

## Let's get into "Customer First" but only when we have to.

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When it comes to customer satisfaction, I can't think of two more important key performance indicators (KPI's) in logistics than lead times for delivery and manufacturing and I don't know how many organisations that I have worked with, and clients that I have consulted to, that have been bedeviled by poor performance in these two KPI's.

In the 70's, 80's and into the 90's, it was essentially assumed that poor numbers with these KPI's were somehow to be papered over. It was assumed that good salesmanship would always be able to hose down an angry customer fuming that yet another delivery was late.

Then into the late 80's and 90's, the business process reengineering revolution (BPR) and Total Quality Management (TQM) revolutions began in earnest with their evangelical cries of "Customer First" and "Let's get it right the first time", further refined by the six sigma quality high priests of the late 90's.

The problem is that not enough organisations caught the BPR, TQM and six sigma diseases. BPR, TQM and six sigma are certainly not the full answer to an organisation's woes, but they are instrumental in helping senior management to focus, not only on cost reduction (which is a "fait accompli" strategy for most managers) but on doing it right for the customer (whom most managers still today, think are a pesky nuisance who do no more than get in the way of their annual bonus payments.)

In fact, I find it highly depressing that more than 10 years after the first cries of "Customer First" were first heard in earnest from management consultants, that so many of the world's smallest to largest organisations still "don't get it."

Take Sol Trujillo, CEO of Telstra, newly imported, all fresh and frisky from the USA, as an example of an amazing new strategy to improving the fortunes of Telstra's share value - wait for it ... "Customer First" .

So, does it have to take a feisty imported CEO from OS to determine what should have been blindingly obvious to anyone? - that customers actually matter. Why did it take more than 10 years to learn this lesson?

Simple. The lesson was certainly "learnt" ten years ago but it was deemed non-strategic to implement in any meaningful way. Read - we'll only really do this stuff when we are forced to, when our competition has lifted its game to the extent that we just have to.

Now, I happen to think that Sol Trujillo is doing an amazing job given the legislative minefield that he is walking (or is that stomping over ...) and I feel certain that his "new" Customer First mantra is truly heartfelt. But honestly guys, what on earth is there new about it? It should have happened more than ten years ago. I do admire Mr. Trujillo though, for attempting to now change the culture of Telstra to facilitate this noble "Customer First" "new" strategy.

Enough of mega-organisations like Telstra. In my experience, this kind of “let’s put customers first but only when it suits us” mentality is also rife in small and medium sized organisations. It is not an affliction of the large. It is more an affliction of the arrogant and lazy. And arrogance and laziness knows no size bounds.

Do I hear another refrain of “Off with the CEO’s heads!” again? Yes and no. For once, I am going to begrudgingly agree that this kind of - let’s face it - very poor performance - is not only due to any lack of competence on behalf of CEO’s.

It’s actually much deeper and complex than that. It’s a function of western and increasingly, eastern, culture that CEO’s are driven by the short term, not the long term. So, today’s strategic decision is based on yesterday’s “event” and tomorrow’s strategic decision is based on today’s “event”. I call it *management by sound bite*.

A terrorist strike, a spike in the (daily!) cost of oil, an interest rate move, an unexpected change in employment, a better than anticipated profit announcement from a competitor, bad weather, weather that is too good, global warming, global freezing, global anything and ... and ... and ... These events can easily result in the wholesale jettisoning of organisational strategy only to have it reversed the following week when yet another event changes the “course of the ship”.

Yes, whether the stakeholders are employees, shareholders, the ever-present financial analysts or the public, “long-term” strategy today means anything longer than ten minutes! Is it any wonder, given these ridiculous expectations from stakeholders who should know better, than the Enrons and Worldcoms were born?

They were born because they were allowed to hatch, grow and prosper at the expense of integrity and ethics. And then, to add hypocritical insult to injury, everyone (and I mean everyone) jumps up and down at the horror that the Enrons and Worldcoms cause.

Clearly, the tram is out of control and for as long as we keep riding in it, we too, will remain out of control until the current “short- termism” madness is brought to account.

I have always maintained that we get the politicians that we deserve and we get the business practices that we deserve. As hard as it is, I am going to avoid expanding on politicians so let me have a crack at business practices instead.

To wit, I remember well, when I studied marketing at an undergraduate level in the 80’s, that the marketing text books that I read, had a somewhat perfunctory chapter on “societally responsible marketing”. It was a chapter that was there because it just had to be, from a politically correct point of view. Frankly, none of us in the class at the time took that chapter seriously.

These days though, things are a little different - just not different enough. For example, Nike no longer exploits “Asian factory fodder labour” as badly as it did in the late 90’s. McDonalds food does have more nutritional value than before. Boost Juice is indeed based on a drink that is good for you. Just about all new cars have 4 wheel disc brakes and air bags to increase safety.

So, it’s not that change is impossible in terms of societal expectations. But all the change described above was due, not to the proactive nature of those “altruistic” organisations,

but it was change that was foisted on them due to consumer revolt and backlash. Did any of those organisations gladly and proactively bring about that change or did they partake in it through much kicking and screaming?

The answer is all too clear. They did it because they felt compelled to.

And that brings us right back to Telstra's Mr. Trujillo with his marvellous invention of "Customer First". As mentioned above, I am an admirer of Mr. Trujillo's courage, if not his hide, in announcing this "breakthrough" strategy.

My beef is: why did it take 14 years and several CEO's after privatisation in 1992 for Telstra to discover that their mission in life should actually be to love their customers? Because up until now, they didn't need to.

So, what's the answer? I must say there is no simple clear-cut answer here. The unfortunate truth is that CEO's will continue to do what are "societally less than responsible" things, for as long as they are allowed to. For as long as the analysts and the institutional shareholders and increasingly, the hundreds of thousands of "mum and dad" shareholders, claim title to being "the driver of the tram", the tram will continue to knock over safety pylons.

And just talking about "Balanced Scorecard" management, in which societal ends are supposedly kept in mind by senior management, will never work unless society itself changes. And that is, as they say in the classics, "a big ask".

Notwithstanding the above less than optimistic analysis, is there anything that readers can do to help steer the tram in a different direction? Yes, there are but they will take a couple of decades to take effect. So, the sooner we all start, the sooner we can make a difference:

Our education system has been going backwards for the last 20 years. Our current generation of teenagers is the most advanced, information-rich and values-poor generation in the history of mankind. Our parents, teachers and legislators have much to answer for.

Our business ethics, in turn, simply reflect the vacuum created from the educational fracas described above. Simply, ignorance is breeding ignorance.

In turn, our appalling lack of societal ethics directly leads to the short-termism, "I'll do what I have to, but only if I am made to do it" approach to management, which is rife everywhere today, despite all the rhetoric.

So, if we want to make a difference in business with organisational strategy based on proactive approaches rather the current punitive approach, then perhaps we should start by looking at ourselves as people first, before looking at ourselves as business people.

Because, underpinning every businessperson, there is a mother and a father, a son and a daughter, a wife and a husband, a life partner and a friend and a colleague.

If we can get that part of us right, then CEO's running businesses using "a customer first" approach proactively instead of reactively, will become the norm, not the exception.

Is there anyone out there who wants to try?