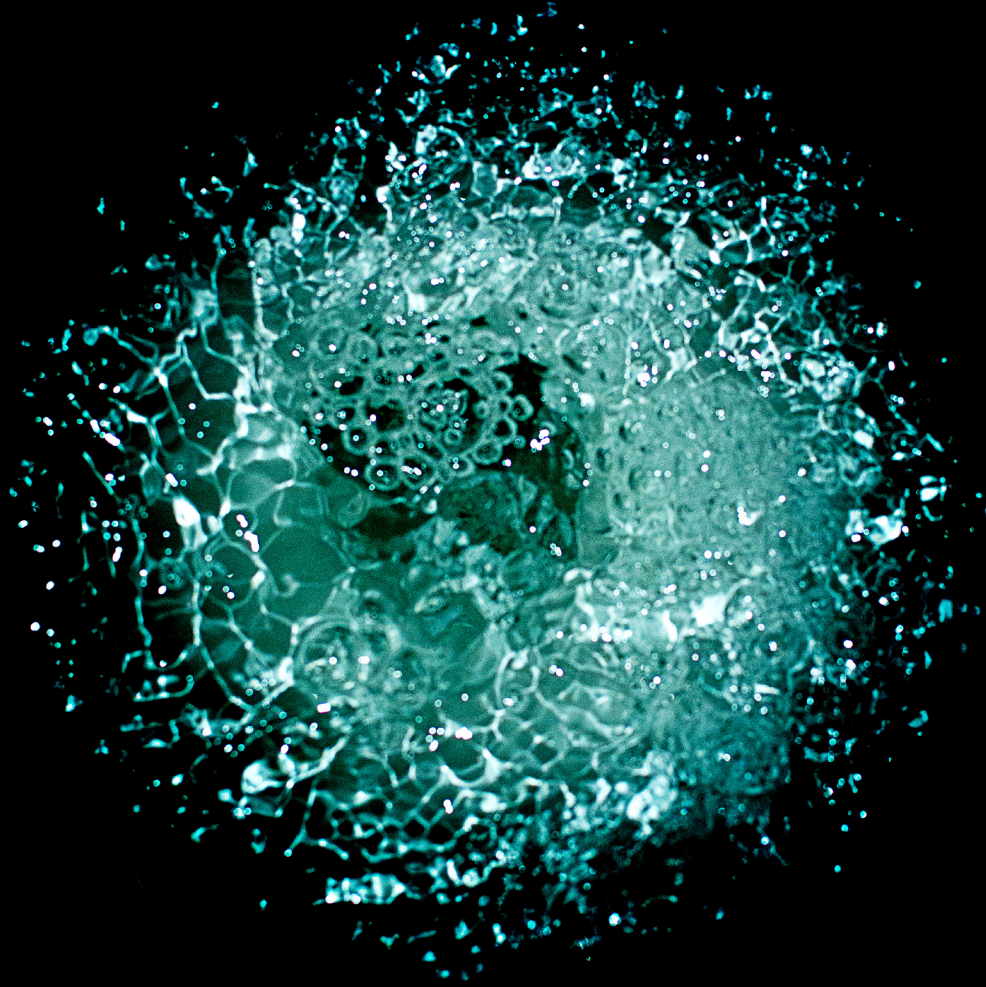


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The BIG question:

What's different about a customer-driven
business transformation?

With customers holding more power than ever before, some transformation leaders are using the customer perspective to drive their transformations – not just as another input.

What's different about a customer-driven business transformation?

There's been no shortage of attention focused on the growing power customers hold in their relationships with the companies that serve them. If anything, this view is reinforced more with each passing day, as digital, mobile, and social trends deepen, awakening new levels of customer power. The evidence? Major, often highly visible, industry-level disruptions in sectors like media, entertainment, retail, travel, and healthcare. Some companies in these sectors underestimated the changing power dynamics with their customers – a fact that was exploited by nimble, more customer-oriented competitors.

While most business transformations have a customer component, customer-driven transformations are typically centered on accomplishing one or more of three primary paths for creating value:


- Adapting to changing customer expectations
- Delivering new forms of value to customers
- Tapping new types of customers

Considering a customer-driven transformation? Start with these questions.

What's the point?

Transformation is a big topic—one that encompasses business processes, regulations, the workforce, technology, external stakeholders, and more. It's also a topic that comes with big questions. The Deloitte Business Insights and Guidance (BIG) on Transformation series seeks to help leaders rapidly understand the issues at play—one big question at a time—so they can make big, bold changes that allow them to own the disruptions taking place in their markets.

The big question right now: What's different about a customer-driven business transformation?

 Still have questions after reading this piece? We can help. We're big on transformation. Contact us to get the conversation started.

Which customer(s) are we really serving?

“Who’s our true customer?” It’s not a new question – but it takes on new relevance in the context of a transformation. For many companies, it’s a question that’s not as easy to answer as it may seem. For example, think about a “fast casual” restaurant chain. Is the customer the person who orders and pays for the food? Is it the person who eats the food? Or is it the franchisee who has bought into the franchise model? Surely it’s all of the above – it’s about understanding important differences and finding the right balance of attention and resources. It’s also about unlocking business transformation opportunities

when taking a ‘line of sight’ view (e.g., understanding what it takes to grow the unique mix of customers who turn up for a particular mealtime in a distinct segments of franchisees.)

In a customer-driven transformation, it stands to reason that this is the first and most important question to answer. Clarity on ‘which customer(s)?’ is foundational to any fundamental changes to the company’s business model and / or operating model.



What type of new customer value should we try to pursue?

Customer-driven transformations can cover a lot of ground – the customer’s purchase, use and / or service experience, as well as all the company functions that play a role (e.g., product development / R&D, marketing, sales, customer service, IT, finance, and human resources.)

At the same time, it’s important to make sure a customer-driven transformation is disciplined and focused – precisely because the possibilities are virtually limitless. For some organizations, it’s all about speed of service. Others are trying to drive a more sophisticated level of customization. You get the idea. Start with a clear goal on customer value and how that customer value will translate to company value. Encourage your peers to understand and agree with it, and you can improve the odds of driving a transformation that stays on course and begins delivering the expected value on time.

An airline is redefining its customer experience to win in the market

A large European airline launched an enterprise-wide customer experience transformation to help achieve its objective of becoming a leading global customer-focused airline.

In collaboration with Deloitte Consulting LLP, the airline segmented the customer landscape for air travel, determining which customers it will focus on, identifying their drivers and barriers to flying on the airline, today, and the company’s strengths and challenges in winning with those customers. The airline then architected the future customer experience, grounded in deep insights from customer journey and “moments of truth” research.

The airline sought to unlock value for customers via “personalization” of their experience, including delivery of personalized communications, offers, and services to create a “sticky” experience at key customer moments of truth. This customer-centered design constituted a sharp departure from the company’s predominantly internal-process and technology-driven approach to delivering an experience. Executive leadership is transforming the company to deliver these new experiences.

How can we evolve along with our customers?

What happens when you use customer insights to evolve your products and services and the overall customer experience in real time? You can generate higher customer engagement, greater willingness to recommend, and a more delighted customer. Customer insights become part of the value – driving a more personal and more valuable relationship with your customers.

What does that have to do with transformation? Transformation is fundamentally about adding to or improving existing capabilities, including the talent and information systems required to make them powerful. In this case, a company either a) adds a layer of analytics to existing or new processes, or b) reshapes existing analytics models to become more customer-centric. From there, it's possible to build learning and adaptive customer-facing capabilities – evolving with your customers.



What specific role will analytics play in your transformation?

Given the massive amount of customer data being generated today, it's virtually impossible to discuss sharpening your focus on customer needs, desires, and preferences without considering customer analytics. With analytics insights, for example, it's easier to make smarter offers to customers – to put the right offer in the right hands at the right time. Maybe it's a coupon, or maybe it's a customized message received by customers as they walk into a store – anything that makes for a relevant, timely interaction with customers.

Analytics has another big role to play in the context of a transformation: identifying and demonstrating the actual value and impact of customer-focused transformation. For example, in the pharmaceutical industry, some transformation leaders are using analytics to show how improvements in drug therapies are leading to fewer therapy days for patients, a decline in hospital visits, and a lot more – powerful insights for the patient, provider, and payer. That's the kind of value that can build on itself.



Who should lead a customer-driven transformation?

When a deep understanding of the customer is involved, it's easy to assume that the CMO or some other senior marketing leader should take the lead. In the case of a customer-driven transformation, that may be true – but not necessarily. Customer-driven transformation requires a deep understanding of the customer, so the CMO will have a key role to play. But that's just the start. From there, the transformation leader will be required to work across a host of functions – to drive a complicated, integrated transformation. That's why initiatives like these tend to work best when in the hands of someone who can navigate the entire organization. When building a team, start with a list of people who have the ability to do just that.

In biopharma, customer insights are shaping the product

Analytics insights aren't new in the world of biopharma. The entire drug approval process is built around sound analytics. But more holistic customer-focused insights have not traditionally played a big role in drug development – until now. Biopharma leaders have started making big investments in their ability to use data – not just to better understand the clinical impact of the drug on the medical condition, but in improving their understanding of the holistic impact on patients – clinically, physically, emotionally, and socially. And they're using those insights to create more compelling evidence for why regulators, physicians, hospitals, payers and patients should consider their product.

Injecting customer insights into the clinical development and regulatory processes is leading the way to more effective (and potentially more valuable) treatments. These insights don't stop at launch, either – these same companies are using analytics to better assess the impact of their products on real-world patients, helping them refine future clinical trials and improve their bargaining position in negotiations with regulators and insurers on product pricing and reimbursement.

Let's talk

Want to learn more about how to best adopt to customer expectations, deliver new value or tap new types of customers? We should talk. We have a strong record of helping organizations navigate effectively through the challenges of transformation to deliver new value. Our global network of business and technology professionals,

as well as extensive industry-specific experience, means we can rapidly collaborate with you to develop a transformation vision and strategy that makes sense for where you want your business to go.

Want to know more?

Want more answers to big questions about transformation? Contact us to get the conversation started.

Mark Pocharski

Principal

Deloitte Consulting LLP
mpocharski@deloitte.com

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