change and re-shape their

own future. Without the benefit of a crystal ball, organizations must use other means to listen to their customers and respond to their ever changing needs if they are to succeed in battle and indeed win the war.

I recently reviewed the results of the GFF Pulse survey which combined the opinions and attitudes of almost 300 future thinkers around the world on a variety of different business related issues. The Survey examines the likelihood and impact of certain scenarios playing out in 2009. I was particularly interested in the world of Service in that timeframe.

I'm very grateful to Matthew Higgins of First Direct, winners of the Unisys/Management Today Service Excellence Awards 2004 who, later in this paper, presents a perspective from the world of business on their view of the future.

### The headlines of the survey read like this:

- Customer service is going to be much more important.
- Customers are less likely to trust many of the companies they deal with.

So 2009 might be a world where companies are facing a business issue that is more and more important to their success, dealing with a group of customers that do not trust them to do the right thing for them – the issue at the heart of service excellence.

This is not a picture of an harmonious business relationship. It is a conundrum that few companies have recognised, let alone begun to master.

The table below shows the six scenarios our panel think are most likely to happen by 2009.

Scenario	% Likely
People will want control of what information is transmitted about them in this 'connected society'	93.7%
There will be an increase in free agent portfolio workers, particularly amongst the young and older age groups frequently working for traditionally competing firms.	91.5%
Customer service will increasingly become a key differentiator.	91.3%
The use of consumer information and advanced technology allows products and services to be dynamically priced and tailored to individual consumer requirements.	90.0%
The necessity of winning and retaining customers drives investments in real time monitoring technologies to be continuously tuned in to their customers' needs.	88.8%
Understanding the customer and superior retailing skills prevail over manufacturing capabilities as the main drivers of success.	85.2%

Five out of the six (from a total of 34 scenarios presented in the survey) relate directly to the customer. It is likely therefore that few organizations will survive without a careful rethink of their attitudes to customers. It is set to be the primary competitive battleground in the next five years. Research by the Economist Intelligence Unit supports this. Business 2010 states "Executives say that the way their organizations interact with customers will be the area of greatest change in their operations between now and 2010."

Let's explore the backdrop to this environment and try to uncover some possible solutions.

In 2009, we will be dealing with customers that have different needs and expectations. People continue to have dreams and aspirations. The growth of designer labels into the mass market has, in part, been driven by the desire of the less wealthy to emulate the nouveau riche. The manufacturers have leaped out of their niches, attracted by the revenues mass markets deliver. Research by the Copenhagen Institute for Future Studies (a GFF partner) suggests that in developed economies the fastest growing area of personal spend will be on luxuries and unnecessary items. Much of this will be associated with experiences, not just ownership of products.

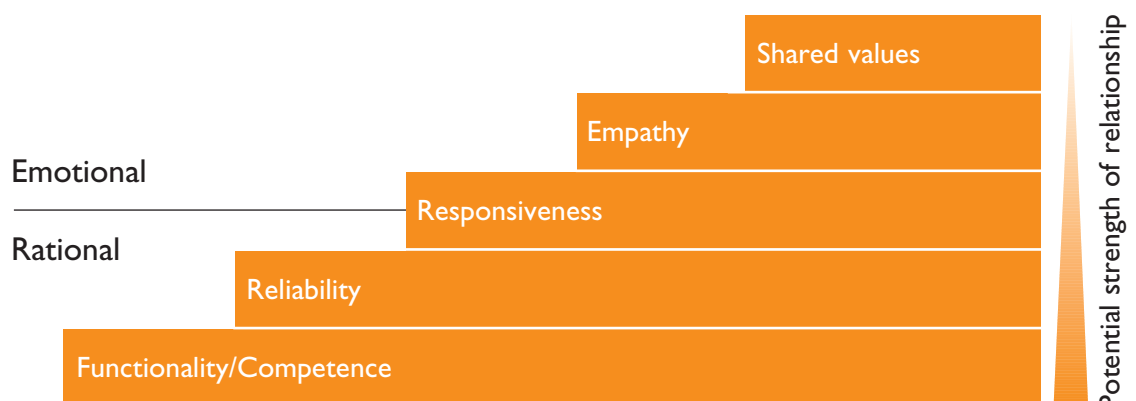
“In the same way that price-wars eventually force some companies out of business, I feel that 'service-wars' will become a major factor in business viability as different companies compete to offer more and more customer service.”

Consumers will find it easier to tap into suppliers across the world to compare deals, particularly when purchasing information based products and services. Even for hard products, better knowledge increases pressure on prices. Knowledge of European prices forced UK car dealers to reduce prices or lose business to overseas suppliers or grey market imports and the introduction of the euro has led to further challenges to cross border pricing.

The Pulse Expert Panel Survey suggests that privacy and protection of information is the most significant issue. Privacy is also at the heart of trust. If people will only willingly share personal data with companies that they trust, only these companies will have access to the information they need to gain the insights that will keep them ahead of the game. Trust however is a multi-faceted phenomenon. The recipe for building trust has to take account of objectives, attitude/beliefs and context of both the customer and the supplier. The context of trust when buying a bar of chocolate is very different from that when buying a mortgage. Different contexts require a different mix in the trust hierarchy.

#### HIERARCHY OF TRUST

More people will face more demands on their time, increasing the need for companies to get it right first time, be more flexible in how and when we do business and when they do make mistakes, respond with speed and empathy. Many cash rich, time poor consumers (which forms much of the higher income groups that many companies seek to attract) will pay a reasonable premium if they are assured of dealing with a company that makes it easy to do business with them and can demonstrate trustworthiness. Like a rubber band, loyalty can only be stretched so far. Overstretch that trust by exploitative pricing and the rubber band snaps. The higher up the trust hierarchy a company is operating, the greater the degree of loyalty elasticity – the rubber band becomes much thicker and stronger. When a relationship is broken at the higher levels of the trust hierarchy it will be much more damaging – just as a thick rubber band hurts more than a thinner one. Once loyal advocates will quickly become highly vocal detractors.



"In the future, service excellence has got to be based on three prime factors; respect, control and trust".

#### A business view

Respect in business has parallels with life in general. It is about creating an adult to adult relationship between companies and their customers; a mutual understanding between equals. Why would we want to do otherwise and why shouldn't we be communicating with our customers in exactly the same way that we do between ourselves inside businesses? The fact is that the internal and external relationships should be no different. If we have respect for each other inside our businesses, this translates to our relationships with our customers and the artificial line we draw between the two sets of people is removed.

Respect leads to trust. Think about the decline in trust over the years. Are we happy to trust those organisations who told us our endowments would pay off our mortgages or sold us pensions that won't provide for us in our old age? What about our trust in politicians, royalty, the Church, doctors, the police? The list goes on. Where we lose respect, we lose trust. Service excellence is knowing that the person you are communicating with means what they say, will do what they say, and will deliver in a confident, mutually beneficial, friendly and efficient manner.

Consumers are now demanding more control in their lives. Some will want this because they feel confident enough to take control, while others will feel they need to take more control because they have lost respect or trust for the organisations they deal with. However, those businesses that will win out in the future are those that can deliver trust and earn respect and yet still understand the need to "hand back" control to consumers in a partnership where both can benefit.

We must recognize that gaining control is a two way street. Those businesses that provide tools, information, the right channels at the right time and the appropriate products, yet involve consumers in choices will be the winners. In effect, they will be helping customers to trust themselves to take control. It is a paradox: the more control business give to customers, the more respect and trust (and the associated loyalty) they win.

Technology compounds the challenge and changes the rules of the game. We tend to think of service excellence as being directly between two people, in a shop, a supermarket or over the phone. But service is increasingly delivered over "e" channels. Mobile devices are hugely personal and communication between an organization and its customers by such devices (SMS, e-mail, web et al) can be incredibly personal if well targeted and contextually rich. How ironic that in the future, while "real" conversations and "seeing the whites of the eyes" will remain very important, many of these conversations will be remote.

"e" changes what we mean by the word "direct." For First Direct, the telephone was the new branch. Now, "e" is the new telephone. The challenge is how we expand the respect, trust and control our customers grant us into "e" channels.

BusinessView  
Matthew Higgins

HEAD OF BRAND PLANNING AND COMMUNICATION  
FIRST DIRECT

Winners of the Unisys/Management Today Service Excellence Awards 2004

So what competencies will companies need to succeed in 2009 if they are to be purveyors of service excellence?

**Reliability/Right First Time.** Competitive pressure will winnow out companies that can't do the basics. Consumers with more choice and less time will rapidly defect from companies that do not deliver what they promise and are not exceptionally easy to do business with.

**Agility.** How quickly companies respond to customers will be a show stopper. If knowledge drives choice, then choice demands an ability to keep up with changing customer needs. Speed of response is one way of showing the customer you respect their time and needs. And if things do go wrong, expect to face customers that want instant solutions. Being quick off the mark will be a must have. Convoluted processes and systems won't satisfy customers that, in the words of the Queen song say "I want it all and I want it know".

**Joined up organization design.** So often, customers deal with fragmented companies using fragmented systems, processing fragmented information. They find themselves filling in the gaps of badly designed organizations. Despite decades of effort, the stove-piped organization remains. Given a choice, will customers continue to deal with such companies? Unless they have a unique product/service or a monopoly, I think not. Organization design will become an increasing source of competitive advantage.

**Joined up customer intelligence.** Underpinning much of this is a deep understanding of the customer. Up to date information about a customer's buying habits, preferences, experience feedback and response to marketing campaigns will be integrated to present a holistic view of the customer. This too must be 'joined up', one complete view of the customer accessible across the organization and its network of partners/suppliers. The currently fragmented systems will give way to true customer information systems.

**Respect.** For me, this all adds up to this one word. Respect for a customer is about doing what is right for them, not just for the bottom line; the two are complementary, not mutually exclusive. Respect is reflected in the behaviour of employees, the company's attitude to customer data and the quality of the organization it builds. It is about recognising that sustained success will not be achieved unless the customer also gains. As Matthew Higgins rightly points out, respect generates the trust that underpins real loyalty; the greatest prize of all.

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