

Customer-centricity and analogue implications

Thoughts and considerations from the opening speech
B2B Online Europe 2019, Barcelona, November 7th 2019

The conference included a variety of topics on both days – examples include customer experience, eCommerce, personalisation,...

The question arises what are the implications of these digital transformation steps in the analogue world. In particular, what does customer centricity (being the starting topic of conference day 2) mean to the „analogue device“ human being?

There are three main groups used for addressing the consequences.

1. Digital competences

This first element is quite straightforward. Digitalisation initiatives initially focused a lot on increasing efficiency and eventually cutting costs. They moved directly into the center stage in the recent years and cover areas are the heart of a company's effectiveness.

The customer (or user) centricity of today needs a much broader perspective and consequently skills. It is essential to identify personal needs, address them via specific value propositions and finally deliver individual digital and analogue solutions. Hence the focus has moved from the traditional chain “invent a product - produce a product - sell a product” to a need based approach. Customer insight is the foundation and subsequent actions in terms of developing and implementing solutions follow.

Digital skills are needed to deal with this change – identifying, organising and utilising customer information via digital means sits at the heart of an organisation's ability to generate digitally based revenue.

However, there is also a big implication on the overall organisation. The way of working changes – customer centricity implies quicker and more flexible solutions, less focus on the product and more on end-to-end perspectives through the value chain. Consequently, the workforce must possess a minimum degree of digital literacy and (perhaps even more important) a mindset that sees digital means as a new chance to create customer value and consequently business value.

To overcome the resistance to change and to foster digital competences in a broader organisational context poses challenges to the company management.

2. Leadership competences

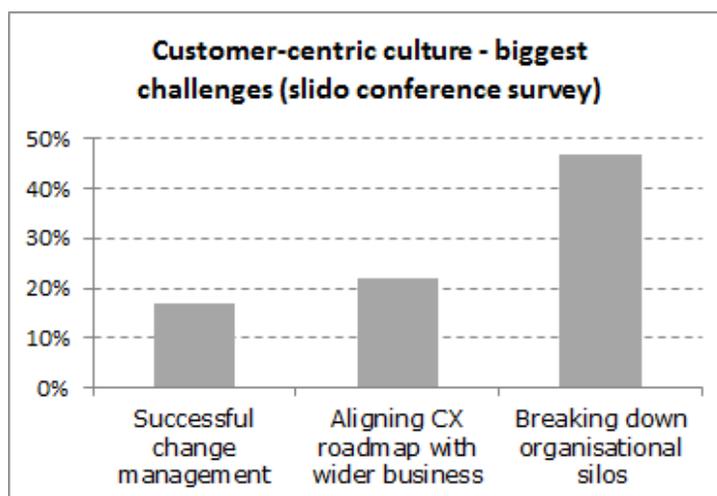
Customer centricity and digitally based revenue creation imply that also the way of collaboration changes. There are several areas within companies which are required to provide the right ecosystem, for example:

- Organisational set-up & collaboration:
 - How are companies organising themselves internally and beyond e.g. with external partners, cooperations along the value chain, the freelancing network...
 - What is the presence and practical living of diversity and the consequent variety of talent vs a narrow corporative culture
- Decision processes:
 - How are decisions made in the company and by whom / is empowerment in place
 - To what degree are data-based approaches integrated vs intuitive and flawed decisions
- Challenge & Innovation:
 - How big is the willingness of the company to challenge itself vs the impact of keeping things stable > is permanent innovation encouraged, starting with customer needs
 - What is the approach to manage transformation and change and where sits the responsibility for this

On day 1 of the conference, close to 50% of participants named breaking down organisational silos as challenge #1 to achieve a customer-centric culture.

All these elements imply that leadership competences are key to address these (and other) challenges during the next years. This means that the sponsorship for the change towards customer centricity requires the mandate and backing of the executive level. Leadership skills though cannot stop at this level, hence need adequate efforts on all levels of organisations.

There are also strong biases present (e.g. groupthink, status quo-bias, confirmation bias, risk aversion...) working on all of these elements. In a truly holistic and people based leadership style these are crucial to be addressed as well in order to create the right ecosystem for customer centricity.



3. Cognitive & social competences

Customer centricity and digital change imply more flexibility, quicker adaptation and increased empowerment in organisations. The ability to work in this changing framework requires employees to work at interfaces permanently – both within and beyond their company.

Studies (like OECD - Employment Outlook, Deloitte - Talent for Survival) show impressively that the demand for qualitative cognitive and social abilities increase even more than pure technical skills.

These interface competences include:

- Critical thinking and sensitivity for problems
- Autonomy, self management and self organisation
- Decision making and problem solution
- Empathy, emotional intelligence and team work
- Active listening, understanding and communication

The developments in neuroscience, behavioral economics and psychology can be seen as equally important as digital research and will be vital for organisations to monitor & integrate. This aspect can easily be forgotten in the race for digital talent, however it is important to keep in mind that organisations are based on human talent, agreements and decisions.

Conclusions

Customer-centricity and advanced digitalisation imply massive changes on the way of working. They require organisations to enhance their digital, leadership and cognitive & social competences.

There is certainly no „one size fits all“ solution as the framework, business model and workforce differ massively between organisations. The same is valid for existing thinking patterns, cultural elements and cognitive biases that impact outcomes significantly (– the next next page elaborates more on this crucial topic).

The challenges are on the way – organisations which consider both artificial and human intelligence in a meaningful balance will master them successfully!



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De-Biasing – addressing the unconscious flaws of judging and decision making

Our brains and mental capacities are delivering fascinating results. However, there are different filters and short-cuts in place that make our judgements and decisions less rational than we believe they are.

The continuously growing flood of information, time pressure, more uncertainty and multitasking reinforce this phenomenon massively.

Unconscious biases are deeply rooted both on the individual level and in corporate cultures and processes. They easily create "blind spots", in particular in the core area of a business – this makes organisations vulnerable and can create significant risks.

Unconscious biases and the following wrong decisions can impact heavily as several studies show impressively:

- strategically – e.g. in strategy creation, investment decisions, competitor evaluations...
- culturally – e.g. in recruiting, promoting or retaining the right employees, in living diversity, in ethical issues...
- financially – e.g. in pricing policies, wrong resource allocation, performance evaluation...

De-biasing is the reduction of bias, particularly with respect to judgment and decision making.

What is the benefit? McKinsey has found several positive effects in a business context:

- De-biasing of decision processes is significantly more impactful than the analysis of data - by the factor of 6!
- Business profits are positively related to de -biasing measures (up by 7%-points in peer comparison).

Topics like change management, team development or embracing diversity benefit from considering unconscious biases. Not surprisingly, major companies like Google or Facebook have set up extensive training programs for their workforce.

You are in good company when you define and implement specific de-biasing measures!

More on the subject on:

www.de-biasing.com



A practical guide for de-biasing (for individuals & organisations):

1. Start small
 - There are ~200 biases identified, start with the basics
2. Build awareness
 - Engage with the subject and read a book, do a workshop...you will realise soon that a lot goes on unconsciously
3. Go individual
 - We are all unique, and so are our biases. Find out what happens within you (and others)
4. Be practical
 - Don't go theoretic but focus on tangible take-aways
5. Extend where relevant
 - Go broader to where it makes sense to you – realise the connections and implications
 - Warning: the topic is a bit addictive 😊