



ARE YOU CUSTOMER- FOCUSED?

Key steps to building
a Strong Customer
Relationship.

EDITORIAL.



ARNAUD CAVÉ
Marketing & Communication Director, Kiamo

Business performance studies conducted by Harvard over the past 50 years show that customers are more loyal to businesses with the highest customer value, rather than companies focused on products or price.

Customer focus is a sort of life insurance. In the long term, it buffers the ups and downs of business. But what do we mean by "customer-focus"? Customer-focused organizations focus on maximizing customer satisfaction at every point of contact. They prioritize their actions with the customer in mind and get their entire ecosystem of employees, suppliers and partners involved, all of which will generate long-term value.

Today, the vast majority of companies claim to be customer-focused. In reality, there is a huge gap between the messaging and customer perception, as shown in a number of surveys: **80% of organizations believe they offer superior customer service... But only 8% of customers agree.** (Bain&Company).

A real customer-focused approach must be initiated by top management, with all levels of management on board. Line managers will engage every employee in the transformation, from customer advisers at a contact center, to cashiers, order pickers or delivery drivers. Obviously, that's easier said than done! The key is to explain that **all functional departments have a direct or indirect impact on end-customer satisfaction.** And not just frontline employees.

At Kiamo, our long experience in the customer relations market has taught us that tools, however powerful they are, are not the only answer to help improve customer satisfaction. Building customer satisfaction requires a much broader vision. In this white paper, we seek to provide insight into customer focus based on the viewpoints of recognized experts.

We hope you enjoy it!

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THE CUSTOMER-FOCUSED ORGANIZATION: challenges and benefits.

CUSTOMER FOCUS LEADS TO A FUNDAMENTAL TRANSFORMATION OF THE ORGANIZATION

For several years now, we have been seeing more and more brand messaging about Customer Relationship Management as a key strategy. "Our customers are our priority", "Our actions are designed with the customer in mind", "Our main objective is customer satisfaction", etc. However these corporate messages are often nothing more than empty words.

THE AGE OF THE BUZZWORD

The message is all about customer focus, but in fact there is a real disconnect in terms of consumer perception. According to a global study by Capgemini, **75 to 80% of organizations claim to be "customer-focused", but only 30% of consumers share this view.** "This kind of message is totally unacceptable, because the more they talk the talk, the less they walk the walk," says Daniel Ray, Professor of Marketing, Director of the Institute for Customer Capital, Grenoble Ecole de Management. "It's hip to be customer-focused, but in reality, for most companies it's just a buzzword, like 'sustainability'. Apart from customer-centric marketing and KPIs that they try to twist to make them say what they want, most organizations continue to do business as usual."



***HEAR ABOUT CUSTOMER FOCUS IN THEIR COMPANY.**
Customer Focus Survey, Julhiet Sterwen-Ifop 2019.

THE SOURCE OF ALL THINGS: THE CUSTOMER

SO WHAT IS THE DIFFERENCE BETWEEN AN ORGANIZATION THAT CALLS ITSELF "CUSTOMER-FOCUSED" AND AN ORGANIZATION THAT REALLY IS "CUSTOMER-FOCUSED"?

First of all, the distinction is based on the culture, beliefs and values of the organization. Customer focus is an integral part of the company's DNA. Everything that is done at the company (organizational structure, processes, innovation, operations, logistics, etc.) is done with the customer in mind and is geared toward generating lasting customer satisfaction. *"In this mindset, organizations must design the way they measure, in other words, through the prism of the customer. Everything has to start from the customer's point of view, based on their behaviors,"* says Laurence Body, founder of the X+M studio and expert in customer experience design and management.



ADOPT A LONG-TERM VISION

Beyond focusing on the customer at all levels, a customer-focused organization must have a long-term approach. After all, most organizations value the customer when they are doing well financially. But as soon as they run into difficulty, they unconsciously fall back on performance and profitability objectives.

“ The challenge is not to fall back on what they see as a security blanket. Organizations need to consciously assimilate the fact that when things aren't going well, it's all the more important to focus on the customer, to build loyalty and engagement.

Emmanuel Richard,
Managing Director // Extens Consulting



As a specialist in customer experience management, Laurence Body makes a point of distinguishing between 'customer focus', which is discussed in this white paper, and 'customer centricity'.



WHAT'S THE DIFFERENCE BETWEEN 'CUSTOMER FOCUS' AND 'CUSTOMER CENTRICITY'?

"Customer centricity comes in a second step after customer focus. When you are customer-focused, you deploy relational strategies to create customization, you improve the quality of customer care and experience; in short, you aim for operational excellence. In addition, it is a Top-Down approach, in which the employees do whatever has been decided by Top Management.

On the other hand, customer centricity doesn't look just at the operational factors; it seeks to elicit an emotional response. The goal of a customer-centric company is to understand the consumer: why do they act in a certain way or how do they perceive a certain service?

We get into the customers' minds, try to understand their situation from their point of view and touch their hearts. Actually, we're not interested in them as customers, but as people, with all their characteristics and their day-to-day experiences. Also, we get the employees involved in the design process, and we may even invite the customers into the design workshops."

Laurence Body,
Founder of studio X+M,
expert in design and management



CUSTOMER FOCUS: source of retention and performance.

A NEW CHALLENGE: MANAGING THE CUSTOMER-FOCUSED STRATEGY
OVER THE SHORT, MEDIUM AND LONG TERM AND GENERATING GROWTH

A POWERFUL DRIVER OF LOYALTY

In a customer-focused organization, the customer always comes first. This is reflected in the message from senior management and line managers, in the attitudes of employees, but also in the organizational structure. *"This dimension is often found in non-profit organizations, such as mutual insurance companies. From the outset, they advocate human values that include both the customers and the employees. There is also real continuity in the way they approach customer focus,"* says Emmanuel Richard, Managing Director of Extens Consulting.

Customers understand this, and regularly rank the mutual insurance and insurance sector (past masters in customization and reduction of Customer Effort) number one in terms of Customer Experience.

The challenge for an organization is therefore to develop its customer-focused strategy over the short, medium and long term, without ever compromising the customer's interests.

15% (👤) = **60%** (💰)

15% of a business's most loyal customers contribute 60% of the company's total sales.*

-5% (🚶) = **+25%** (💰)

a 5% drop in customer attrition increases profits by at least 25%*.

* Northwestern University



Jean-Sébastien Beslay,
Managing Partner of the investment fund // Trusteam Finance.

“ In difficult times, companies focus on existing customers. Most of them give in to a basic survival instinct, which may lead them to cut costs in areas that impact the consumer. This is what happened when Altice acquired SFR and opted to spend less on customer relations and call centers in order to increase the profit margin and finance the debt. As a result, the customers fled.

CUSTOMER FOCUS DRIVES PERFORMANCE

Trusteam Finance invests in companies that are champions of customer satisfaction and loyalty, believing that customer focus drives long-term financial performance and profitability. After all, numerous studies prove it. For instance, the article published by University of Michigan professor Claes Fornell states that organizations with the highest customer satisfaction not only outperform the stock market, but also experience less volatility in share value and cash flow. Compare this to an analysis conducted in France, in which the top 15 companies in the Customer Relationship Podium* (TNS Sofres and BearingPoint) increased their market

capitalization by 13% between 2010 and 2015, while CAC 40 companies were struggling to reach 4%.

Companies such as Axiome and Empruntis significantly increased the profitability of their customer service (from 5 to 10%) by deploying software dedicated to improving customer relations.

* The Customer Relationship Podium evaluates the performance of organizations through the Voice of the Customer (4,000 consumers surveyed), using a cross-sectoral approach that is comparable year on year.



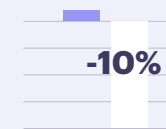
These figures show that customer focus drives satisfaction and impacts financial and business performance:



Organizations that invest in customer loyalty have above-average growth rates and are on average 60% more profitable.

Deloitte 2018.

+1%



A 1% increase in customer loyalty is equivalent to a 10% reduction in costs.

Bain & Company 2019.



This is the growth gap between the companies most recommended by customers and the others.

BCG 2018.



THE 10 HABITS OF CUSTOMER-FOCUSED ORGANIZATIONS according to Gartner.

THE CONSULTING FIRM EXPLAINS:

"Customer-centric organizations understand the unique problems and expectations of their customers as well as the context of those needs. They then consistently deliver products and services that meet those expectations." According to Olive Huang, Research Director

at Gartner: "You must win at every interaction the customer has with your organization, whether that be a marketing campaign, a call to a contact center, an invoice, or a delivery reliant on the supply chain. Every department must play its part in a coordinated fashion."





BECOMING A CUSTOMER-FOCUSED ORGANIZATION, step by step.

INCLUDE THE CUSTOMER IN THE DECISION-MAKING PROCESS BY SETTING UP SYSTEMS FOR CONTINUOUS ACTIVE LISTENING.

Being a customer-focused company requires an action plan to build habits into each stage of the customer journey, and even far earlier by making sure to take into account a number of other essential factors.

CUSTOMER-FOCUSED LEADERS

First of all, customer-focus begins with customer-focused leadership. *"The CEO must explain to senior management how customer focus will be enacted in the organization. At the same time, you have to find ambassadors, people with influence in the company who champion and promote the culture,"* says Laurence Body.

Once these conditions have been met, it's time to review the role of management. According to the Customer Focus Survey carried out by Julhiet Sterwen and Ifop, although 74% of French employees say that they could technically disregard certain procedures in order to satisfy the customer, 80% feel they do not have the leeway to do so.



It's important to have a less hierarchical structure, not a traditional "control-based" management style, but leaders that support their teams.

Empowered and accountable employees are more likely to use situational awareness.

*Laurence Body,
Founder and expert in Customer Experience Design
and Management // Studio X+M*

TRAINING AND DEVELOPMENT OF KNOW-HOW

Emotional intelligence is about empathy, listening and understanding. These people skills are highly valued in customer-focused organizations. In order to satisfy the customer, employees are empowered to think outside the box and show initiative. However, it is important to provide support and training when empowering employees, because taking initiative doesn't always come naturally. Through training, employees will learn the right attitudes and habits.

“ Training gives substance to all these messages and helps the employees understand what to do in any given situation. Senior management often feel that they have accomplished a great deal by establishing a policy and coming up with rules. But in order to ensure the policy is embraced, it is important for employees to understand how it applies in real life.

*Emmanuel Richard,
Managing Director // Extens Consulting*



THE 4 KEY POINTS EXPECTED OF MANAGERS:

- 1 Value the team's successes
- 2 Consider suggestions for improving customer satisfaction
- 3 Listen to problems
- 4 Lead by example when dealing with customers

Customer Focus Survey, Julhiet Sterwen-lfop



LISTEN TO CUSTOMERS AND EMPLOYEES

It seems logical: thinking and acting with the customer in mind can't be done without the customer! This is why it is imperative to include customers in decision-making processes, through continuous active listening and co-creation workshops. The organization can use Customer Feedback to co-construct with customers, but also correct any irritants that occur throughout the customer journey.

By engaging in continuous, real-time listening, organizations can also identify areas for improvement and be proactive. Employees are the key to a successful strategy, as the first people to hear what the customers have to say and how they feel. The employees are a gold mine of information.


HOW TO ASSESS CUSTOMER FOCUS?

Among the many existing indicators, NPS is the most commonly used. NPS measures the likelihood that a customer would recommend a company/product/service to a friend or colleague. However, tying a high score to compensation can lead to distorted results. According to Campbell's law, developed by Donald T. Campbell, an American social

scientist, 'The more any quantitative social indicator is used for social decision-making, the more subject it will be to corruption pressures and the more apt it will be to distort and corrupt the social processes it is intended to monitor'. The result is that customer-facing employees routinely encourage their customers to give them a high score.

To measure the level of customer focus, Academics for Business created the COS® (Customer Orientation Score®), based on scientific research. It measures two factors.

- ✓ The first is the organization's customer culture, based on 3 criteria: strategic vision, information processing and employee adaptability and empowerment.
- ✓ The second factor is the customer focus of the employees and their real concern for ensuring customer satisfaction.



“ Be aware that KPIs should be a means and not an end. If you try to "twist" them, you will continue to lose consumer trust.

*Daniel Ray,
Professor of Marketing, Director of the Institute for
Customer Capital, Grenoble Ecole de Management*

A WORD FROM THE EXPERTS:

what meaningful initiatives can help an organization become customer-focused?

Becoming a customer-focused company means changing the vision, strategy, culture, values and behaviors within an organization. This process often involves a number of changes. But what is the situation of French companies today?

Many have begun this process through organizational initiatives.



A DEDICATED CUSTOMER EXPERIENCE DEPARTMENT.

NAM TRAN
Global Head of Client Experience // The Kooples

“ Customer focus requires a lot of groundwork. A few months ago, I joined the senior management team and created a Client Experience department. So I can address customer issues in-house and get as many people as possible on board. I use customer verbatim

feedback and comments on social media to teach our people about Voice of the Customer and to make them aware of the issues that have been brought to our attention. This is a fundamental change, and if you don't get the other managers on board, it can't work.”



SHIFTING FROM A PRODUCT CULTURE TO A CUSTOMER CULTURE.

FRÉDÉRIC FOUGERAT
Director of Communications, Marketing and Customer Experience // Foncia

“ We would talk about real estate and lots, in technical and legal terms, but the word customer never came up. In a company, the real boss is the customer! For the past two years, we have made the customer the key factor in our transformation strategy, with the sole aim of ensuring customer satisfaction. Internally, it's a major cultural change.”



MAKING ROOM FOR THE CUSTOMER AT C-LEVEL MEETINGS.

HUGUES PITRE
General manager // Rue du Commerce

“ Before, we used to start the Performance Meeting by presenting the revenue and profit margin, we talked about logistics and sales, and then we finished up with customer service. For the past year, we have been starting with the financial issues and then the customer indicators (NPS, verbatim feedback and e-reputation).”



INVOLVING CUSTOMERS IN THE CREATION PROCESS.

CHRISTOPHE CARRÈRE
Customer Engagement Director // Europcar Mobility Group

“ We collect information about customer needs and expectations by setting up online communities, workshops and of course, verbatim feedback from our satisfaction surveys. This information is then used by the entire organization, from the design of solutions by marketing to the "phygitalization" of our customer journeys. Customer engagement aims to build strong and lasting relationships.”

CONCLUSION.

Loyalty, a source of performance, is key to the viability of an organization.

Loyalty is built by delivering a high quality customer experience and showing the customer that you care. By shifting to a customer-focused strategy, organizations can do just that. This means redesigning the corporate culture and values, imagining new management methods, changing the organizational structure and behaviors, all of which can be done over time.

The starting point for any organizational transformation is the impetus provided by senior management. Once top managers have bought into the idea, they can get the entire organization involved and drive real change. As stated in this white paper, customer focus is part of a long-term global strategy, which must never lose sight of what the customer wants and needs, regardless of the organization's financial situation. After all, a customer-focused culture can help your business succeed.

CONTRIBUTORS to this white paper.



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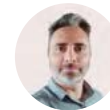
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