

Shifting to a Customer-centric Focus

Successful companies get it: they report to the customer

If there's a thread linking Best Buy, Staples, Walmart, and any number of other great businesses, it's this: they share a common basis for decision-making in every functional area, and that basis is not operations—it's the customer.

If that sounds obvious, think again. As Walmart Chief Marketing Officer Stephen Quinn reflects, "Walmart had not been all that customer-centric, having made operations the backbone of the company. Customer data and insights gave us courage and a convincing hand in determining what was fact and what was fiction. And it drove ideas for growth."

"For example, when we discovered that pharmacy customers routinely broke pills in half because they couldn't afford their full prescription, we developed the very successful \$4 prescription program. With [customer] knowledge, we had the power to define growth in a much more relevant way."

Magic words in times like these: Customers. Growth. But how do you effect a shift away from an operational focus to one that puts the customer front and center to better meet the growth imperative?

It's a process that starts with fostering a more collaborative, networked approach to doing business internally—not merely in the interests of "playing well with others," but in service of the customer. In the end, the business' internal organization is far less important than how the customer experiences the business.

Consider some common points of customer interaction: The billing issue that lives in information technology. The call center issue that lives in customer service. The product issue that lives in R&D. When there's an issue, customers don't care which function owns the solution. They just want it fixed. Yet most businesses are not truly organized for maximum success from the customer's perspective.

It takes visionary leadership, ideally led by the senior marketing executive (as "owner" of customer insights) and embraced by the C-suite as a whole, to inspire the organization to align differently, in service of the customer. It doesn't require a re-organization so much as a mind-set

shift to infuse a new way of thinking and operating and fresh energy for driving customer-centric growth.

Zappos Chief Executive Tony Hsieh personifies the kind of inspired leadership that can bring about this new alignment. The Internet footwear retailer's top priority is its culture, which is one that is dedicated to being a better place to serve customers—and to create lifelong relationships with them. It means that customer service is always treated as an investment, not an expense. And employees are hired based on how well they fit into the culture and their perceived ability to live up to Hsieh's customer service expectations.

How well this has worked is well documented. Forced to lay off employees in the aftermath of last year's economic crash, the company's generous treatment of those who had helped Zappos succeed (liberal severance and COBRA benefits and the employee discount extended through Christmas) won it substantial positive public buzz. That helped it land on the 23rd spot in *Fortune* magazine's 2009 "Best Companies to Work For" list—becoming the highest ranking newcomer in its debut. Employees become invested in that kind of culture—and that means better delivery of the customer promise.

Other companies are positioned in a way that makes it absolutely clear what is promised and what customers can thus expect of every employee and experience. It may be a relatively new shift or one that has held true through the business' original customer-centric history.


Some businesses find it easy to manage in a way that supports this customer-centric positioning because they have worked tirelessly—and from the top—to make what they stand for clear. Apple makes computers but delivers simplicity and creativity. Whole Foods sells healthy groceries but delivers everyday wellness. Disney sells entertainment but delivers magical experiences.

Others may have to work a bit harder. If they don't have an inspirational leader to drive the transformation. Or an elegant, in-market point of view to help guide core strategic decisions and important organizational shifts. And many boards or executive team members need a fact-based business case to help them better understand

why an internal customer-centric change is needed.

Sean Burke, CMO of GE Healthcare, used a combination of his vision and inspiration and an airtight business case to bring about a customer-focused shift. He clearly articulated a road map for success, delineating what was on versus off strategy, should be on and off to-do lists, and why each business unit, geography, and functional area had to unite to bring the strategy to life.

To ensure it was adopted, he created a global, multi-disciplinary leadership council charged with solving potential go-to-market issues. It was this coalition that successfully sold the final new strategy recommendations to his unit's Growth Board. Today, employees across GE Healthcare are aligned around the customer, permanently shifting how they go to market. And customers experience the business differently than they do its key competitors, seeing it as having organized around the customer instead of the product.

It's a new world out there today, challenging in ways that were unimaginable even five years ago. Achieving growth is more important and more difficult than ever before. To succeed companies must come to understand that they report to the customer. Then need to align around ways to anticipate and constantly delight the buying public. It takes a new structural paradigm for this to happen—one that is externally focused on the customer and moves away from the operationally oriented model of the past. Effecting this shift is a process that will likely come with some bumps along the way. But the rewards are guaranteed. 

Scott Davis (sdavis@prophet.com) is a Senior Partner at Prophet, a strategic brand and marketing consultancy. This article is based on his latest book, *The Shift: The Transformation of Today's Marketers into Tomorrow's Growth Leaders*, and originally appeared in *Moving Ahead* from the American Management Association.