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Disruption and Business Success

Remember Kodak, the little yellow box factory out in Rochester, New York? They seemed like they had been part of our lives since . . . forever. But everything changes, and some organizations manage those changes better than others. When was the last time you bought a box of Kodak film, or any film for that matter?

Kodak, the photography giant, failed to navigate the shift from being a chemical company selling film and processing to the era of social media. Kodak thought it was competing with digital photography. Wrong. It clearly didn't understand its customers. Its customers were not buying digital photos. They were buying memories and creating and recreating their identities. As soon as a better alternative emerged, Kodak was toast; simply not agile enough to recognize and make the change.

So, what was that better alternative for creating identities? Facebook started it all, followed by other social media giants like Instagram and Twitter. And you can count on the memory-making business changing again. Maybe it will come in the form of the Apple watch or another type of wearable, or maybe in the form of something altogether different.

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But just imagine if Kodak had built a bridge from film to digital photography to digital identity and then conceived social networking. It might be singing a completely different song today, a much happier one.

Growing up, I remember watching sweet, sappy Kodak TV ads around the holidays. They were filled with creating and sharing images of families and friends, loved ones, aging parents and grandparents, babies, new boyfriends and girlfriends. It was about capturing and replaying the customer's memories and using them to build their identities. Kodak approached the social revolution threshold, but never took those last few steps.

Not only do companies like Kodak change, but customers change, too. Today's customers are like water—they will seek the lowest point, driven by gravity to save time, to lessen the friction of buying, to align with products and services that provide transparency and objectivity and help them preserve memories and form and reform their identities again and again.

That's how I started this book—by focusing on customer identities and customer service. Customer focus is *not* about the heroic moments—it's not The Ritz-Carlton finding and returning the stuffed animal left behind by a guest's child. Yes, the Ritz excels at customer service, but that has little to do with finding lost stuffed animals. Great customer service is really about knowing what a guest needs even before the guest knows; it's realizing the photos are not just about memories, but also about identity. It's about noticing that a guest will be delayed due to weather or a flight disruption and won't arrive until 2 AM. Knowing that, you send the room key code to the customer's mobile device so they can go straight to their room upon arrival without even stopping at the check-in desk.

Better yet, heroic customer service is Berkshire Hathaway Travel rebooking your connecting flight because they know you're still sitting on the tarmac. They immediately text you updated travel details, relieving you of the worry and aggravation

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of further delays. Or it's your cloud software vendor serving you tangible data about your usage, which actually helps you to drive more return out of your investment.

Customer service and customer engagement used to rely on the heroic moment—the rare action that becomes a legendary tale of customer engagement which was heroic mainly because it was rare and unexpected. In that dark, murky, vendor-driven world of the past 50 years, customers often had little choice but to simply take what came. When exceptional service truly happened, it occurred because someone went out of the way to actually recognize a customer need and align with it without being asked.

Today, customer engagement has shifted. Customers don't just take what they get; they arrive with an expectation that the brand—the vendor—knows what the customer wants before they do. Paul Papas, head of IBM iX, put it perfectly when he said, “The last best experience anyone has anywhere becomes the minimum expectation for the experience they want everywhere.” Companies need to master customer engagement in order to *become* that last best experience. Customer engagement is defined by making every customer moment count, regardless of who is delivering it. And to make every moment count, we have to know who our customers are, where they are, what they are experiencing, and what they like and need. On top of all of that, we then have to act on that information and be correct most of the time.

This isn't as hard as it might seem. One of the biggest changes we have seen in the past five years is a customer's willingness to reveal personal information in an effort to receive better service. In 2011, I gave a presentation to a group of about 100 students at MIT. I asked them point blank: raise your hand if it disturbs you that Facebook is selling your data. Not a single hand went up. Now couple this willingness to share personal information with the availability of social tools to broadcast these likes and dislikes, and suddenly the vendor of yesteryear is presented with a new challenge and an astonishing opportunity to serve the individual

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tastes and desires of all of its customers. Yet, most still don't get it, and that's the reason for this book.

The challenge comes from the fact that the consumer and the customer are moving faster than legacy vendors can react. That's why start-ups often succeed against established brands. Start-ups have the ability to quickly leverage the network effect of our connected world to leapfrog basic services and expose almost every established business to one threat or another. That's always been the case, of course, only now it seems to be happening faster and more often.

So what do customers actually want? There are many answers, as many as the 7.4 billion people on the planet, but after a six-year global polling effort encompassing 150 countries, Jim Clifton, Chairman and CEO of Gallup and author of *The Coming Jobs War*, was able to reduce it to one: what the world wants is a good job.¹ This seems ridiculously trivial until you parse the sentence. The key word is *good*.

To succeed at customer obsession and engagement, companies need to find, hire, and retain people who will be engaged in the organization and, most important, with the customer regardless of whether the customer or the interaction falls specifically under their job description. Engaged, customer-focused employees at all levels are required if a company is to become customer obsessed and experience the success that invariably follows.

Clifton wasn't referring to jobs bagging groceries in a supermarket or ripping admission tickets at the neighborhood cinema complex (another industry desperately remaking itself in the face of streaming media options that dramatically change how customers view movies; essentially anywhere, at any time, from any device, at a range of prices). He was referring to the kind of jobs you need to offer to build an effective customer-obsessed organization. To Clifton, a good job means a job that gives the worker sufficient, steady work that will sustain them over time. He goes on to write: "A good job defines your relationship with your city,

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your country, and the whole world around you.”² That also includes the vendors of products and services whose customers will be spending some of the proceeds of that good job with them. Those are the people a customer-obsessed organization needs if it is to know and anticipate what its customers and prospective customers need, even before they know it.

True customer engagement and customer obsession happens when a brand is aligned with a need, and until now, too many brands have survived focused on their own needs, not the customers’ needs. Does the legacy brand attitude in Figure 1.1 sound familiar?

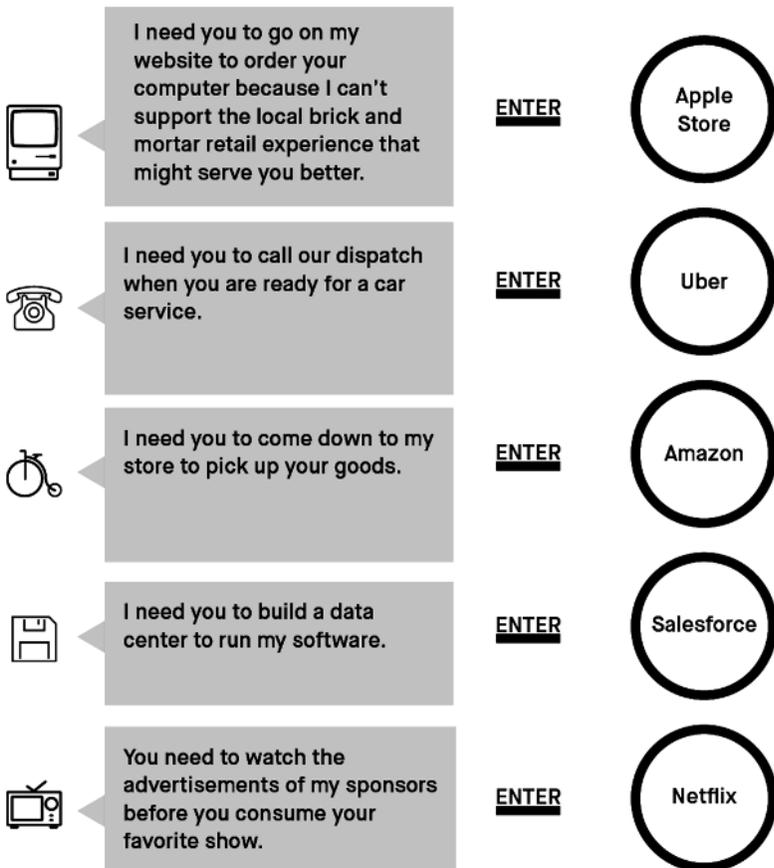


FIGURE 1.1

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Businesses across the world are being disrupted and upended because the rise of digital has enabled some organizations to identify the true needs and desires of customers and fulfill them. And alignment with those needs requires organizations to completely rethink their go-to-market approach and, perhaps even most important, to rethink their employee culture, which lives at the heart of customer engagement.

Maybe your business is one of those being disrupted and upended, or you suspect it is vulnerable to that. Congratulations; reading this book is a good first move. Or maybe you are one of the disrupters who fear you could also be upended someday. This book will help you, too, by showing what you need to keep the momentum going.

Let's start with the assumption that your business already has customers or you expect to have some. Let's also assume that you have, or intend to have, employees and partners (suppliers, providers—whatever you want to call them). I present these assumptions because the days of the lone wolf are over. No business (and certainly no individual) can do it all alone. Collaboration is the new byword for success. That means you are going to have to collaborate to succeed. The era of the vertically integrated enterprise that did everything it needed to create and deliver the product to the customer ended in the first half of the twentieth century. Like it or not, it is a new era. The landscape has changed dramatically and continues to shift. Think Netflix. Think Amazon. Think Apple.

Our world is fast becoming customer-centric. Just listen to the chatter around big data. That might lead you to believe that technology will provide all of the answers. Sorry to disappoint, but technology alone cannot save you in this new customer-centric, collaborative world. This really is not about technology. Is it important? Yes. But no technology gadget will be a savior. The power of the network and social, however, can be a game changer when done right. The instinct of the upstarts to leverage

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the power of social networks is one reason they are able to leapfrog established enterprise players. Technology that can make frictionless, unnoticed connections with the customer is valuable. But even then, technology alone isn't enough.

To remain relevant, companies must continuously innovate to deliver an exceptional customer experience. The way to do that is to not only be customer-centric but customer-obsessed. To do this, company leaders must be focused on driving customer obsession throughout the entire company. That means you need to enable your employees to understand your customers as people with individual stories. You also need to tie that focus to the delivery of specific, measurable outcomes. Customer focus without an understanding of how it impacts your bottom line may help in the beginning, but it won't be enough to drive and maintain profitable, positive change.

Think about it: customers don't care about being served by the so-called right department. Instead, empower your employees to own any customer interaction they touch—however and whenever it may occur. Customers don't care if they are working with someone in accounting, production, or sales. They want their needs met and even anticipated, whenever and wherever you can do it. This kind of customer-centric service requires the free flow of information and collaborative knowledge, which means tight integration between back-end accounting and enterprise resource planning (ERP) systems, front-end customer relationship management (CRM) systems, and anything else that can help satisfy the customer's need. Internal silos must become invisible or nonexistent. Information should flow freely among departments and employees, between everyone and anyone who might encounter the customer in the effort to solve their problems or questions.

Granted, such innovation and engagement across the enterprise has the potential to be chaotic. Companies must be willing to embrace some chaos for the sake of succeeding in the

emerging customer engagement economy, which dictates companies continuously respond to—and preferably get ahead of—the needs of their customers. To that end, every employee and customer touch point must be mobilized to better understand customer needs and improve customer engagement. At the beginning of this chapter, I referenced Berkshire Hathaway’s response to travel difficulties. Their story offers a compelling example of how to understand and engage with customers.

Berkshire Hathaway Story

BACKGROUND

Berkshire Hathaway Travel Protection (BHTP) is a division of Berkshire Hathaway Specialty Insurance, which provides commercial property, casualty, healthcare liability, and professional insurance for customers across the United States. BHTP has reinvented travel insurance for today’s mobile consumer and the evolving airline industry with AirCare™, travel insurance designed specifically for airline flights that proactively monitors and pays claims when travel mishaps arise.

THE PROBLEM

While the insurance industry handles highly personal information, it has been slow to adopt personalized, customer-focused technology solutions. BHTP wanted to design a new, disruptive consumer travel-insurance product, but needed partners to build out a system that leveraged flight data, processed claims, and provided the customer-engagement platform. What BHTP was looking for was a one-stop-shop travel-insurance app that would facilitate communication between the service agent and the customer across all channels. To accomplish this BHTP engaged Bluewolf to help build the platform needed to launch AirCare.

THE SOLUTION

Bluewolf helped BHTP develop the back-end systems to build out their one-of-a-kind AirCare insurance. The result was an end-to-end policy administration system on the Salesforce1 platform. We integrated BHTP's policy data into Salesforce, which was then integrated with a quoting tool for generating policy quotes, Drawloop for document creation and automation, Amazon S3 for document storage, and a payment processor that connected to BHTP's backend general ledger. The app became a real-time system of record, allowing information to flow continuously from policy conception through claim administration.

Bluewolf focused on building an insurance app that also acted as a cloud-based personal concierge service, with SMS and social media integrated into more traditional channels, like e-mail and phone. This allows BHTP to provide travelers with mobile updates and communications through various social channels. The integration paired AirCare with Salesforce Marketing Cloud as well as the Salesforce Service Console, and implemented a robust agent interface that allowed agents to interact with customers through their channel of choice.

THE RESULTS

Bluewolf helped BHTP build and launch AirCare in just six weeks. BHTP assists AirCare customers with travel itinerary repairs, helps locate lost luggage quickly, monitors flight status in real-time, and can even help travelers get access to airport club lounges—all via text, e-mail, web chat, and even Twitter. The platform serves a new generation of travelers and gives them simpler, smarter coverage that can be managed end-to-end on a mobile device. Its proactive claim processing pays claims in seconds using a myriad of electronic payment platforms, with funds transferred directly to the traveler's bank account.

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By providing the right information at the right time, BHTP can manage and report on the entire customer journey. Today, BHTP uses this system to process all its claims across multiple product lines, giving the company the power to personalize the customer experience and develop new ways to service travelers.

I consider this kind of customer obsession and engagement the essential organizing principle of twenty-first-century enterprise success. It is the only viable response to the emergence of a customer-centric world that calls for implementing strategies that fall somewhere between a wrecking ball that demolishes all you have been doing and lip service where you say the right things but make no changes that reflect what you just said. Although the wrecking ball produces heroic customer-focused actions here and there, it is not enough. A better strategy is to embark on a steady process to change the corporate mind-set by incorporating a modest customer focus in almost everything you do, at every stage of customer interaction. Over time, this approach can embed a customer focus throughout the organization gradually and nondisruptively. Surprisingly, it is these subtle changes that become the real game changers as they are replicated throughout the DNA of the organization. Approached in this way, becoming customer focused and even customer obsessed is not difficult. Any organization could do it. Notice I said they *could* do it. Most won't. Again, since you're reading this book, you actually might.

So, what are the real and lasting game changers? Here's a short list that will come up in more detail in subsequent chapters:

- Social media—how well you know your customers and how fast you act on that insight can be a big game changer, and keeping that information updated in real time is

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essential. That means keep updating what you know every hour of every day.

- Collaboration among staff, partners and associates, and customers is now essential; the closer and deeper the collaboration the better.
- Culture takes on increasingly greater importance; you have to cultivate a customer-obsessed environment involving everyone, all the time.
- Finding, nurturing, motivating, and keeping good talent is key to winning. Look for people with an aptitude for customer service.
- Data is everything when it comes to engaging and satisfying customers. It's the best way to learn about the customer and keep learning throughout the (hopefully very long) relationship.
- Insightful, integrated data analytics in absolute real time; without real-time analytics, data quickly becomes worthless.

Ultimately, you want to establish a strategic framework and foundation that is obsessed with the customer and can withstand the pressures of a business world constantly in flux. This isn't easy. It requires you to shift your focus from the intangible goals that sound so good in sound bites, to measuring your success against business outcomes. You have to speak differently with the customer, hire different people and manage them differently, work with providers and partners in new ways, leverage your resources, and evaluate and deploy technology unlike how you have before. That's what this book will show you. Get ready for an exciting ride.

