THE NEW
PATH TO
ENGAGEMENT &
PROFITABILITY.

Introduction - Customer Centricity

This term is everywhere now. Go back ten years and if you mentioned that businesses needed to be customer centric (as opposed to profit or product centric) you would have been perceived as some 'do-gooder' that would do anything for the customer and believed that *"the customer was always right".*

We could draw a broad analogy of some 30-40 years ago and the *"greenies",* those *'hairy'* people that chained themselves to trees to prevent big-business-developers from destroying natural forest. And yet today, most people are *green* to some degree. We all recognise a responsibility we have to recycle, re-use and reduce our impact on this unique planet we call home.

Likewise, customer centricity appears to have hit the mainstream and with it there have been a large number of management practices and disciplines that have arisen to support it. Some of these practices are, Net Promoter Score (NPS), Customer Experience Management (CX), and journey mapping to name just a few.

All sounds good, but there is a problem. Many businesses today believe they are being customer centric, when they have an organisational target based on improving NPS. Or that the Exec have signed-off on a Customer Experience improvement program.

However, the business still functions as it always had, we have just added a couple more acronyms, NPS and CXP.

Some non-profits and not-for-profits claim to be customer centric, because everything they do is in the **interest** of the customer. Sure, but the organisation is still designed to serve products, and initiatives are about cost reductions. And yes, these intentions and initiatives may just improve some elements of business performance from the customer's perspective, but taking industrial age thinking and structures does not make the organisation customer centric. This myopic view is terribly like the technology trigger in the 1990's that sparked the CRM boom, that resulted in most businesses (more than 70%) losing significant dollars on these hasty CRM investments.

Customer Centricity is not a bolt-on for the business. The business needs to be designed in a way that leverages the customer centric principles.

Taking post-industrial management thinking and adding a touch of *customer stuff* will not produce the long-term results we all seek.

This paper identifies and discusses the *Five Tenets of the Customer Centric Approach to Business*. With each of these Tenets, there are corresponding Imperatives for Leaders to action, nine in all.

They are the *tenets* of the customer centric approach to business, because all good belief and thinking systems must have a sound set of core ideas that are at the foundation. The Imperatives for Leaders are such, because if leaders ignore the key platform for the business, it will crumble. A lot of businesses no longer exist, due to ignoring these *Tenets* and *Imperatives for Leaders*, however most businesses just leak value and saunter along never to realise what they could have been.

Let's examine these Nine Imperatives for Leaders and true business success that leverage the Efficacy of the Five Tenets of the Customer Centric Approach to Business. Taking heed to these imperatives can get us onto a New Path to Engagement - with customers and employees - and overall organisational profitability.

Document Outline

5 TENETS

OF THE CUSTOMER CENTRIC APPROACH

Tenet 1. Businesses Exist for Customers

Businesses want to be customer centric because they (sort-of anyway), realise that it all has something to do with customers. In reality **customers are the revenue streams for the business**, not the products or services the business offers. You can have all the products and *stuff* you want, but without a customer there is no business, just an entrepreneur with a diminishing bank account, who believes in the myth *'build it and they will come'*.

Even when it comes to government, the services provided are for people, and in some way or another these people are paying for those services. Through taxes, rates, fee for service, the price paid for electricity, water and such. Government owned corporations, agencies and services exist for those people - let's call them customers - **if there were no customers, the services would not exist.** If there were fewer customers, the service would be scaled back to match the funding.

Let's hear how business and management guru Peter Drucker expresses this key tenet:

"There is only one valid definition of the business purpose: to create a customer. It is the customer who determines what a business is. It is the customer alone whose willingness to pay for a good or service converts economic resources into wealth... What the business thinks it produces is not of first importance – what the customer thinks he or she is buying, what he or she considers value is decisive – it determines what a business is, what it produces and whether it will prosper".

(Peter Drucker, 1973 Management: Tasks, Responsibilities, Practices)

Businesses exist for customers. No customers, no business. No people to serve, no organisation (even non, or not-for profits). Many businesses and organisations today are too focused on themselves, internal trading and dealings, negotiations and business politics, that make the *game* seem like it is all about them, rather than their customers.

Tenet 2. It's all about People

Today, businesses and organisations get obsessed with their to-do-lists, and the multitude of ideas that come from the planning events:

- the development of the product
- the new CRM or ERP system to implement
- we need a data warehouse to get business intelligence
- we need to build more technology into our manufacturing system so that we can cut costs and so on...action orientation, important things to do.

And yet when these initiatives are in place, they are brought to life by…people. And when they don't seem to return the benefits the leaders imagined, then…it's about the people. "*We will need to retrain everyone again*", "*the change management stuff didn't work*", "*the problem wasn't the project it's the culture*"…

Your customer contact people - sales, service or anyone who is serving/supporting someone who is in contact with a customer, including the CEO - will do better when they recognise that they are in fact humans interacting with other humans. **People connecting with other people.** And within these interactions, we humans rage with emotions, memories and illusions of cognition[1].

Problems occur when the business becomes arrogant (or self-serving), and this flows into the way people interact, into the way the policies and procedures are written and implemented.

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[1] Reference here to Buyology by Martin Lindstrom (2008), "…cognitive shortcuts are what underlie most of our buying decisions." And, Daniel Levitin (2014) The Organized Mind, "economic decisions produce activity in the emotional regions of the brain.."

Customers then rebel by silently going elsewhere to meet their needs, getting loud on social media or being difficult (which ironically supports the reason why the business treats customers that way in the first place).

The revenue streams of the business are your customers, your customers paying for what they value from you. People connecting with the value you deliver. And people connecting with the people within your business. All this, however, is often forgotten among the high level of busy-ness.

If people love to work at your place, they will be productive and deliver good experiences for the customer. If people also love what you offer, you get the double-whammy and will have a successful business. It's all about people.

Tenet 3. Not all Customers are Equal

This reality is not as openly discussed as it should be. It almost seems to be a taboo subject for people that propose customer centricity, however it is in fact one of the core drivers of becoming a customer centric business.

All businesses have a portfolio of customers. The profitability and/or **value from these customers determines the sustainability of the business.**

Let's take a couple of examples:

1. Financial services. Typically, 80% of the profit will come from 20% of the customers. The other 80% of customers then share the balance of the profit contribution. Some of these customers will contribute modestly, others nil and others will detract value from the business (often called "value destroyers"). So, one Australian bank a few years ago decided to "sack" all of their *value destroyers*. Two main things happened, firstly the sacked customers and the media were extremely successful is establishing a campaign of "bank bashing", secondly, the bank did not reduce its costs at the same rate of customer loss, therefore the cost-base was then spread across the other customers, making them now less profitable.

2. Manufacturing. Again (approximately) 80% of revenue came from 20% of customers, the big brands that distribute the manufactured product. Looking then at the remaining customers you find some quite profitable, particularly those that see themselves in a 'partner' type-relationship with the supplier. Others though are keen to negotiate each sale/order, be more demanding in terms of service delivery, returns/credits. This group of customers are very price sensitive and not relationship focused and with an increased cost-to-serve represent less value to the selling manufacturer.

3. Retail. A key measure for retail is the percentage of product that is sold at full price (that is, not discounted) typically a low percentage. The retail store does have customers that are prepared to pay full price, those that are connected with the brand, the quality of the product and the value associated with their connection to the store and brand. These customers are the 20% that generate the majority of margin. However, to generate revenue the retail store will regularly (if not continually) run *sales* and *specials* to 'move stock', attracting the bargain hunters at much lower margins.

These three examples provide a standard for just about all organisations with customers. There is a customer portfolio made up of all types of customers. Often, the portfolio was initially created by the need for sales - *'get more customers that will buy our stuff'*. However, not all customers are equal. Here are a few ways in which customers are not equal.

a) In the way customers respond to your value proposition - some customers will love what you do and reciprocate value to you. Others will cherry-pick value from you and your competitors.

b) Some are not suited to be your customers, or have poor experiences with you - they become detractors expressing their dissatisfaction where ever they can, and therefore reducing the potential pool for new customers, or even disenchanting some of your better customers.

c) The value you offer will resonate with a particular customer group, and these people will become advocates - those that promote your offering to their friends, colleagues and family. This in itself is significant value to the business

d) Some customers are clearly worth more from a monetary perspective, they spend more or have more to invest. Great customers to have, but typically they are a little more rare. Some businesses have discovered that customers with a combinations of product/service holdings, or buying pattern, can be just as profitable as some of those higher net worth customers.

Not all customers are equal. *In the way they respond to the value you provide, nor in the way they reciprocate value back to you. Value here is the combination of fees for service/product, plus their level of advocacy (is it negative word-of-mouth, or positive word-of-mouth). So why do we randomly grow our customer portfolios with anyone that will buy from us? Likewise when we provide service or communicate with customers, why do we treat them all the same...why do we typically treat each customer as average..?*

Tenet 4. Businesses are Systems that Deliver Value

Everything within the business - the systems, people, functions, processes, products and services - all work as a collective that delivers value. This overall, collective value is perceived by the customer. This perception of value is the predictor of future customer behaviour. The

collective future behaviour of customers is a significant predictor of the business results that will be achieved. Based on this, the business will, over time, either thrive, survive or go into decline. Examining businesses this way starts with systems thinking. **Systems Thinking**[2] is all about looking at the whole, the combination of the elements that make it whole. Understanding how these elements interact with each other is using a *systems thinking* approach. It means thinking about relationships in a dynamic way (as opposed to static ways). As a metaphor, we can think of the system as a movie as opposed to a series of photographs, or the collective output from an orchestra, guided by the conductor each musician performs individually, but collectively produce an emotionally stirring combination of sounds and vibrations.

Certain dynamics or patterns of behaviour keep surfacing in complex systems, no matter what the industry, no matter what the business, no matter who the people.

Understanding these dynamics is a key to recognising them and responding to them to gain more influence over creating the outcomes we really want from the system.

One of the challenges all businesses face is managing the system. So in response structures are created (that would have been familiar during the Roman Empire), then single point accountabilities are put in place. We then wonder why most of the management effort is focused on breaking down *silos*, with increased *leadership* efforts to evoke collaboration and communication across teams and functions. Whereas, most businesses end up as a collection of fiefdoms, led by chiefs. The chief sales officer is out to achieve her targets, while blaming the

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[2] Systems thinking was brought to focus for business by Peter Senge, the principles have since been used and applied extensively (e.g., Six Sigma and Lean methods use systems thinking). For more: *Google* "systems thinking" or refer to Peter Senge (1990) *The Fifth Discipline*, Random House Australia; or Senge, Peter; Ross, R.; Kleiner, A.; Roberts, C. & Smith, B. (1994) *The Fifth Discipline Field Book,* Nicholas Brealey Publishing

chief marketing officer for not supplying qualified leads and the service delivery troops are left to clean it up and solider on...

A business is a collective. **The collective output of the business is the delivery of value for the customer** (good, bad, ugly or indifferent). From this delivery of value, come the results of the business, and then the outcomes desired by the Board, Owners and Shareholders.

"So it's not about the price of the product and the margin. It's about delivering value to customers, so they don't want to switch services."

Tien Tzu (CEO of Zuora, quote from Fortune)

Tenet 5. The Need for Progressive Improvement

There hardly seems a need to discuss the reality that businesses need to continually improve. We can see this clearly in the enormous acceptance of continuous improvement and other popular approaches that aim to reduce waste, defects, errors and achieve bankable improvements (such as, Six Sigma, Lean and others).

However, continuous improvement has almost become a meaningless phrase, one of those management norms that has lost the power behind its origins. I believe for two main reasons.

1. The perception of our customers is far more important than the actual reality. All too often we hear customers complain of long wait times or of the quality of some products, yet we know what the reality of the situation is. "*Customers don't wait three minutes, we answer 90percent of calls in 60 seconds..! Clearly the customer is wrong...*" Sure the customer might be wrong, but their perception of reality is a very persistent one for them, and therefore it is for us too. **The customers' perception of our delivery of value is in their eyes and heart; their perception is our reality.** Our customers' perceptions can easily change, if we improve they will expect more, if our rivals change, they will expect more. If other industries and service improve, they will expect more from us. **The need for progressive improvement is to stay a step ahead of our customers' perceptions of the value we deliver for them.** And their perception of alternatives.

2. Continuous Improvement (CI) has appeared to most employees of businesses and organisations, to be about reducing costs, rather than improving the delivery of value to customers. CI seems to be about increasing profits so that Execs and shareholders get more share of the pie. Let me be clear here, this is not a criticism of CI or any of the methods, but more about *how* they have been implemented. Tenet 2: It's all about People, states that the vision/purpose of the organisation needs to be about people - delivering value for customers - not about money, for a chosen few, nor more profit for the business. **The need for progressive improvement has to demonstrate a clear linkage between the improvement efforts, and demonstrating progress towards the meaningful mission and results.**

Therefore the need is to (a) improve the delivery of value to our chosen customer groups, and (b) demonstrate this progress to all on that mission to improve.

9 IMPERATIVES
FOR LEADERS

The Five Tenets of the Customer Centric Approach to Business provide a basis of how we should be approaching our work, in building businesses that are relevant and engaging to our customers, and sustainable for the long term. The following Imperatives for Leaders are derived and demanded from an efficacy of the Tenets.

5 TENETS
OF THE CUSTOMER CENTRIC APPROACH

9 IMPERATIVES
FOR LEADERS

5 Tenets	9 Imperatives
Businesses Exist for Customers	*Perspective* *Focus on Results*
It's All About People	*Connect with your Customers on Value* *Connect your people with a Purpose/Vision That is about people*
Not All Customers Are Equal	*Know your customer groups & your intent for each group* *Articulate your Value Proposition for each Customer Group*
Businesses Are Systems That Deliver Value	*Design the Optimal Activity to Deliver Value* *Monitor/Communicate your Progress*
The Need for Progressive Improvement	*Improve your Delivery of Value* *Monitor, Communicate your Progress*

Tenet 1. Businesses Exist for Customers

Imperative for Leaders 1: **Perspective**

This first imperative for businesses is about the attitude of the leaders, which then flows into the culture of the business. Put simply it is about Arrogance versus Humility.

If there is arrogance at the leadership level, then this will flow down into a companywide attitude towards the customer. Customers pick-up on the incongruence between what the business says it is, and how it delivers.

The business landscape is littered with failed arrogant business stories. In 2015, the dismal performance of Woolworths[3] (compared to Coles) was displayed in the attitude of the leaders saying, "*we believed our internal numbers, we thought the customer must be wrong*". In 2016 the failure of the Masters chain of stores can be accredited to the arrogant strategy of choking their competitor Bunnings, rather than trying to deliver better customer value. By focusing on the competition, they became irrelevant to their customers, costing them around AU$2billion[4]. Similar story also in North America (again in retail) where Target USA launched themselves into the Canadian market. With an attitude of 'a champion USA team' that could take over the Canadian market, and "we know this business". A complication with internal project challenges left them failing to deliver customer value, cost: US$7billion[5].

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[3] Drawn from articles, such as: AFR , SMH, or the ABC

[4] Drawn from articles such as ABC, News.com, again, once again

[5] See the detailed story on Canadian Business

The perspective of the leaders is critical to success. A sense of arrogance, that it is all about us, "look at what we can do", versus the humility of leadership teams that listen to their customers and recognise that without delivering value to the customer, they will soon become irrelevant.

"Level 5 leaders channel their ego needs away from themselves and into the larger goal of building a great company. It's not that Level 5 leaders have no ego or self-interest, they are incredibly ambitious, but their ambition is first and foremost for the institution, not themselves."
Jim Collins, Good to Great (2001, Random House) page 21

Imperative for Leaders 2: **Focus on Results**

This might seem an obvious imperative for management, but I am advocating a definite twist on what is the common practice.

The common practice is that managers and leaders understand the concept of focusing on results, however, what happens in the translation is that they apply pressure on individuals to be "accountable" to reach their targets. Leaders then set the targets, supposedly with the people who have to deliver them, collaboratively. The problem here is that the targets end up being a measure with a target, something like, *dollar value of sales $2m*, or *Net Promoter Score is 16*. These are measures with targets not results. And as a manager I can do lots of things to hit the target (that may include manipulating the measure or the system) but not ultimately achieve the intended result, (such as *our customer base is profitable)*. This is not what we are wanting to achieve.

Additionally, Franklin-Covey research has found that the more goals you have the less chance you have of hitting those targets.

"Your chance of achieving 2 or 3 goals with excellence are high, but the more goals you try to juggle, the less likely you will be to reach them...[6]"

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[6] Chris McChesney, Sean Covey and Jim Huling, *The 4 Disciplines of Execution*, (Simon and Schuster, 2012) page 25

Juggling multiple KPIs (measures with targets) leads us to focus on hitting the number rather than trying to improve the system and processes we are managing.

Let's put the focus on results. A result then is an outcome we achieve, it is not an action, or a project, it is the result of the work we do. Therefore, following the NPS example, our result could be "Our Customers are our Advocates", and this result would have a few measures, NPS might be one, percentage of detractors might be another, percentage of passives another, because one measure does not tell the whole story.

Therefore the leader needs to put the focus on the results to be achieved, for the organisation. Then prioritises what must be achieved first, narrowing the focus down onto a few results where change is required (apart from continuous improvement). This will also overcome the problem of the leaders at the top having a propensity to tell people what to do. By telling people the required actions, leaders dis-empower people from taking ownership, they will just do the action (and if that does not improve things, then it is back to the leader for another action).

By applying the focus on the *results* to be achieved we empower people to take ownership on how to achieve *their result*s, the leader's role then becomes a coach, to encourage learning about how to improve performance.

Tenet 2. It's all about People

Imperative for Leaders 3: **Connect with your Customers on Value**

Customers today seek value. And even more than ever, customers are seeking experiential value. Today's consumer invests far more on the experience than in the past. Similarly in B2B; businesses (most of them anyway) recognise the value of partnership-relationships with suppliers and vendors, they want the expertise and knowledge to be exchanged to enrich their corporate knowledge.

Customers can define value in terms of the **goals** they seek. If we go on a business trip that requires, flights, car hire and accommodation, the goal would be for the trip to be 'hassle free' and with the least amount of lost time in travelling. Customers can define value in terms of the **result** they are trying to achieve - if we are buying an investment property we want a provider to supply the finance, collaborate with the solicitor to disburse the funds appropriately, to ensure the property is protected by insurance, that the deal settles on time and properly. Customers don't want a mortgage, the result they want is the investment property. Customers also seek an **experience**, an outing to the theme park or local restaurant is reflected upon by assessing the overall experience, not by breaking down the outing into the functional bits. Customers also seek value based on **community**. Some member groups receive value from being part of a community, Harley Davidson customers wear the logo and brand to be part of that community. Some customers make purchases to be part of an elite group, such as a vintage Ford Mustang or modern Lamborghini. Customers also make decisions that are influenced by

their **ethics and values**. For example, customers that are for the ethical treatment of animals may purchase a product that is *against animal testing*, over a product that is *not tested on animals*.

Businesses need to connect with their chosen customer groups on value. This means the narrative of the business story needs to include the "why" for customers.   Remember, **customers do not care what you do.**

They only care about what you can do for them, and how you can help them get the value they are looking for, in whatever way they express it.

Imperative for Leaders 4:

Connect your People with a purpose/vision that is about People (your Customers)

Okay so we are talking about motivation here. Contrary to popular belief people are not motivated by money[7], and yet Executive teams will regularly put the focus on money - revenue targets (more from the same), cost reduction targets (more for less), or even earnings per share, or perhaps EBIT (earnings before interest and tax) targets.

Workers rarely connect with the targets and goals that are about the financial success of the business, the profits to be shared by the "fat cats" or "shiny tails". **People respond well to having meaningful work to do, and goals that are about other people, feeling that they are contributing outcomes for groups of people, their customers.**

By ensuring the vision and purpose of the business is about people (customers), the workforce will more readily apply their engaged hearts and minds to achieving the results that will demonstrate progression towards the vision. Their work will have meaning. Rather than contributing to shareholder returns, or Exec bonuses. **They will be engaged in trying to make the world a better place for their customers.**

"We all want to be valued members on a winning team that is on an inspiring mission".
Graham Weston, CEO Rackspace ([TEDx](#))

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[7] One reference here is: Daniel Pink's Drive: The surprising truth about what motivates us (2009)

Tenet 3. Not all Customers are Equal

Imperative for Leaders 5: **Know your Customer Groups and your Intent with each Group**

Knowing the customer groups is about defining each group, understanding how the two-way value exchange works between you and your customers. Customer groupings are defined by how they behave, their characteristics and what they value. This goes well beyond demographic segments and other neat categories to place prospects in. Your customer groups can also be defined by how the customer responds to the value you offer. Once you *know* your customer groups, extend this knowledge to **understanding how the two-way value exchange works between you.**

What is the value your customers receive, and what is the value you receive Firstly, you may be surprised by the value your customers get from you. You will often find that some customers are getting value that you would never have thought of, particularly when we are looking from the inside out. Secondly, put the effort into understanding the value you receive from your customers. What is the lifetime value from various customer groups, how much do they advocate, or refer their friends and what costs do they absorb (the customer we know well often attracts a higher cost to serve, are they contributing more..?). **This is movement away from averages to specifics.**

Once you know your customer groups and how the two-way value exchange works, then you need to determine what your intent is with each customer group.-Do you want more of these customers..? Do you need to change the way the relationship works (to reduce cost to serve, or add more value)..? Do you want to end this relationship..? Do not leave the creation of your customer portfolio to random chance. **Translate your intent with each customer group into objectives and results that drive how you plan, implement and learn.**

Imperative for Leaders 6: **Articulate your value proposition for each Customer Group**

We learn at business and marketing schools that products or services need to have a value proposition, or sometimes a business itself might have one. Once we know who our customer group is we need to be able to communicate a value proposition for that group of customers. I believe there are two levels of value propositions.

Firstly, there is the value proposition that is from the company itself, the selling business. The customer needs to know, what does this business stand for, who are they, what do they value. This level of value proposition addresses the "*Why*" that Simon Sinek refers to, customers need this as well.

Secondly, there are value propositions at the product or service level, but not about the product or service, they are about the value the customers get from the product or service. Today's customers seek value and positive experiences - from their products and services as well as from each connection with the organisation. The overall impact is how well your customers will then speak of you, recommend to their friends, colleagues and family.

More commonly, customer value propositions are left to chance. Salespeople figure out how to sell products, service people figure out how to get their message across - based on what *they think* those customers value; and the overall experience is left to chance. **We need to articulate and communicate the value proposition we have for our customer groups, so that we have a better chance of alignment across the functions and communications, and a better chance of delivering this value.**

Tenet 4. Businesses are Systems that Deliver Value

Imperative for Leaders 7: **Design the optimal activity to deliver value**

Great strides have been made in recent years, through the growing acceptance of customer journey or experience maps, to improve the value delivered. However, much of this work exists because we have built systems and processes over time that have ignored the customer, but instead seemed to provide some illusion of process improvement. Recognising that the business is really a system (the collection of functions, processes and systems) that, from the customer's perspective delivers value (or not), businesses need to design the optimal delivery of value from the outside of the business in. Or, as the customer experiences it. And this may not be to every customer, but to the ones who we have chosen, through knowing our customer groups and our intent with the groups.

Therefore, we clearly understand the delivery of value for specific customer groups, then from the outside-in we design and align all the resources to enhance that delivery of value, taking into account all touch points, processes, people and components of technology. The *what*, the *why* and the *how*. Brian Solis[8] refers to achieving this as "X", the experience customers receive when business is designed to deliver value.

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[8] B. Solis,(2015) *X: the experience when business meets design*, Wiley & Sons, Hoboken. Quote from page 79.

"...when you design and facilitate desired experiences, nurture the experience people have and share, and enhance touch-points to guide customers through their journey (messaging, sense making, technology, personalisation) you have re-imagined the flow. It's innovation versus iteration and it is intentional by design."

Align the resources of the business to deliver one thing - the value you have promised to your customers. Aligning your resources maximises the realisation of your results. Whilst this design-work might sound like it is a 'once and done' thing, it is not. Achieving the optimal delivery of customer value is an iterative journey of learning. It is the continual cycle of designing, planning to implement, taking action, testing/learning, finetuning that informs progressive improvement.

Tenet 5. The Need for Progressive Improvement

Imperative for Leaders 8: **Improve your delivery of value**

Your status quo is an evil abode. You have rivals for the attention of your customers. The expectations of your customers are constantly moving, so must you. Especially in how you deliver value and how you engage with customers (new and existing). Yes, this is about 'continuous improvement', or becoming a 'high performance organisation', but let's not talk in clichés. In short your business will need to have these attributes:

⮑ Everyone has a clear, line-of-sight view of the purpose, vision and strategy, especially how this creates value for customers;

⮑ Your strategy is translated into a set of results that clearly demonstrates the cause-and-effect flow of the results teams achieve, through to the realisation of strategy and purpose;

⮑ You have measures that provide feedback on the results you are aiming for;

⮑ You allow teams to use these measures to hypothesise, test and learn, how to apply and quantify improvement initiatives.

"Monitoring performance + interpreting performance + initiating action = accountability. Accountability is not hitting targets, it's pursuing them deliberately." Stacey Barr, (2016, Evidence Based Leadership).

This will mean the leaders set the direction, the results to be achieved - they don't dish out actions to be ticked off on a to do list. The leader's role is to unleash the talent of the people within the business, and then coach and guide then towards the results. The greater the number of hearts and minds you have working on your problems, the shorter the learning cycle, and greater the success.

"Managing seems to work especially well when it helps to bring out the energy that exists naturally within people". Henry Mintzberg (2009, Managing page 214)

Imperative for Leaders 9: **Monitor and communicate your progress**

Monitor is an antonym to *'set and forget'*. Many leaders appear to have a deficit in maintaining attention to the results that will make the business successful. Once the results are agreed, it seems as if they are off looking for something new.

What's needed in the business is a focus on the results that are important.   Then communications from the leaders to say we are making progress[9] towards those results. Or at least we are learning about how to realise those results and we are deliberately pursuing them. When leaders change focus (sometimes not intentionally), the people in the business feel the goal has changed, progress is stopped and "what happened to that inspiring mission we were on...?".

"...the simplest and most effective way you can enhance the inherent motivation of any project, process or work (is) by **making progress visible.** Short-circuit feedback loops, and protect your team from setbacks and delays, or from being ambushed by change. Avoid shifting goals autocratically, and maintain structures that provide context and visibility of the stuff that matters." Jason Fox (2014, The Game Changer, page 95).

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[9] For more on this see: Teresa Amabile and Steven Kramer, The Power of Small Wins, *Harvard Business Review* May 2011; and Jason Fox, (2014) *The Game Changer*, John Wiley and Sons, Australia.

When you have set your vision on your customers you have connected your people to that 'inspiring mission'. When you have articulated the results that demonstrate flow of progress towards those results, then your role is to monitor progress. Coach, lead and communicate on all of those small steps of progress that represent that journey you are on.

Conclusion

The reason that Forrester[10] and Harvard Business School[11] research has found that the outside-in perspective[12] for management yields significantly better results, is because the Five Tenets of the Customer Centric Approach to Business exist. These better results are not only sales, revenue, profitability, employee engagement, advocacy - but absolute resilience during tough economic conditions.

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[10] Harley Manning and Kerry Bodine, (2012) *Outside In: The power of putting your customers at the centre of your business*, Forrester Research, New Harvest, Boston.

[11] Ranjay Gulati, (2009) *Reorganise for Resilience*, Harvard business Press, Massachusetts.

[12] Describes how management should see their business operations from the customer's perspective, from outside the business (vs. looking at the business from the inside-out).

The reason Net Promoter Score[13] (NPS) is the 'ultimate question' and the greatest predictor of future business success in any given market, is because the Five Tenets of the Customer Centric Approach to Business are potent.

Doing human-centred-design or customer-based-design is not enough. Adding customer experience improvement programs, KPIs and targets based on getting better NPS is not enough. Customer centricity is not a bolt-on for business.

The veracity of the Five Tenets of the Customer Centric Approach to Business demand the Nine Imperatives for Leaders. For any business to achieve its ultimate goal and purpose, to be meaningful and relevant long-term to its customers, employees and owners, the Nine Imperatives for Leaders need to be their literal and moral compass.

Customer centricity is not a business bolt-on. The Five Tenets recognise that business is human centred. The Nine Imperatives for Leaders creates alignment of the resources of the whole organisation for maximum results, for all stakeholders.

This was probably the old path people took to build networks and relationships that established early human commerce. But today, with our management teaching coming from the industrial-age, it seems like a new path. A new path that will lead to deeper levels of engagement with customers and employees, providing higher levels of performance for the business.

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[13] See: Fred Reichheld (2006), *The Ultimate Question: Driving Good Profits and True Growth*, Harvard Business School Press, Massachusetts. And: Richard Owen and Laura L. Brooks (2009) *Answering the Ultimate Question: How Net Promoter Can Transform*, your Business, Jossey-Bass, San Francisco. And extensive contemporary research on NPS.

THANK YOU.

About the author

Mark is a speaker, author, mentor and consultant in Australia. He specialises in applying the customer centric approach to business, selling, customer engagement, leading sales teams, and in the implementation of performance measurement and performance management frameworks.

Mark seeks to free organisations from management thinking and practice that belonged in the Industrial Age and no longer works in this Experience Economy - to align their resources, continually improve to deliver value for their customers and maximise the realisation of business results. With extensive experience spanning across three decades in executive management, consulting and academia, Mark uses his skills to help lift the performance of organisations and businesses to achieve the change and results they are striving for.

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