



Advance Consulting Inc.

Developing Customer Focus

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INTRODUCTION TO CUSTOMER FOCUS



INTRODUCTION TO CUSTOMER FOCUS

Customer Focus is a theme that has been prevalent over the past two decades. Organizations commonly talk about becoming customer-focused, customer-centric, or customer-centered. And if they're not talking about that, they are often waving their flags in a "One Company" drive to become unified in service to their customers – which actually amounts to the same thing as customer focus in terms of what has to be done to achieve it and the net result.

So whether you hear "customer service", "One [insert name of company]", or any of the related terms above, they fundamentally mean the same thing - Customer Focus.

DEFINING CUSTOMER FOCUS

Interestingly, there are even more definitions for customer focus than there are pseudo-names for it. A quick Google search brings up plenty of them. Some characterize it as a marketing or sales thing, some talk about company culture, and some emphasize products and services. Given the true nature of customer focus, and all that is involved, these definitions are too limited. Our research turned up a definition at BusinessDictionary.com that suits the breadth of the term and the reality of customer focus.

Customer focus is:

"The orientation of an organization toward serving its clients' needs. Having a customer focus is usually a strong contributor to the overall success of a business and involves ensuring that all aspects of the company put its customers' satisfaction first."

ACHIEVING CUSTOMER FOCUS

Now that we've defined it, how do we achieve it? Here, again, we find a plethora of opinions and advice out there. It is no wonder that leaders are often confused about how to approach customer focus. While there is much interest among companies and government agencies in achieving customer focus, they often find the path to success quite elusive. They try this program and that, only to end up with many of the same problems they started with – or perhaps they simply exchanged old problems with new ones. Unfortunately, this outcome is quite common.

This book is written to help leaders avoid these sub-optimal circumstances and adopt a practical and realistic path toward customer focus.

But before you read too much, let's get right to the heart of the matter because there is some good news and some bad news. If you are looking for a magic silver bullet, read no more because you won't find it here. If, on the other hand, you are looking for insight, wisdom, and a true path toward customer focus, read on.

Here are some basic truths about customer focus, the good, the bad, the ugly, and the wonderful.

- **The Wrong Problems:** The majority of customer focus programs address symptoms only. If you have been part of one or more of these, join the crowd.
- **The Wrong Focus:** Most customer focus consultants tell you to focus on the customer. That seems right, even obvious, but it is wrong in that it is only partially right. What they should be telling you is to focus on ALL customers, including internal customers.
- **The Irony:** The major irony of achieving customer focus in a company or government agency is that you must first focus *within* the company in order to be truly equipped to successfully focus on your external customers. Simply creating a “shell” around your company with people assigned to focus on the external customers NEVER WORKS. Customers see right through the shell when their needs and issues aren’t addressed.
- **The Big Picture:** Achieving customer focus is not just about changing and/or developing your people, although that is clearly a critical part of it. It also involves some surgery and reconstruction to your organization and operations.
- **The Work:** There is more work involved in moving a business toward customer focus than most leaders are aware of – or would like there to be. It is a major, multi-year endeavor. In fact, it never really ends, and it is more a way of life in your business than a discrete program.
- **The Payoff:** It is worth it. Yes, it is worth dealing with all of the above “bad news” in many ways. Indeed, your customers will see big differences, and will be much more satisfied and loyal to your business – which of course will drive up revenues. Productivity will increase as you realign your structure, roles, processes, and systems to be customer focused. Your products and services will improve as your people hear your customers better, and build better solutions focused more on customers’ needs. And, at the heart of it all, your people will be happier and more engaged in their work, with more focus on creativity and service, and less on protecting themselves and dealing with internal conflict.

ABOUT THIS BOOK

This book is a practical and insightful introduction for leaders who want to bring customer focus into their businesses. It provides leaders what they need to know and understand in order to develop their own customer focus strategies. It helps leaders avoid the wasted time and resources associated with treating symptoms, and provides a blueprint for a realistic and successful approach.

Customer Focus is organized into the following chapters:

- The Drive to Become Customer Focused
- What to Consider When Implementing Customer Focus
- Developing Customer Focused People
- Developing Customer Focused Operations
- Developing Customer Focused Organizations
- Developing Customer Focused Products and Services
- Summary

Whatever your greatest interest, whether it is a particular chapter, a topic, or the entire book, our intent is to give you valuable perspective, direction, and motivation for your customer focus journey ahead.

THE DRIVE TO BECOME CUSTOMER FOCUSED



THE DRIVE TO BECOME CUSTOMER FOCUSED

What is creating the intense interest in Customer Focus? Why are so many companies concentrating on creating a customer focused strategy? What is triggering all of this?

The answers derive from both external pressures and the internal imperatives born out of those pressures.

EXTERNAL PRESSURES

1. **Global Competition:** Our competitive landscape has limitless boundaries. Customers have a greater number of choices and, in order to survive, companies must differentiate themselves with value and a customer-centric approach. Absent this approach, companies risk seeing their products and services become just another set of commodities while they lose price wars with lower cost competitors. (*Competition is everywhere, and competing on price alone is a losing battle.*)
2. **Technology:** Advanced networks, search engines, and cloud technology, etc. increasingly provide customers access to information. They are able to research products and services online, check customer reviews, etc. They give their business to companies that understand their needs and communicate relevant value to them as unique buyers. The more access customers have to information about their buying options, the more important it is for companies to be focused on connecting with individual customers. (*Ubiquitous visibility into buying options makes personalized customer connection an essential differentiator.*)
3. **Customer-Centric Segmentation:** The traditional notion of market segmentation has been overtaken in our customer-centric world. In many industries the market has actually become segmented down to the individual customer! These customers demand custom solutions which, by definition, must be focused on their dynamic needs, challenges and unique circumstances. We can't just sell a new Mustang to a teenager anymore. We must sell a Mustang with a specific color and combination of options to the particular teenager standing before us, with all of his unique characteristics, needs, and desires. (*Building and selling custom solutions is no longer optional.*)

INTERNAL IMPERATIVES

In response to the unavoidable external pressures above, companies face internal imperatives to accomplish the following:

1. **Improve Customer Loyalty and Retention:** Retaining current customers is, of course, much cheaper than acquiring new customers. Increasingly, companies are seeking new ways to understand and satisfy their current customers. They want to build long-term relationships and high customer satisfaction to expand the share of business coming from their existing customer base. (*Keep customers happy.*)

2. **Innovate to Expand Market Share:** To expand market share, or even maintain it, new products and services must satisfy customer needs better than the competition. As Steve Jobs and Apple adeptly showed us, the most successful companies know their customers well enough to predict future problems and needs, and build innovative offerings around this big-picture understanding. They don't wait for customers to ask for what they need. (*Anticipate customer needs.*)
3. **Enhance the Customer Experience:** Many companies are recognizing that there is more to business than good products and services. The customer's experience in doing business with them is a critical success factor. When a company's internal structure, processes, or politics interfere with its ability to focus on the customer (instead of themselves), customers will tend to move on. Conversely, providing clients with single points of contact, embedding customer focus in internal processes, and organizing the company with the customer experience in mind will delight them. (*Make it easy for customers.*)
4. **Improve Marketing ROI:** In order to have effective marketing strategies in place, organizations must clearly identify and define their customers. They must also know how they think and communicate. Knowing the customer enables organizations to create marketing messages that will have more impact and will ultimately be more successful. (*Speak the customers' language.*)
5. **Identify New Markets and Growth Opportunities:** Understanding future customers is as important as understanding current customers. A company's in-depth knowledge of their target customer segments is what leads to expansion and growth of their customer base. (*Find new customers.*)

THE PUNCH LINE

Now, here is the tricky part that is key to REALLY understanding customer focus. It is easy to see how the external pressures discussed above are driving companies to become more customer focused. The pressure is on, and companies must react to it.

However, on the face of it, the internal imperatives look more like ways to *accomplish* customer focus than a result of *having* customer focus. And that is precisely why most people miss the most important point and approach customer focus by trying to address *symptoms*.

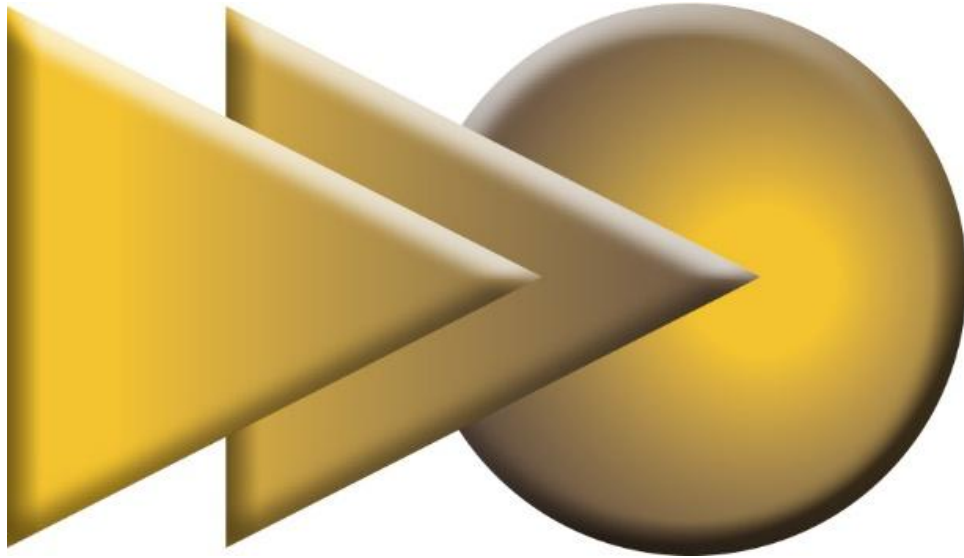
Here it is. Difficulties that exist around, or arise while trying to achieve, any of the internal imperatives are *symptoms* of deeper problems. Therefore, setting any of the imperatives as goals without looking deeper at, and addressing the root cause issues, DOES NOT WORK. At best you will mask some of the real issues for a while, until it all unravels again.

The more accurate way to think about customer focus is that if you want to be able to substantially achieve any of the customer imperatives, and in turn respond to the external pressures, you had better establish an adequate level of customer focus in your company first. Only then can you be truly successful. That is why achieving the internal imperatives is not a way to *accomplish* customer focus. The internal imperatives are another set of drivers, along with the external pressures, that are compelling companies to become more customer focused.

That leaves us with the big question. If the “obvious” solution is not the way to achieve customer focus, where do the real problems, and the real solutions, lie? To answer this question, we must look inward within our companies – at our people, our organizations, our operations, and our products and services. As a business, it is necessary to make this internal journey before we can truly focus on, and serve, our external customers.

In the next chapter we will look at how you can develop and implement your customer focused strategies while avoiding potential implementation challenges.

WHAT TO CONSIDER WHEN IMPLEMENTING CUSTOMER FOCUS



WHAT TO CONSIDER WHEN IMPLEMENTING CUSTOMER FOCUS

How do you approach the planning and achievement of your customer focus goals? In this chapter we provide some big picture answers to that question, and in the chapters that follow we drill down into what is required in each of the main areas involved within your business.

First and foremost, you must adopt the appropriate mindset:

Companies that are truly serious about customer focus realize it is a journey, not a decision or a single program. It takes time, commitment, and focus – focus on being customer focused. They also realize that, while the rewards are tremendous, the journey is difficult. Why it is difficult? Here is a story that metaphorically gives us the essence of where the difficulties come from.

One day a Zen student who was having difficulty with his practice asked a wise Zen master, “Why is it so difficult for me to reach enlightenment?” The master said to the student, “Because it has to go through YOU.”

It’s the same with the journey to customer focus. Once you start down that path you invariably come face to face with all of the parts of your enterprise that interfere with customer focus, similar to how thoughts and emotions interfere with the practice of Zen. You must reconcile each of these parts with the whole of customer focus in order to establish a clear “line of sight” between the customer and the services provided by your organization. And customer focus, or the lack thereof, touches EVERYTHING and EVERYONE in your business.

But let’s break it down into manageable chunks so we have a way of thinking about it and approaching the journey. In our experience, there are four key areas:

- **Individuals (People):** Customer focused organizations have employees who view their role of creating value for their customers as their number one priority. But the right attitude is not sufficient. From the front line to the back office, all employees must acquire and practice the consultative skills that enable them to make the customer the center of all that they do. You may ask, “What about all of the back office people who don’t have direct contact with our customers?” And the answer is, EVERYBODY is in direct contact with their customers, whether their customers are internal, external, or both. The need for these skills is just as important for those with internal customers. Why are these skills so necessary? *(When our employees lack customer focused attitudes and consultative skill sets, they become customer focus obstacles.)*
- **Operations** - Customer focused companies embed the customer into their processes and systems. That means that if there is an appropriate role for a customer that will add value to the outcome of a process and/or make the process more effective, then we build that role into the process. These built-in roles provide for appropriate customer involvement, feedback, and visibility, and help ensure that the outcome/output will meet the customers’ needs. Use of technology in a customer focused business enables and facilitates that customer relationship, as opposed to blocking or impeding it. But why should you care? *(When we design processes and systems around ourselves (i.e., to accommodate our organizational dysfunctions), we create customer focus obstacles.)*

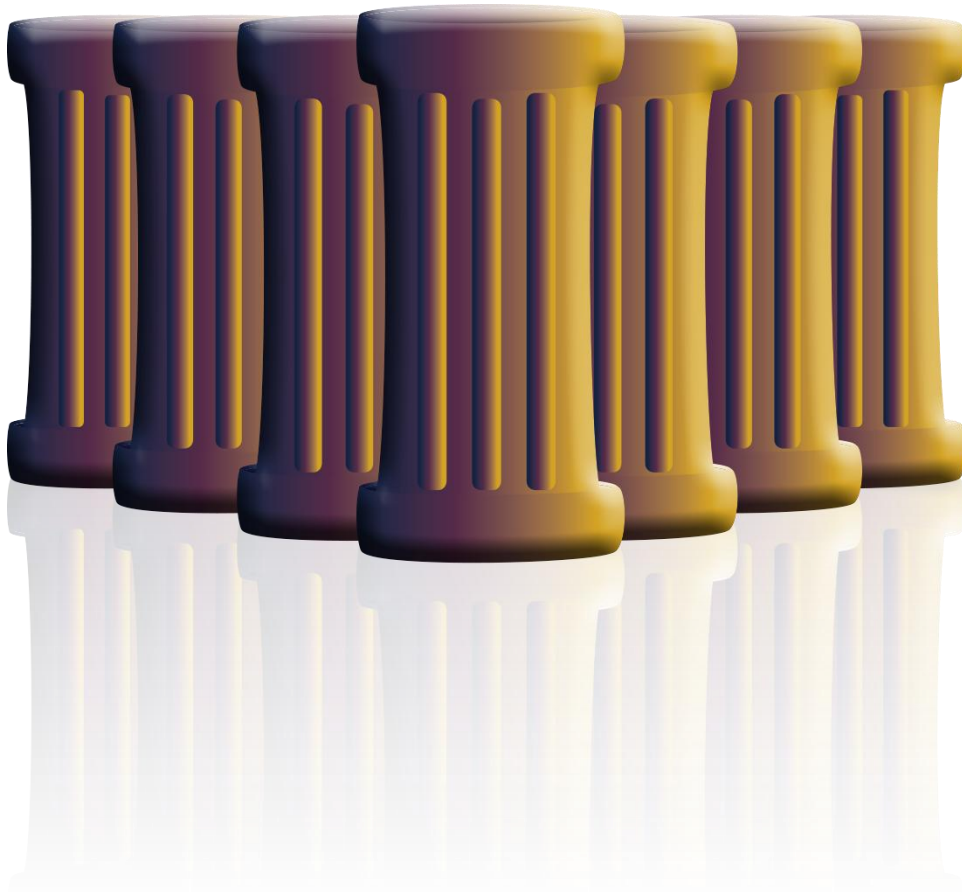
- **Organizational Structure and Culture** - Customer focused companies design organizational structures around their operations – to optimize the ability of the operational component to deliver customer focused products and services. They have leaders who create a culture that motivates and encourages employees to understand the needs of their customers. These companies integrate sales, marketing, and operational functions to seamlessly create and deliver customer value. Why is this so important? *(When we structure our organizations to accommodate organizational politics and powerful managers we sub-optimize operations and create customer focus obstacles.)*
- **Products and Services** - Customer focused organizations utilize customer feedback and data to develop products and services that both address and anticipate customer needs. Interestingly enough, when there are problems in this area, they are often attributable to problems in the other three areas above. How do we approach this? *(When product development and service delivery become less important than organizational dynamics and personal agendas, we must look within the enterprise to reveal the customer focus obstacles.)*

The obstacles to customer focus are everywhere. Is it any real surprise then that businesses find it difficult to achieve customer focus? How long can a new paint job mask the problems in a house when it is full of termites?

But each time we remove an obstacle, we enhance our customer focus. When we integrate customer focus into our organization's structure, culture, operations, and employee behaviors and attitudes, the benefits are tremendous. Not only do the customers notice the difference, but the employees feel the benefits of a customer focused working environment. This is the kind of working environment that attracts and retains top talent. Revenue, profitability, and a strong competitive position are the natural rewards of a true customer focused organization.

Now that you have a general understanding of the four key areas involved in achieving customer focus, let's drill into the first one, Individuals, to get a deeper understanding of what is required.

DEVELOPING CUSTOMER FOCUSED PEOPLE



DEVELOPING CUSTOMER FOCUSED PEOPLE

Generally speaking, people are what we think about when we hear the term customer focus. If you ask ten people to tell you about their most recent experience with bad service, you will probably hear ten stories about people behaving badly, or at least sub optimally, in their interactions. For example:

- “The guy made me feel like I was intruding on him by asking questions. He gave me the shortest possible answers and seemed more interested in getting me out of his way than helping me.”
- “I sat and sat in that waiting room. No one would talk with me or give me updates on how long the doctor would be. Every time I asked I got a vague answer. When I finally got to see the doctor she spent about five minutes with me, barely said a word, and sent me away with a prescription I didn’t really need.”
- “The company implementing my new system told me they only use seasoned professionals on their projects and had staff waiting in the wings. I think the average age of the project team is about 25. The guys who really know what they are doing are in and out, and are obviously trying to support several other projects. When I asked the senior architect about it he reacted with great frustration and told me he was doing the best he can.”

While it is easy to see where the people skills could have been better in these examples, we generally don’t know what is going on behind the scenes that may be contributing to the problem. In other words, the problem is seldom just a people skills issue. Organizational and operational contributors are usually at work as well. But nonetheless, the people skills could have been better! Had the people in these stories approached the situations with customer service attitudes and applied good customer focus skills, it certainly would have made a difference. So we will start there in our customer focus journey.

How do we develop customer focused people as part of the larger customer focus transformation? The answer lies in understanding two things. First, the customer focus *behaviors* that we need the people to use in their work. Second, the *path of change* for the people in acquiring those behaviors and utilizing them in their daily work.

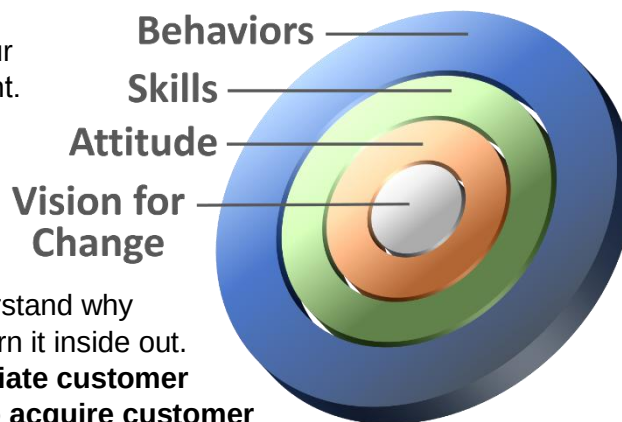
DESIRED CUSTOMER FOCUSED BEHAVIORS

We talk about customer focused behaviors, but what are they? In our experience they fall into six categories:

1. **Knowing the customer** - understanding who the customer is, what they need and prefer, and how to effectively interact with them based on their characteristics and preferences.
2. **Questioning and Listening** - questioning and listening effectively to uncover real issues and needs, build rapport and trust, and identify or develop the optimum solutions.
3. **Communicating personal value and ideas** - forming and delivering influential statements that communicate who you are, the value you bring, and ideas and suggestions that “speak” to your customers.
4. **Building customer focused solutions** - the ability to link solutions to business needs and issues.
5. **Building alignment and buy-in** - engaging clients, teams, and stakeholders along the way to build alignment.
6. **Being flexible in interactions and roles** - playing different customer-focused roles to maximize value to the customer in all interactions.

PATH OF CHANGE

Now, how do we instill those behaviors into our people? Let’s work backwards to make a point. You know you want people to exhibit certain customer focus *behaviors*, right? Well, for that to happen they will need the *skills* and ability to behave that way. And if you want to teach people customer focus skills they have to be motivated to learn, and must understand why learning is important in the first place. Now turn it inside out. **The path of change starts with the appropriate customer focus attitudes, so that people are ready to acquire customer focus skills, so that they can then begin to exhibit and practice customer focus behaviors.**



The Path of Change – Inside Out

When organizations provide their employees with these skills and abilities as part of a systematic path of change, they see true behavioral change. Customer-focus becomes a part of each individual’s actions and behaviors.

CASE STUDY

A few years ago Advance Consulting was engaged by a mid-sized internet services company to provide training and consulting support for what would become a broad based customer focus program. Company leaders were challenged by two major pain points. First, the company was experiencing alarmingly high attrition, with 50% of its technical staff leaving the company each year. Feedback from all employee surveys, validated by several exit surveys, pointed to insufficient development opportunity and the difficult working environment as major causes of the attrition. Secondly, leadership faced a sharp decline in customer satisfaction overall.

To help address these issues, Advance Consulting developed customer focus training that incorporated the skills and behaviors listed above, and worked with the leadership team to establish and implement their path of change, starting with establishing and communicating a common vision, which impacted attitudes among staff and prepared them for the training that Advance Consulting delivered. We then worked with the middle managers to give them the coaching skills they needed to continue driving behavior change following the training workshops.

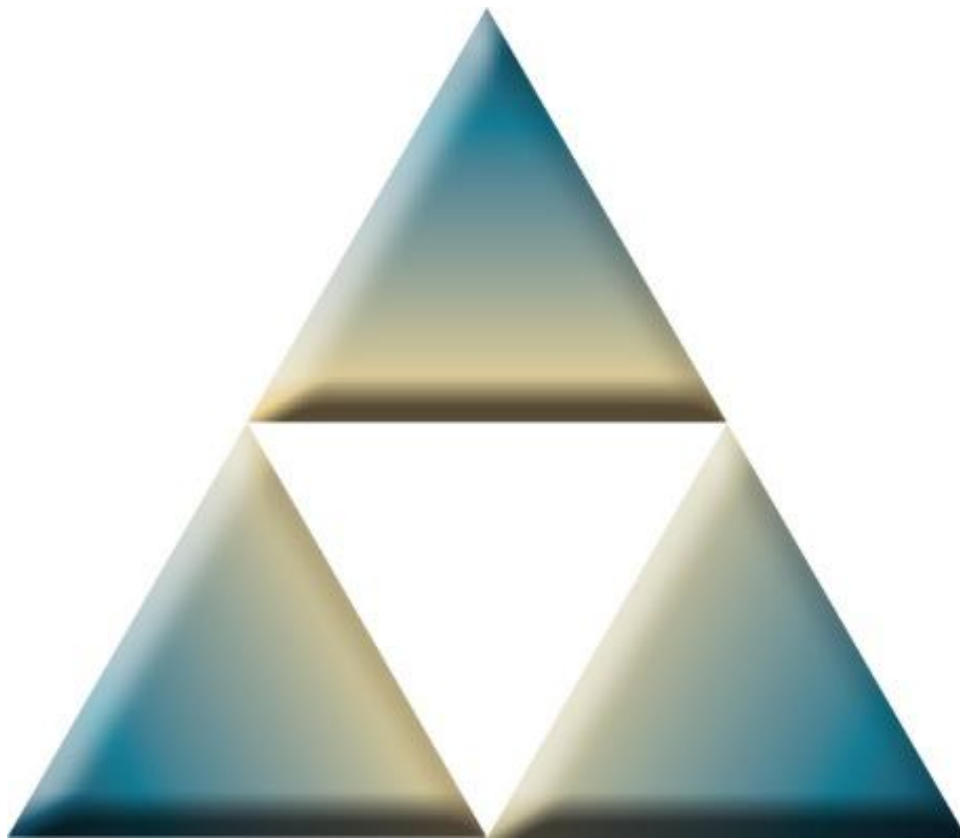
As a result of these efforts the staff (and leadership) began to adopt the new behaviors in their daily work, which in turn drove a number of powerful performance improvements, including:

- Staff attrition declined from 50% to 28% in two years
- Call center volume on systemic issues was reduced by 50%
- Several product teams reported reductions in rework of 15% or higher

Numerous testimonials collected through independent surveys indicated a significant improvement in customer satisfaction over a two year period. In addition, staff reported a dramatic improvement in the working environment and appreciation for the company's initiative.

Although developing customer focused behaviors is a powerful step, it is not enough to make an organization truly customer focused. Let's look now at the next key area, developing customer focused operations.

DEVELOPING CUSTOMER FOCUSED OPERATIONS



DEVELOPING CUSTOMER FOCUSED OPERATIONS

In this book we are addressing a common challenge – how do we drive our businesses to become more customer focused? As we previously stated, the journey to becoming customer focused involves all parts of an enterprise, including:

1. Individuals
2. Operations
3. Organizational culture and structure
4. Products and services

In this chapter our focus is on *operations*. **How do we develop customer focused operations as part of our larger customer focus strategy?** The answer is a very interesting paradox!

To become more operationally focused on your external customers, you must become more focused on your internal customers.

On the face of it, that could look like we are focusing on ourselves instead of our customers. But let's look a little deeper. Let's look at the *value chain*.

Have you ever watched a Western movie when a fire breaks out in a building and everyone shows up to help put it out? They line up in a chain. At one end somebody fills buckets with water and hands them to the next person in the chain. At the other end of the chain somebody else throws the water on the fire. **Every person in the chain has a role, and collectively, the entire chain has value.** If you are the customer and it is your building on fire, you are grateful for that value, even if the only person in the chain you see is the one throwing water on the fire.

Now, here's the point. If you are the one with the job of throwing water on the fire, you depend on everyone else behind you in the chain to do their job. When the buckets stop coming, there's not much you can do to serve your customer. Your customer focus will immediately shift to a focus on "What the heck is going on back there?" The customer watches this in horror as his building burns. That happens all the time in organizations that do not have customer focused operations. But how does this happen?

Well, let's say Joe and you are neighbors in this Western town – let's call it *Corporateville*. Joe is in the middle of the chain and his job is to hand you buckets full of water. Joe does not view his role in the chain as all that important. In fact, he decides there is something more important for him to be doing. He owes his allegiance to his regular boss, and he is far enough back in the chain that he doesn't even see the fire – he only sees you, and you don't seem as important to him as his regular boss who pays him. He walks away, thinking that doing so is not only appropriate, but necessary given his circumstance. The buckets stop; the fire burns. You are outraged, as are others in the chain. Fingers point in both directions, but nothing really comes of it. In fact, next time there is a fire Joe does the same thing. As crazy as it may sound, it's not Joe's fault!

Does this sound familiar? This kind of “break in the chain” is chronic and commonplace in many companies and government agencies. The only real difference between the Corporateville example and what happens in businesses today is that businesses have a higher level of complexity in the value chains that are broken. Nonetheless, broken chains are broken chains, and if you are the person on the receiving end of the break, watch out. You are a prime candidate to get blamed for the entire problem since the action stopped with you. Unfair? Yes! Dysfunctional? Absolutely! And the customer suffers.

But what would have to change to fix this problem? First and foremost, Joe and everyone else in *Corporateville* has to recognize that **when there is a fire, and you are the one receiving Joe’s buckets, you are his customer**. You may still be his neighbor, but right now you are a customer! That makes all the difference. Now Joe will treat you like a customer and stay on the job until the fire is out.

Thus, to become more operationally focused on your external customers, you must become more focused on your internal customers!

It’s really that simple. Everything else is about removing the reasons why Joe does not think of or treat you like a customer, and adding methods and incentives encouraging him to treat you like a customer. That journey will take your organization into a number of areas. Here is a roughly sequential approach to evaluating and “cleaning up” your operations to make them more customer focused.

- **Identify Essential Offerings:** Identify the primary ways (like firefighting programs at *Corporateville*) that your organization serves its external customers? Does it manufacture products, sell houses, and/or deliver professional services?
- **Develop Essential Producing Processes:** For each essential offering, document how staff will work together, and with their customers, to deliver these products and services? These are your BIG OVERARCHING, END TO END PROCESSES. There are typically not more than 5-7 of them in a business. If you think you have more than that, your company most likely fragmented its essential producing processes into pieces. This is most often done when companies divide processes into the pieces that different functional areas need to do, giving rise to silo’d operations, which are more focused on themselves than customers. This is an opportunity to put the fragmented pieces together into a unified, streamlined, and integrated process.
- **Define Roles and Responsibilities:** Define how individuals with different functional areas of expertise contribute to these “team” efforts? Notice here that we are putting the team responsible for implementing an essential producing process “above” the functional areas involved, and defining all roles and responsibilities to help ensure that each individual is contributing to, and is part of, the team, regardless of the functional area they represent.
- **Implement Rewards and Incentives:** Decide how you will motivate people to perform well as members of cross-functional teams. If they owe their allegiance to their functional areas, and receive their pay and incentives from those areas, your business is out of alignment. If you want your cross-functional teams to work, you must incent team performance.

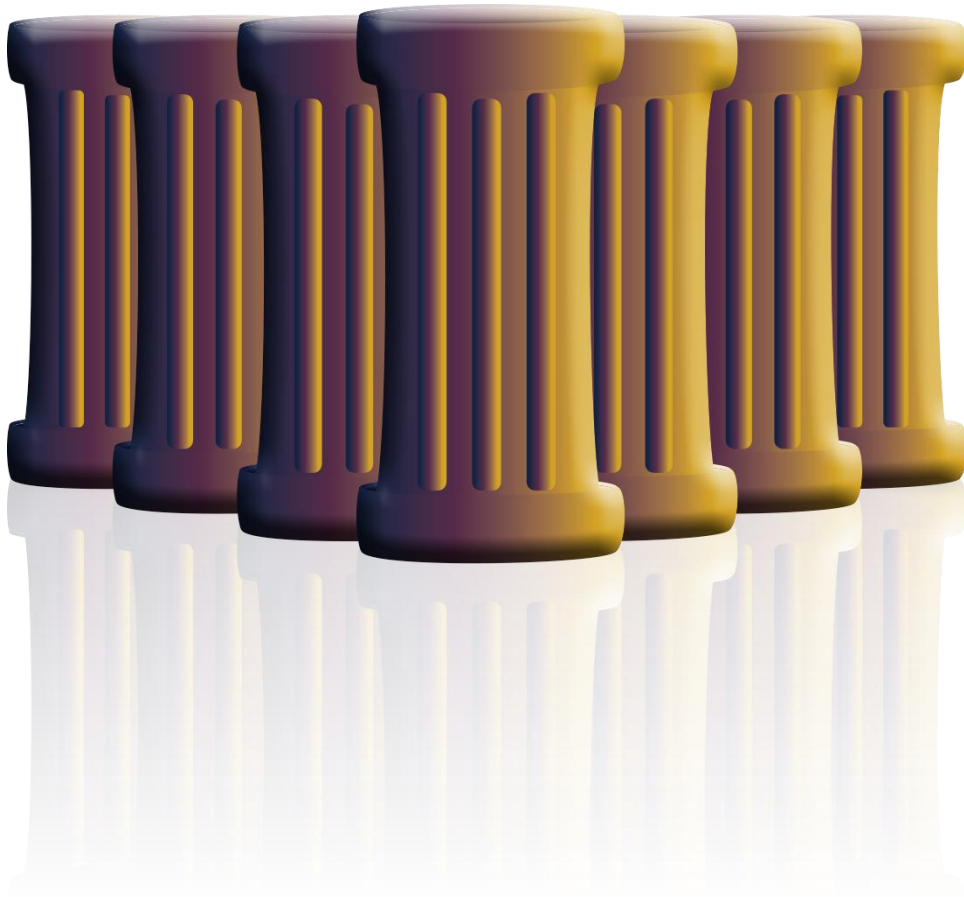
- **Improve Capacity Management:** Make sure you consistently have enough people to resource your teams (i.e., the right people at the right times.) If your company has challenges in this area, and most do, you may have to implement better capacity planning and management mechanisms, and define protocols for assigning people to teams.
- **Align Technology:** Ensure that your systems align with and support all of the above. Technology should catalyze and automate these things, not obstruct them. Watch for silo systems just like you watched for silo processes.

A long-term operational strategy is a vital element of any customer focus initiative. To develop customer focused operations, look at all operational elements from the inside out.

We must develop a strong internal customer focus within our operations to give us the *ability* to focus on our external customers.

Now that we have addressed customer focused individuals and operations, let's turn to customer focused organizations.

DEVELOPING CUSTOMER FOCUSED ORGANIZATIONS



DEVELOPING CUSTOMER FOCUSED ORGANIZATIONS

With all of the things that companies are doing today to become more customer focused, you don't often hear about what that has to do with the organization. This chapter offers a perspective on what makes an organization customer focused, and provides tips on what you can do to help your own organization improve in this area. It answers the key question, how do we develop customer focused organizations that support business operations and the people who deliver customer focused products and services?

CUSTOMER FOCUSED LEADERSHIP

A key element of any organization is its leadership. Leaders must set the stage and tone for a customer focused organization. When we explore how effective leaders do this we again find a paradox. This is the "who works for who" paradox. Everyone works for the leadership, right? Yes, but in a customer-focused organization, leadership works for everyone.

Leaders must ensure what is often referred to as a clear "line of sight" to the customer. That means leaders do things like hold standards that say, "If it doesn't ultimately serve the customer, then don't do it." If a process is developed and it doesn't add value in the chain of activities that ultimately support the customer, don't do it. If people don't have the tools and training to deliver on customer expectations, we must provide them. And if things are getting in the way of serving the customer, we remove them.

The story of King Arthur provides a good example of leadership. In the movie *First Knight*, King Arthur offered Lancelot a seat at the round table, and the honored leadership position of First Knight. He said, "I offer you a life of service." Those are powerful words that remind us that leadership is a life of service.

In service to the people, and the customers, there are three roles a leader plays in building a customer focused organization.

- First, actively build a culture that motivates and encourages employees to behave and create with the customer in mind – to understand and satisfy the needs of their customers.
- Second, remove obstacles to affect necessary change and support people in adopting new skills and methods.
- Third, listen to and communicate with people about the customer. An organization is only customer focused when everyone is modeling the behavior.

BUILDING CUSTOMER FOCUSED ORGANIZATIONS – A CONSULTANT’S SECRET

While leadership is responsible for establishing the tone and texture of a customer focused organization, there is more to it than that. The organization itself must still be built and, in most cases, repaired. But how is this done? To answer this question we will share a consultant’s secret for *understanding and building* customer focused organizations.

As a younger consultant, the author encountered a wise and experienced consultant who passed on an extremely valuable “secret” that will now pass to you. He said:

“If you want to understand how an organization works, follow the money. If you want to understand how an organization is ‘broken,’ find the places within it where responsibility and control are out of alignment.”

These words need a bit of explanation, so we will explain the essence of this truth and leave you with a valuable tool.

Follow the Money to See How the Organization Works

In an organization, money is energy. Things happen in an organization when money is provided to fuel an activity. To a large extent, the power of any organizational component (e.g., department, project, or person) is determined by how money flows to it and from it. In general, the provider of money (the buyer) has some control over the receiving entity (the provider). So when we “follow the money”, we discover the organization’s collective funding sources, the activities they fuel, and their overall influence. In doing so, we “understand how it works.”

How it Works is Often Different than How it Should Work

The second part of the secret is that when we discover how things work in an organization, we often find, in many areas, that it should work differently. This is what we mean by “broken” – where responsibility and control are out of alignment, where the way it should work is being undermined by the flow of money. This is best explained with an example.

A Classic Example of Misalignment

Many of our clients are facing the need to improve their performance on cross-functional team-based projects. This usually implies the need to move toward a matrix organization. Many move in that direction without changing the flow of money. They want to hold projects and Project Managers accountable for “executing” on projects, but they do not change the flow of money to align with that accountability.

In this example, the functional departments continue to receive, directly from the budgeting process, funds associated with project execution. In other words, the project budget does not include the funds to pay for all of the people on the project. The people are still paid by their departments or business units, and they know that. People supporting the projects don't view the Project Manager as someone they "report" to or take direction from. Thus, Project Managers must "beg" for and borrow people to serve on their projects who may be reluctant to take direction from them, only to deal with the blows associated with departments that decide one day there is something better to do with their resources. Under these circumstances the organization can either unfairly hold the Project Manager accountable for the project or it can recognize the control issue and let him off the hook. But then who is accountable for the project?

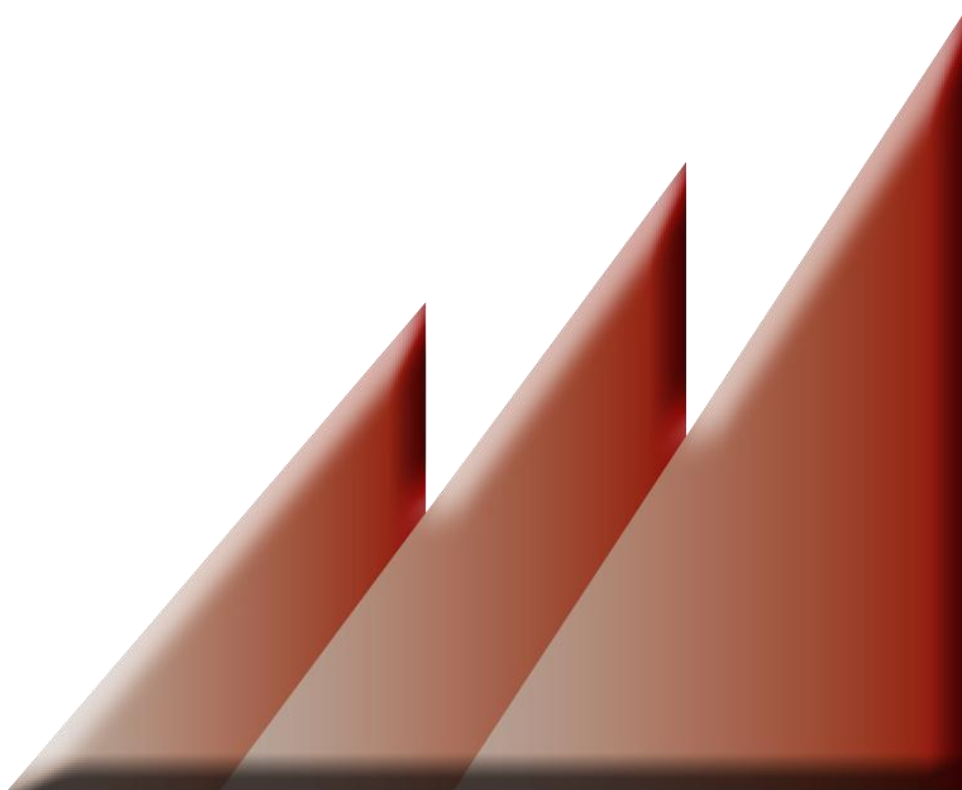
Conversely, in this example we are giving departments money but not holding them accountable for producing anything of value to the organization. The departments are not bad; they are just following the rules of the organization, fueled by the flow of money! Reporting responsibilities and the flow of money would need to be altered to correct this misalignment.

Multiply this problem by everywhere in the organization where there is misalignment of control and responsibility, and you will understand the organizational dysfunction that prevents it from being customer focused!

To correct this, simply apply this test of alignment to every job, person, and function in the organization, and take whatever steps are necessary to build alignment. No organization is perfect, but if you use alignment of control and responsibility as your compass, you can build a customer-focused organization that eliminates obstacles and supports the people in delivering customer-focused products and solutions. Now you know the "secret."

Now we will look at how the three ingredients of customer focused people, operations, and organizations add up to the ability to develop customer focused products and services.

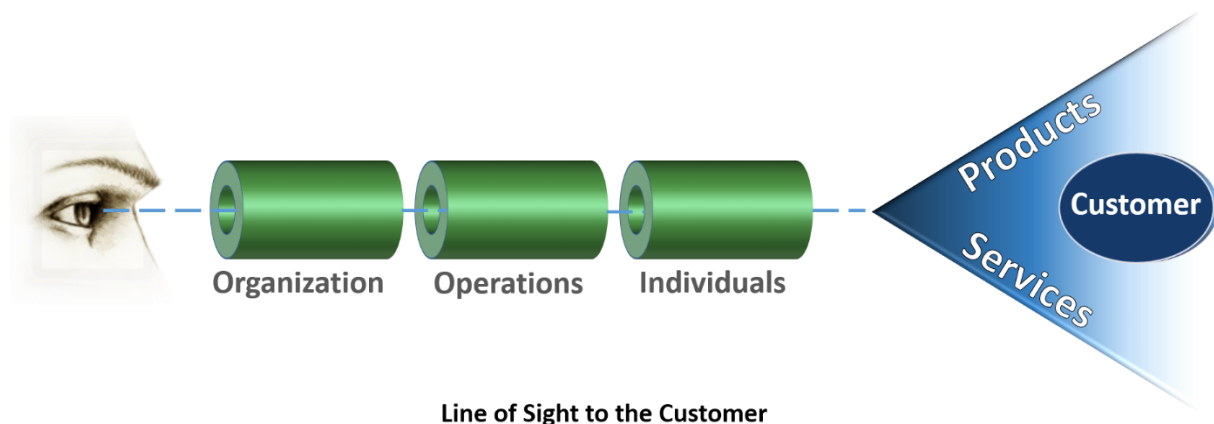
DEVELOPING CUSTOMER FOCUSED PRODUCTS AND SERVICES



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As we have been discussing, any or all of the three primary elements of your business, its organization, operations, or individuals, either support or impede its ability to be customer focused. Therefore, a business' ability to be customer focused depends on its ability and willingness to integrate customer focus into each of these elements. And, as it turns out, a business' ability to develop customer focused products and services depends on how customer focused it is.

The following diagram summarizes this point. To be truly customer focused with a strong ability to develop customer focused products and services, your business must develop and fortify what is often called "line of sight to the customer."



Another way of thinking about *line of sight* is **alignment**. If all the elements are lined up with each other and focused ultimately on the customer, the products and services naturally fulfill customer needs, because they are focused on serving customer needs. Conversely, when we have *occlusion* in any one of the business elements it tends to "rub off" on the products and services we develop.

In that sense, businesses tend to project their dysfunctional parts onto customers through their products and services, because they become more focused on their dysfunctional parts than on their customers. They do not do this intentionally! It is a very unconscious process – but it is very real.

To clarify this concept of projection, here is a story about how a man projects onto his wife what has happened to him in his life:

A woman's husband had been slipping in and out of a coma for several months, yet she had stayed by his bedside every single day. One day, when he came to, he motioned for her to come nearer. As she sat by him, he whispered, eyes full of tears, "You know what? You have been with me all through the bad times. When I got fired, you were there to support me. When my business failed, you were there. When I got shot, you were by my side. When we lost the house, you stayed right here. When my health started failing, you were still by my side. You know what?" "What dear?" she gently asked, smiling as her heart began to fill with warmth. "I think you're bad luck."

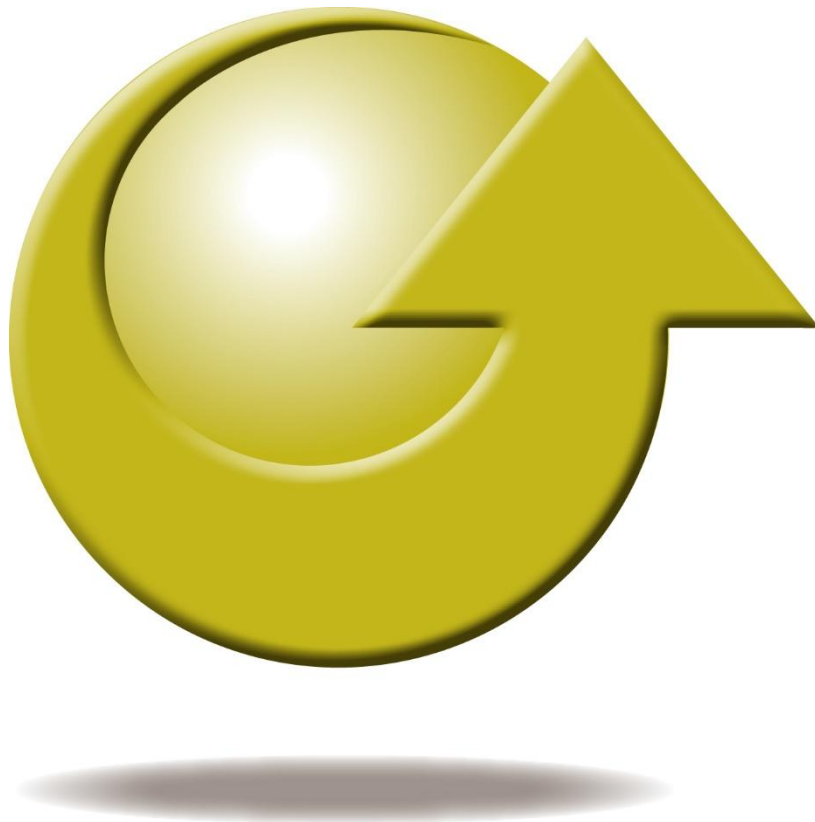
Rather than look at what he has done to help bring about these “bad” life events, the man blames his wife for them! Rather than see her love for what it is, he “puts his head on her shoulders”, so to speak. This is projection.

Here is an example that occurred several years ago of a software company with a suite of products that projected itself onto one of its products. The company had a “consensus culture” where it seemed anybody could have an opinion about anything. (The real problem was an organizational reluctance to empower people.) One of their products was an email system modeled after their own homegrown system. In terms that we all understand today, it required that you always “Reply to All” on any email. This supposedly contributed to the process of reaching consensus, and actually worked sometimes. Other times it resulted in a huge email string involving sometimes hundreds of people who wasted a lot of time reading the latest opinions on the topic at hand. Still, it was beloved in the organization. When they sold this product to some clients, the clients didn’t have the adoring reaction they had expected – for reasons I’m sure you can imagine!

This is an example of projection in the business world.
This software business projected its own cultural preferences onto its clients without consciously realizing it. Their reluctance to empower people in their own organization “rubbed off” on their email product in a striking example of customer focus gone awry.

By developing and fortifying line of sight to the customer, we can help avoid this kind of projection and pave the way to developing products and services that are truly customer focused. To do well in building products and services for external customers, do your work on the inside with your organization, operations, and individuals.

SUMMARY



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There is a great deal of pressure on companies and government agencies today to become more customer focused. Yours is probably no exception. Many businesses continue to miss the path toward achieving customer focus by applying superficial solutions to customer focus symptoms and never getting to the root causes. They live the myth of customer focus, which is to have an exclusive focus on their external customers without also looking inside at their internal customer relationships and everything that affects them.

The path to customer focus has to go through your organization, operations, and individuals. The more the path is occluded with obstacles, the less able and willing your business will be in providing customer focus. On the other hand, the more open your line of site to your external customers, the more effective your value chain will be in providing customer focused products and services to those customers.

We truly hope this eBook on customer focus has given you some valuable insights that will help you drive enhanced customer focus in your own organization. For more information on customer focus solutions, including an approach for designing your own custom customer focus program, please visit our website at <http://www.advanceconsulting.com/customer-focus/>.