CLOSER TO YOUR CUSTOMERS

The ability to understand why someone buys your product or uses your service is surely the elixir for businesses in the consumer age. In this article, Geraint Anderson explains how leaders can drive a 'customer strategy' by monitoring, measuring and clearly defining their customers and targets

Putting the customer at the heart of the strategy has, for me, been the driving principle of business for more than 30 years. It sounds very simple yet few leaders would admit to not advocating customer centricity. I always ask them, do you really do it? Do you genuinely put the customer first and foremost in the mind of the strategy that you're driving within your company?

Furthermore, how many businesses adequately measure, understand and review their customer relationships? What must business leaders do if we really want to put the customers at the forefront of everything we do?

WHO'S BUYING?

With so many business leaders I meet and talk to, when I ask them to define who their customer is and what they mean by taking them to heart, it rarely solicits a sonorous response. In reality, very few leaders spend enough time clearly defining who their customer really is.

I often see companies spending time talking about the markets that they're in and the technology they have, but few centre in on the customer. I've even seen people develop and design products for markets then find out

that, actually, the customers in those markets never buy that solution. The markets don't buy your products; it's customers that buy.

If you get the right customer strategy in place from the outset it can create the momentum to drive the whole company. Something I learned early on in my career is that if you take real customer examples, build stories around those customers and discuss the stories with everybody in the company, it brings everything to life.

In my mind, leaders spend too much time on the strategy, the markets and the technology,

at the expense of bringing real customer stories to life for the rest of the workforce. When you make it real for people you genuinely see the difference. When stories are made tangible, employees at all touchpoints in the business can relate problems to them and trace it all the way back to the customer. In terms of engagement, you genuinely see the difference.

And if you select the right customers and get behind them it will drive and fund a lot of the activity within the business, whether it's your R&D, expansion activity or your growth in overseas markets. It will also drive profit.

PUTTING THE CUSTOMER FIRST

Earlier in my career when I was running a couple of fibre optic facilities, we only had one major customer: British Telecom. At that time we didn't really understanding what to do with the business, where to go and how to manage it, so we put in programmes to manage BT more aggressively.

People told us it couldn't be done: "BT has three suppliers and everybody gets a third". We turned that around by going to speak to BT directly to try and understand what they wanted. We ended up putting something together that nobody believed we could, simply because we had listened to the customer. As a result we took 100 per cent of BT's fibre optic business for five years. This was quite a shift in thinking back then – and we changed the way our industry would work.

By the time I joined Pirelli in Milan to run its global telecom business, it had already amassed a team of around 700 engineers

and had developed a rather interesting photonics technology. There was just one problem – it didn't have a single customer.

Pirelli's engineers were developing amazing technology that nobody wanted to buy because they were always working on the next great thing. But they weren't developing anything for their customers because, in reality, they didn't have any.

Once I'd joined I set about trying to define who its customers were and what we needed to do to satisfy them. Very quickly, we managed to secure a number of major contracts with customers by delivering them the solutions they wanted, there and then. We ended up being so successful that Cisco swooped in and bought the company for about $2.3 billion – albeit at the height of the tech bubble – and I, in turn, took up a post a Cisco.

Cisco understands the importance of putting the customer first. The reason for this is that John Chambers, the CEO, puts the customer first. In fact, he's the best salesmen I have ever worked with. And one of the key things that Cisco did, and still does very well, is to measure their customers, everyday, and spend the time to understand who they are.

CUSTOMER CENTRICITY

Over the course of my career I have found there are three basic approaches to customer centricity:

1. **Top-down.** As leaders, we must know our customers. More often than not, a failure to understand the customer comes down to leadership. If the leader of an organisation doesn't put the customer at the heart of what they do, the rest of the organisation won't follow. I come across many examples of companies that haven't got that top-down approach to the customer and what you see in them is that the direction and belief throughout the business begins to evaporate. Commonly, leaders charge the

salespeople with the responsibility for the customer. That's a huge mistake. Once you abdicate that responsibility it's very difficult for the company to fully understand where it's going. If CEOs don't spend time with customers and don't know who's buying their product or service, it sets a weak tone for the rest of the organisation. They'll know it's not the leader's prime objective. My agenda is always to make all my employees aware that the customer will take precedence over everything else. If any sales team asks for me to meet their customer, that's the first priority. It will then be top of everyone else's agenda, too.

2. **Listening and measuring.** Companies also fail when there are no mechanisms in place to monitor and review that customer. I review my customer dashboards every single day, looking at the customer activity and trying as best I can to keep my finger on the pulse. Many companies fall down because they don't put the right tools or processes in place to monitor and measure customers at the very top level. As the CEO, if I'm looking at our CRM system daily and asking questions of the sales team, it tends to get people's attention. And it's important for people to know that I'm reviewing and measuring what's going on. Too often people pay lip service to it.

3. **Defining for the future.** As leaders, we should also spend time defining the customer and, specifically, assessing if we have the right customer. Too often I hear businesses saying they serve all customers in this market, but less frequently do they ask: is this the right customer that's going to take us forward for the next five years? Where are we going to be with that customer base? There are some clear occasions where you have to move away from certain customers if they are not going to drive the business forward. Of course, it is a tough conversation to say no to money in the bank today, but in the long-run it's so important to be selective.

RESTRUCTURING FOR A CUSTOMER-FACING CULTURE

Just over three and a half years ago I was asked to come in and have a look at a company called TT electronics. It had some gems within the portfolio but it wasn't proactively managing its customer base. Its major customers were the likes of BMW, VW, Honeywell and Schneider – each of them big, global brands. However, TT had failed to recognise that this premier customer base was its single biggest differentiator and, as a result, it wasn't doing enough to seize its opportunity.

During our three-month review with the business we encouraged teams to talk not about their technology or products, but about their customers – who their major customers were, what they were doing and what their customers wanted. We changed the direction the business was facing and, within three months, we had begun to devise a strategy that we've been using ever since.

This strategy largely consisted of selecting a number of key accounts, putting them at the forefront of the business, changing the sales organisation and stripping out the manager-director layers. In short, we put the customer first.

That's very important for me – to go out there, talk to the customers and feel their pulse

As it turned out, many of our customers were globalising very rapidly in 2009 and if we hadn't reorganised then, we may have lost them. People like BMW and VW were looking for us to be able to offer one face to the customer, manage it globally and look to scale with them and support them wherever they were in the world.

Everything we do is driven through those top accounts. I spend time with them and learn new insight from them every time we meet. And that's very important for me – to go out there, talk to the customers and feel their pulse.

GETTING THE MEASURE OF SUCCESS

Naturally, as a leader of an organisation you also want to measure your success in terms of engaging with your customers. As a team, TT hadn't measured what was happening in the customer base, so they didn't know the value that they had with their customers. The first thing we did was to invest in a CRM system: Salesforce.com.

But, success with these systems takes time. You don't implement it on day one and expect to get all the answers you want by day two. In truth, it's taken us 18 months to get richness in our data and information through the CRM. But we now have the benefit of being able to track pipelines and account management plans. And we've developing a whole customer dashboard which brings together pipeline metrics and our delivery performance. The whole business is driven by the metrics of our key accounts, which means the rest of the organisation now gets excited when talking about and naming the customer.

Of course, it would be easy to lose focus and miss a key opportunity, so we put a

huge amount of effort into our CRM system. You've got to measure what you do every day, gauging your performance and the data that you need to run a successful customer programme. Therefore, much of the discipline and rigour for driving our CRM system falls to me; the leader. And over the last three years we've managed to be quite successful by following, tracking and placing bets on a number of very major global customers.

As you take that programme and start to identify the next generation of customers, it becomes even more interesting. Using our customer-centric strategy and technology we're now working with a number of very strong Asian brands. And because we've defined, tracked and understand them, we know we need to be with them. It's essential for our future survival.

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COMMUNITY COMMENT

Mark Castle
Managing Director, Mace

"A one-size-fits-all doesn't work anymore, because there are too many competitors in the market who now specialise in delivering services in certain sectors. If you are a big company operating across many sectors, you must be able to offer the same level of customer commitment and focus that a small, specialist operator can give. You have to devolve the responsibility for focusing on the customer, too, so that it transfers down the next levels of the organisation. Too often the relationships that companies have with their customers are actually quite fragile and tenuous, because there might be only one person that has a strong relationship with a certain customer. If that person or customer leaves, the knowledge will go with them. The real challenges are around trusting the people that have the most contact with that customer to have a reasonable understanding of where that relationship is at any given time. This information must be communicated and flow throughout the organisation. If people withhold knowledge and don't transfer it to the other parts of the business that require it, you can never allow the relationship with your customer to reach its full potential."

Geraint Anderson
CEO
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Geraint joined TT electronics plc, a UK listed electronic component, IMS and secure power company, in August 2008. Prior to this position he was the Vice President and General Manager of the World Wide Service Provider Organization for Linksys, a division of Cisco Systems, Inc. Prior to joining Linksys, Geraint was VP of Cisco's Service Provider Business in Europe for six years; before that he led Pirelli's world wide Communications Business based in Milan, Italy, and was previously the CEO of Pirelli's DWDM system group which was sold to Cisco in February 2000. His background is primarily in operations, sales and business development in the Telecoms and IT market.

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