

The Drivers That Create Customer Value

What are the factors that determine the value you create for customers?

How can you improve your ability to understand the value customer's want?

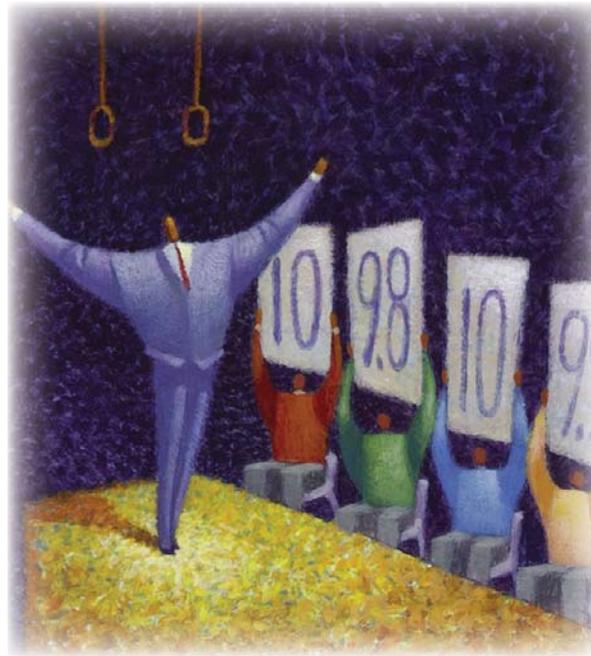
Building a service-selling culture that achieves breakthrough results requires consistent, value-creating performance by your team. Let's start with a common definition of value.

Simply stated, **Value = Benefits - Costs.**

It might seem obvious but benefits are not really benefits until they fill a want or need of a person, an organization, or both. Put another way, your customers decide what benefits are meaningful to them based on their needs and wants. After they subtract the cost of doing business with your organization in terms of time (convenience and responsiveness) and money (prices and investment), they are left with a result that equates to the value you have delivered.

I think it is safe to assume that your service team has no control over the costs to customers. These operational decisions are made by management and, other than respecting a customer's time, there is little that a service person can do to change the cost element of the equation. What's left is their ability to focus on benefits. If they can effectively communicate benefits based on each customer's unique situation, they will create value. And a value-creating service team will build deeper relationships that lead to selling more solutions to fulfill your customers' wants and needs.

In our experience, creating value is typically the result of four key drivers of performance—*The Right People*, *The Right Process*, *The Right Support*, and *The Right Commitment*. We address these key dimensions in our *Performance Driver Model*. It serves as a framework for developing a "service-selling" culture in organizations and, if executed effectively, will increase your competitive advantage. These Performance Drivers will help leadership to build the bridge between service and service-selling—a connection that is critical to your success in implementing a customer-centric growth strategy.

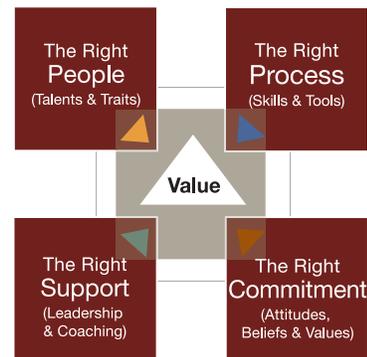


Value

The first step to increasing competitive advantage is to understand the value you are currently delivering to your customers. This is central to your organization's success, so assess it honestly; and consider that each customer has their own equation for measuring value based on their individual wants and needs. If your service team can truly understand their expectations and consistently meet or exceed them, your potential for growth will be greatly enhanced.

Your organization's ability to create value for your customers is determined by how well your organization optimizes the four key drivers illustrated in the model below:

Performance Driver Model



The Right People

“Get the right people on the bus and in the right seats.” The quote from Jim Collins, the best-selling author of *Built to Last* and *Good to Great* has become the battle cry for many high performing organizations. His research over the past two decades has indicated that great organizations understand that the ultimate throttle on growth is not markets, or technology, or competition, or products. It is one thing above all others—the ability to get and keep enough of the right people. This is more important in driving value-creating performance than technology or strategy.¹

To increase your organization's competitive advantage you need to determine the profile of those people most likely to succeed in your service-selling culture—and hire to that profile. One of the biggest fallacies in defining this profile is relying too heavily on the “can do” elements of an individual's performance. Our research has shown that the attitudes, values and beliefs of people are far more predictive of high performance than knowledge and/or skills alone. In fact, these “will do” and “will fit” dimensions typically account for over 80% of what we call a “Success Profile.” To the extent that more of your service team match this profile, you will enhance your organization's capability to maximize the value you create for your customers.

The Right Process

Equip your team with the attitudes, beliefs, skills and tools to communicate with your customers in ways that consistently reflect a customer-centric culture. If you want your team to become more customer-focused, you must implement a consultative needs-based service-selling process. An effective service-selling process will help employees understand that selling, like service, is creating value for customers rather than selling products to customers.

There are several key components to a results-producing service-selling process: an ethical foundation, customer needs-focus, and the flexibility to communicate effectively with different types of individuals. Foundationally, it must be rooted in ethical behaviors. If a organization's service team believes that a process does not reflect their customer-centric cultural values, they will not get committed to its successful application. Second, it must be based on a philosophy focusing on customers' wants and needs. If a communication process does not address both the emotional and functional needs of its customers, it will fall short. Finally, the service-selling process must be flexible to the behavior style of an individual customer. This is less about what information a service person shares, but how they share it. There is no “one size fits all” approach to dealing with individual customers.

The Right Support

Insure that your leadership and management teams have the focus and skill to support a successful service-selling culture. Leadership must “walk the talk” by not only providing clear goals and strategies but also support their service teams in creating value for customers. This might be as simple as reinforcing an individual employees' customer-centric behavior or as strategic as developing recognition programs that reward value-creating activities.

No less important is the need for effective coaching. Across corporate America and in most banks, this is a consistently under-leveraged performance accelerator.² Your team and your culture will fall short of maximizing the value created for customers if your frontline managers are not coaching.

To create a “coaching culture” in your organization you must improve

the balance between goal directedness and sensitivity to people. As you attempt to make the transition from a pure service culture to a service-selling culture it is essential for managers to reinforce and coach employees in the belief that service and selling are focused on the same outcome—creating value for customers by identifying their wants and needs and helping to fulfill them.

The Right Commitment

Align your service team with the importance of your service-selling initiative for your customers. To achieve breakthrough results from a growth strategy, an organization must generate a high level of commitment from its service team. Having the “right” *people, process, and support* will facilitate commitment, but a change process can not be sustained without high levels of employee alignment and engagement—you must capture their hearts as well as their minds.³ A customer-centric growth strategy will fail if it only stresses skill development.

Organizations spend roughly \$60 billion each year on development initiatives and most of this investment in human capital is wasted. It's not because employees don't want to change to improve their effectiveness. The majority of what is presented is forgotten in a matter of a few days because the new information isn't immediately integrated into their jobs.⁴ In order to avoid this, your service-selling transformation must be managed like the change process that it is. Your service team must have an opportunity to accumulate experience in service-selling (the key factor that determines performance improvement) and be reinforced by their colleagues and managers.

The final element in engendering the “right” commitment is trust. But trust is not *learned* ... it is *earned*. One way to earn the trust of your service team is to involve them in creating the implementation plans for executing your customer-centric growth strategy. If you can empower them with the responsibility and authority to make decisions, they are much more likely to achieve your desired results.

In today's commoditized markets your competitive advantage does not depend on the products you offer, because quality products are expected by today's more sophisticated customers. It begins and ends with the ability to create value and build trusted advisor relationships that create loyalty customers. Optimizing the four *Key Performance Drivers* outlined in this article is mission critical to achieving higher levels of asset growth and profitability.

Notes:

1. Jim Collins, “Good to Great,” Harper Business, 2001
2. CSO Insights, “Sales Performance Optimization” 2006 Survey Results
3. John Kotter, “The Heart of Change,” Harvard Business School Press, 2002
4. Charles Fred, “Breakaway: Using Speed and Expertise to Deliver Value to Customers,” Grand River Publishing, 2000