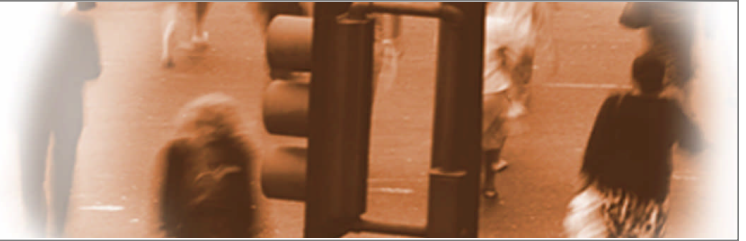


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Architecting  
the **Customer Centric**  
Enterprise



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# ARCHITECTING THE CUSTOMER CENTRIC ENTERPRISE

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***In a world where products become commodities in record time, service has become the crucial differentiator for long-term sustainable success – developing a Customer Centric Enterprise with a focus on the needs of its customers is the key to ensure sustainable success for today's enterprises.***

Something strange has started to happen in today's business environment. Over the last few years companies increased their valuations based on the presence of a dot com after their name. The usage of buzzwords like B2B and WAP had previously helped startups get massive investments from the venture capital market. Companies were being formed with a "built to flip" mentality, where the core values were based on cashing out with no long-term vision and profitability had become a distant dream, with little to no probability of becoming a reality. In all this mess, the basics of running a business were ignored, because everything was game in the "new economy"

Guess what? The Internet bubble has burst and companies are starting to focus on the ABC's of running a business. Profitability is now the new buzzword and Customer Relationship Management (CRM) solutions promise the path to nirvana. Suddenly what seemed to be old economy business rules have taken center stage and what use to be old has become the new and transpired the need to focus on "The Customer".

**A Customer Centric Enterprise is designed to provide GREAT service experience to the customer at every interaction.**

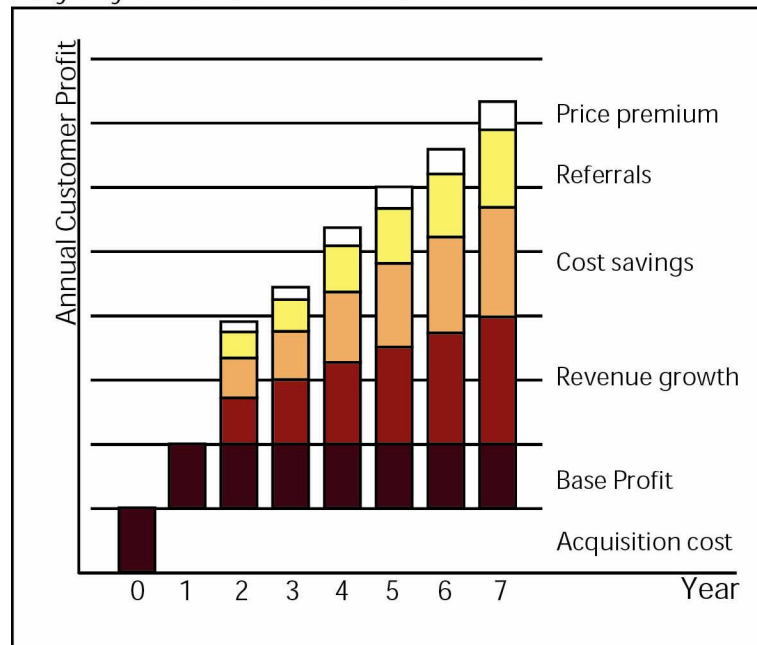
After what seems to be decades, companies are beginning to realize the need to focus on their customers. What the old economy considered to be common sense is exactly the defining factor for the CRM market. The CRM market is expected to grow to over \$200 billion dollars as Businesses begin to re-focus on their customer. The number of vendors and service providers in the CRM market claiming to have the magic pill for success are multiplying by the day with hundreds of solutions to choose from.

***What is a business supposed to do?***

We believe that in order for businesses to be successful, rules from the old and new economy need to be merged to define a new set of guidelines that will drive the principles and values of businesses for the future. Customer focus is critical for success as customers are the source of income for a business. Without the customer, the business has no business being in business. The success of a business predominantly depends on its ability to attract and retain the best customers.

A number of businesses focus on satisfying the customer and a business can have millions of satisfied customers. Unfortunately, having satisfied customers is not enough to have sustainable growth. A satisfied customer does not imply that they will talk about your organization or service to others and that they might refer others to you. An organization can lose out on potential increments in revenue, customers and profits, if it fails to WOW the customer. An impressed customer is not only a satisfied customer but also a LOYAL customer. In order to develop customer loyalty and the WOW effect, organizations need to consistently provide service quality that is above and beyond the customer's expectations. In other words, every interaction that the customer has with your organization needs to have the WOW factor. In doing so, the organization gains customer loyalty and increased customer retention. Loyal Customers, and customers that feel that you met and exceeded their expectations will talk positively about their experience and will refer others to you. This is critical, because the longer a customer stays with the company, the higher the revenue and profitability from the customer. The lifetime value of a customer increases exponentially with the number of years they have been your customers.

Why Loyal Customers Are More Profitable



'The Loyalty Effect' by Frederick F. Reichheld

It is clear that organizations need to focus on developing higher customer loyalty in order to increase revenues, profits, and to achieve sustainable success and most organizations will accept this fact. Majority of vendors and solution providers in the CRM space will convince businesses of this vision and sell them tools to convert this vision into reality.

There is a limitation to this vision and the method by which it is implemented by numerous vendors and businesses:

***A focus on the customer is critical for success, but how you define your customers is even more important.***

Most organizations define their customer as the end consumer that purchases their product or service better known as “the External Customer”. These organizations also need to understand the importance of focusing on other external and internal customers: Partners and Employees, respectively. Focusing on the Partners and Employees is as critical, if not more critical, as focusing on the end Consumer.

- The revenues and profits for a business are primarily stimulated by customer loyalty, and customer loyalty is based on consistently satisfying the customer. Customer satisfaction is primarily driven by the quality of service and perceived value of the service provided to the customer. Satisfied, loyal and productive employees create service value. Customer loyalty is going to be driven by employee loyalty. Consequently having loyal, satisfied and productive employees is as critical as having loyal customers. This is demonstrated by the fact that most of the highly successful customer centric companies in the United States today, also are some of the best places to work at.

- No business is an island, and today business survival depends on forging profitable relationships. As with employees, developing strong relationships with your partners is critical for providing GREAT customer service. All companies in today’s economy depend on partners in order to deliver services to its customers. Companies need partners to provide raw materials, delivery services, manufacturing facilities, communications infrastructure, and more. Without partners, it is impossible for a company to function effectively and keep its promise to its customers. A company’s relationship with its partners is a determining factor in its ability to fulfill customer needs.

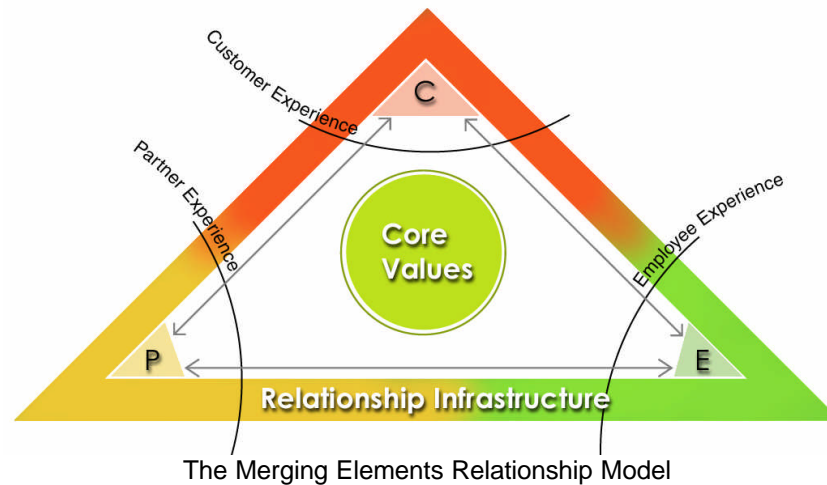
**A Customer Centric Enterprise focuses on its customers, employees and partners, because employees and partners are the players delivering the customer service experience.**

An organization that wants to have sustainable success needs to focus on all its internal and external customers. This organization should design all of its business processes and customer interaction touch-points with the goal of giving the customer the best service experience. Everything that the business does should be designed from the customer’s point of view and catered to enhance the customer experience. A business should bear in mind that the customer is a combination of internal and external customers.

When an enterprise defines its “customer” as a combination of its customers, employees and partners, and when the whole organization is designed to provide the best customer experience at every interaction – that’s when the enterprise truly becomes a Customer Centric Enterprise. And a Customer Centric Enterprise is exactly what will be required for an organization to achieve sustainable growth.

Merging Elements has developed a model, ‘Relationship Model’, to better understand the importance of all three players in a Customer Centric Enterprise. The Relationship Model is explained in the next section.

## The Relationship Model



The Relationship Model presents a number of concepts that are important to understand when developing a Customer Centric Enterprise plan. These concepts are described below:

**Core Values** The values upon which the leadership has built the foundation of the company. Core values are the ideals, principles, and philosophy at the center of the enterprise. These are the values that drive the decisions made by each and every employee within the organization from major decisions to performing their day-to-day functions. These values need to reflect the company's focus on the customer, since these are the guidelines that will drive the Customer Centric Enterprise. The Core Values of an organization are the foundations upon which the company's Customer Centric strategy is created. Hence it is at the center of the Relationship Model.

**Customers, Employees and Partners** The three corners of the triangle, represent the three elements in the enterprise that combined make the organization customer centric. One of the first steps that all organizations need to take in the process of architecting a Customer Centric Enterprise is to define the company's customers, employees and partners. This step is essential in order to know the company's target market, customer profiles, customer needs and expectations, employees needs, partner profiles and their roles and needs - before developing its customer centric strategy.

**Interactions** Represented in the model as the arrows connecting the customers, employees and partners. The interactions between the players and the rest of the organization play a pivotal role in determining their experience with the organization. As the channel is the primary touch-point determining the user experience, the organization needs to develop a channel strategy as a part of the overall business strategy. The channel strategy needs to define the channels to be used by the different players, the services to be provided via each channel, cost of supporting each channel and other channel matters. When developing a channel strategy, organizations also need to focus on consistency in service quality between the different channels.

**Relationship Infrastructure** It is the underpinning infrastructure required in order to support the different players in the Relationship Model. The Relationship Infrastructure is what defines the technology and processes that an organization

implements in order to satisfy the needs of the players. The supporting infrastructure required for each player may be different depending upon individual needs. For example, the support infrastructure required for the customers might be related to channel support, web self-service, knowledge base solutions, call-center support, and others. Similarly, the support infrastructure for the employees might be focused on HR needs, tools required to perform their job functions and knowledge management tools. Finally, the requirements for the partners might be different based on their role and involvement required in the overall strategy.

**Experience arcs** The three arcs in the model represent the user experience for the three players in the organization. The Employee experience in the organization is developed based on their interaction experience with others and the support that they obtain from the organization. The same applies for the customers and partners. When architecting a Customer Centric Enterprise, these experience arcs act as checkpoints in making decisions. It forces the leadership team to view the impact of any change from the experience view of the three players critical to the success of the overall organization.

### A never-ending transformation

**An organization's ability to change itself into a Customer Centric Enterprise and its ability to relentlessly retransform itself will determine the longer-term success of the enterprise.**

Architecting a Customer Centric Enterprise is a continuous transformation process. The organization needs to architect, plan, and implement and measure its success as seen by the three players in the enterprise. The organization also needs to develop systems, metrics and process to constantly monitor the success of its customer-centric strategy. The transformation to a customer-centric organization is a spiral process and with the right learning mechanisms in place, the organization will be able to move closer to the "target". As customer expectations are constantly changing, based on their prior experiences and word-of-mouth, the final "target" in the strategy is constantly evolving and a moving target. The organization needs to continuously understand the

changing requirements and modify its systems and processes to meet and exceed customer expectations. An organization's ability to change itself into a Customer Centric Enterprise and its ability to relentlessly retransform itself will determine the longer-term success of the enterprise.