

Journal

The Journal of Jo Ouston & Co

Summer 2005

Who cares wins

I'm not an economic analyst, but you don't have to be to see the Eurozone in jitters, the US in debt, the Far East in supergrowth, the price of oil indecent and retail sales faltering, not to mention the planned slowdown in UK Government spending. Tough economic times, surely – and we all know who gets going when the going gets tough. But who exactly are the 'tough'? And what sort of toughness is it that succeeds, not just in tough times, but all the time?

I don't think it has a lot to do with conventional macho responses to conditions, the 'dig in and fight back' attitude. I think the winners are the businesses and individuals who are savvy, and brave, enough to be tough with themselves, in the sense of looking ruthlessly at what they need to do, how they need to behave and to plan, for long-term success. And in this context I see organisations and individuals having similar needs.

Look for example at the concept of customer relationship management - CRM. Here is an idea whose proponents argue, very validly, that customers are for life and not just for Christmas. Dr Moira Clark, Head of the CRM Institute at the Cranfield School of Management, defines Customer Relationship Management as: 'the management process that uses individual customer data to enable a tailored and mutually trusting and valuable proposition,' using IT to integrate data from multiple sources. I believe the jewel at the heart of that is 'mutually trusting', because whatever the process, whatever the data, whatever the proposition, they have value only in a framework of mutual trust. David Rance (co-author with Moira Clark of a forthcoming book on CRM) argues that many organisations, with a focus on their internal functions rather than the purchaser, are simply not organised to achieve 'customer-centricity' Rather, operation in 'functional silos' leads to a command and control culture where 'decisions are being made too far from the customer'.

The customer experience is too often that of having to adapt to inflexible systems and processes – for example, call centre processes

that appear designed to reduce supplier costs rather than improve the service relationship with the buyer. Customer identification is not customer care. Data do not build mutual trust. Only people can do that, only people who are enabled to convey their own integrity, and through it the integrity of the organisation and product they represent.

Of course CRM is not just about being nice to people. The most alluring customer service in the world won't build loyalty where products and services don't measure up. The problem for suppliers (and the joy for customers) is that technology and globalisation increasingly mean that buyers are spoiled for choice with products that do measure up for performance, price and availability. Result: they don't have to do business with people who treat them like data.




Jo Ouston

As the twenty-first century takes shape, the biggest source of competitive advantage, perhaps the only competitive advantage that cannot be copied, is the quality and history of relationships - the way employees treat the people they do business with.

As for individuals planning for their own long-term success, how can they relate to these ideas? In a tough career environment the person whose thinking emphasises the product specifications – education, qualifications, job description, function – is likely to be lost in the competitive haze, among all the others with similar specifications.

Those who think first about the customer realise that current or potential employers too prefer people to data. So they look beyond the candidate spec to see how their own talents, intellect, creativity and drive can respond to the needs of the prospective employer while also satisfying their own aspirations and objectives.

In this issue of the JOURNAL we examine these ideas from the viewpoint of both individuals and companies. And we introduce our new course **Building Winning Relationships**. As ever, your opinions on the topic are most welcome. 

Jo Ouston

"Data do not build mutual trust"

The Relationship in Customer Relationship Marketing



David King, an original evangelist for 'customer centricity' through technology, has over 25 years experience of sales in the IT industry – ten in the field now popularly known as CRM. He is currently a partner in

www.e-ssociation.net. We sought his views on Customer Relationship Management systems.

Journal: David, CRM has taken off in recent years but some feedback suggests that up to 70% of projects fail. Why should this be? And if it is so, why do companies persist in these projects?

DK: The prize offered by successful CRM implementations is closer and more profitable relationships with customers sustained over time. That is why companies persist. They go wrong when people focus on the IT systems and lose sight of the relationship with the customer that is of course the whole point of the investment.

Journal: How can an IT based approach create better relationships?

DK: In sales it is well understood that it is at least as important to listen as to speak. That is how you begin to understand your customers, how you can tailor your offer to meet needs and fulfil desires or indeed discover completely new opportunities to create customer satisfaction. This role is often disparaged in the UK but in Germany, for example, sales people who can successfully bring suppliers together with customers are held in high regard. This process usually happens face to face – in business-to-business sales or sometimes over a counter – but in a huge number of transactions we have to get what we want through impersonal systems. When CRM systems work, they not only facilitate efficient administration but also provide a means to listen and learn from customers.

Journal: How does that happen?

DK: To give just two examples, if you buy from Amazon, they make it easy to buy the book you want but they also learn from your interests and preferences – and those of other readers – to suggest additional titles that might interest you. Similarly, the supermarkets are beginning to make effective use of loyalty card data to tailor particular offers to individual customer

patterns and preferences. The vision is to move from a mass market – pile it high and sell it cheap – towards the 'market segment of one', by anticipating individual needs and tailoring offers, all of which makes for a richer customer experience. Although IT dependent, this is not simply a mechanical process. It requires sophisticated analysis and modelling. It also requires sensitivity in presentation to avoid intruding.

If you get this right, you will develop customers who are not only satisfied but who become enthusiastic champions of your business. This is win-win. It is normally less costly to retain existing customers than to acquire new ones. Loyal customers generate repeat business and/or opportunities for business in additional areas. And if they love what you do they will tell their friends. But if you get it wrong and let them down, they will turn away and tell their friends, even if they don't tell you, and so damage your reputation.


Journal: So what is the secret to getting it right?

DK: CRM systems are essentially large databases. There is a range of standard products on the market most of which tick all the boxes as far as capabilities are concerned, but integration with existing systems is usually a significant task, accounting for much of the costs. That should not be underestimated but in some ways it's the easy part.

You need to create a culture that genuinely sees the customer as the centre of the universe. To realise the potential, you need to get buy in and probably change behaviours within the organisation, otherwise you may end up doing more of the same, only faster and more expensively. The various parts of the value chain - logistics, operations and service as well as support functions – all need to share the vision. This is often easier in start-up companies, or specially formed separate subsidiaries, that carry less baggage.

Journal: Can you enlarge on that?

DK: In striving towards customer centricity, the object is not just to keep customers but to keep the right customers – those that are profitable. Some have little interest in the customer experience or relationship, caring only about price. We may be able to help them but will not establish loyalty. Others may have a pattern of demand that we cannot fulfil profitably and we need to be aware of this to avoid pursuing business that is not helpful.


The key to this is a clear understanding of costs both within and across functions. The CRM projects that are successful often start with an intense review of costs which leads to a very detailed understanding of all the various 'touch points' and how they impact on the customer experience. 

Raving Fans

In their 1998 book Raving Fans, Blanchard and Bowles set out some key messages about customer service and how suppliers can begin to overturn the normal expectation of bad service to convert customers into Raving Fans.

- Know what you want – create your own vision of perfection centred on the customer that will underpin standards and engage staff
- Discover what the customer wants – typically customers focus on just a few things but everything matters. Your vision fills in the bits that they don't articulate
- Discover who is your customer – that means all the people that come into contact with your product – from ordering, handling, delivery and use as customer
- Under promise, over deliver – work within your vision to contain the impulse to be all things to all men. Stick to what you do well.
- Deliver plus one percent – maintain consistency with gradual, sustainable improvement
- Good service is the result of nifty systems
- Acquiescence is not satisfaction – listen for the mood music as well as the lyrics. People are seldom frank unless they believe it will make a difference. Active steps are essential to know what customers really think.

In this connection, Moira Clark identifies four key factors:

- Reputation – what do people think?
- Information – what do they know?
- Understanding – what do they expect?
- Experience – what actually happens? 

Nelson House, our office location, is named after the admiral who is celebrated this year, 200 years after the battle of Trafalgar. Admiral Collingwood, his second in command, said of Nelson:

'He possessed the zeal of an enthusiast and everything seemed as if by enchantment to prosper under his direction. But it was the effect of system and nice combination not of chance.'

New Course

Over the last year, we have received increasing feedback from our clients about the pressures they face in establishing new business connections and maintaining existing client relationships.

In response to this need, we are introducing a new two-day public course – Building Winning Relationships – that will be launched in the Autumn.

Building Winning Relationships

In a world of increasing competition and customer choice, effective customer relationships make a crucial difference to success. Emphasising the human factor in customer relationship management, this course is designed for all who need to develop effective client relationships, with external and internal customers.

Objectives

The course is designed to enable you to:

- Project yourself with confidence
- Develop and strengthen business relationships through better understanding of others
- Influence people effectively by engaging them with your own ideas

Length

2 days

Themes

- Recognising habits of communication that create confusion
- Handling the feeling of being ill at ease
- Using your personal space to include others
- Listening actively and questioning appropriately to develop constructive arguments
- Identifying and developing the client's needs
- Selling your ideas and opening up opportunities
- Sharpening your message and focusing it to the needs of the client
- Influencing and inspiring others to gain buy-in
- Holding the authority of the expert to win people's confidence
- Handling clients' objections
- Applying the learning through use of role-play

Methods

This is a highly participative course, using video feedback, to enable you to build on your interpersonal skills and apply them in scenarios based on every-day situations.

Dates

September 26-27

November 10-11

Tales of The Times

Winning stories from The Times Career Makeover competition

Job search, career change, winning in the employment market – the challenges just get tougher. And like any other marketing project the competitive edge isn't just product spec (in this case CV ingredients). In fact, such data can often mislead.

When in February The Times asked Jo Ouston & Co to become involved in a competition to find the most promising and deserving candidate for a career makeover, the quality was so high they decided on multiple winners. Each winner was offered mentoring, career coaching and relevant courses at Jo Ouston & Co. Their stories say much about the problems and the solutions facing ambitious people in today's tough employment environment.



Outright winner, 32-year-old Tim Davies, has a full hand of engineering qualifications – Bachelors and Masters degrees in civil engineering and a PhD in structural engineering, plus two years towards an MBA in Engineering Management. Here was a man, surely, to rise through the ranks to a senior management position in the engineering industry.

Having taken two years out to help with the restructuring of the family business (ceramic tile retailing), Davies realised that there was a gap between his personal objectives and inclinations and the style and structure of the engineering industry.

"My problem," Tim Davies says, "Is that because my documented, 'officially approved' qualifications are so visible they seem to blind employers to my underlying strengths – creativity, drive, energy, intellectual flexibility. The Jo Ouston program has helped me not just to re-discover things about myself, but has given me insights I wouldn't have imagined possible. And by understanding my strengths I'm sure that I will be able to play to them in future."

Course Schedule

The schedule enclosed sets out our programme of open courses up to the end of 2005 – including the new two-day course *Building Winning Relationships*. Dates for 2006 will be published in the Autumn.

An up-to-date schedule can always be found on our website at www.joouston.co.uk >What we do – or give us a ring on 020 7821 8299.



Shiriin Barakzai graduated in 1994 with a Civil Engineering degree and was quickly snapped up by a major UK contractor. During assignments in Britain, Ghana and Southern Africa, she realised that the prospect facing her – a steady, step-by-step career in the engineering industry in the UK – wasn't going to satisfy her need to match her career to her personal aims and values.


"My dilemma was that my track record suited me perfectly for a track I didn't want to go down, but I thought I had no way of showing that I could perform on other tracks that appealed to me more. Since the courses at JO & Co I've learned a lot about how to connect with people from different disciplines and backgrounds. And I have also begun to consider areas of work where I could build on my interests as well as my experience."



A third winner was Maggie Hazlewood. "I'd had a lot of variety in my career – marketing in the Cayman Islands for 4 years, personnel and recruitment work near my home in the Midlands, plus periods in the family engineering business near Evesham. I'd had a patchwork career, and although the patchwork had a lot of attractive pieces, the overall design was a bit hazy. When I saw the feature in The Times it was a prompt to get my career planning back in focus."

She says the work with Jo Ouston is "not a quick fix, but I honestly think it's for life."

Three successful, experienced, well qualified people, each with even more to offer. Going into the makeover process none had any experience of this sort of career work. Their hopes were in the area of focus and direction - how to identify fact from fancy about their own abilities and motivations, and about the market for whatever those qualities might turn out to be.

They're all different, but they have this in common – the realisation that personal ambition is achieved not by what you've done but by who you are. 



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