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TRUE TRANSFORMATION REVOLVES AROUND THE CUSTOMER

When Amazon.com launched in 1995, it was with the mission “to be Earth’s most customer-centric company, where customers can find and discover anything they might want to buy online, and [to] endeavor to offer its customers the lowest possible prices”.

Amazon has come a long way since then and its customers, who now include consumers, sellers, content creators, developers and enterprise, have different needs. Amazon is constantly working to meet those needs, developing new solutions to make things **easier, faster, better, and more cost-effective.**

So it should come as no surprise that the first leadership principle of one of the world’s most successful companies is customer obsession.

Cost-cutting versus corporate transformation

Often, when Alvarez & Marsal is called in to work with senior management teams on transformation initiatives, the default question is how quickly can we reduce our costs? So-called “efficiency offices” and internal “transformation” teams start with EBITDA improvement goals that often focus too heavily on cost.

“While being lean and agile is necessary, if cost reduction is the most important metric, executives will instinctively defend their departments,” says Joe Berardino, managing director of Alvarez & Marsal’s corporate transformation practice.

“Cost-cutting should eliminate any activities that are not valued by the customer. Any savings should be considered for investing in the customer experience. When the transformation journey is rooted in the customer experience, it tends to reduce political fighting or turf sensitivities and gets the focus where it belongs.”

Transformation amid disruption

Disruption, whether it comes from competitive forces, technology or another cause, is forcing companies to redefine their business models. Digital technology in particular is surging forward at a pace that is hard for organizations to keep up with.

The Lesson

To win support for change at every level of the organization, the transformation must be anchored in clearly articulated strategic priorities and the enterprise’s customer value proposition.

THE CUSTOMER IS FUNDAMENTAL TO THE JOURNEY



“We work with companies across industries on how to combat and tackle disruption, to drive transformation and to avoid becoming obsolete,” says David Riviere, managing director with A&M in Atlanta. “Companies must keep and enhance their most valuable assets – which are the customers they have created,” he says. “Customers are a core asset and, amid disruption, companies can lose sight of what the customer wants.”

Today, customers expect that companies will predict or perceive what they want next, what will make their lives even easier. When a transformation program is being laid out, leaders must keep asking themselves, would a customer care about this?

If a customer overheard an internal debate over whether to give up the fleet of corporate jets, would they feel that discussion had anything to do with what was best for them? When it comes to online grocery shopping, for example, is the customer’s priority 24-hour delivery, or is it having 10 kinds of apples to choose from?

In early April 2017, severe weather at Delta’s Atlanta hub caused massive disruption across the airline’s entire fleet . In the aftermath, a Forbes article articulated the necessity of customer obsession very succinctly, stating:

“In today’s digital world, the value of a brand is the sum total of all of the interactions a company has with its customers – in person, on the phone, online, on the mobile app. In spite of this week’s disruptions, Delta’s brand remains strong, because its relationships with its customers remain strong overall.”

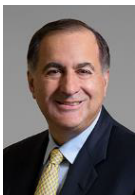
Taking the lead

Successfully transforming a company as a result of disruption also requires leaders to publicly acknowledge the extent and impact of that disruption, says Malcolm McKenzie, corporate transformation leader for A&M in Europe.

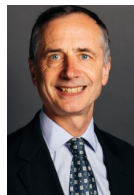
“When we undertook a major research program with Henley Business School (involving 75 case examples) on how to successfully lead through extraordinary disruptions, the most frequent reason for failure was companies not recognizing and ‘calling out’ the scale, speed and nature of the disruption,” he explains. “Board members have a particular responsibility to ensure this is properly addressed. And different types of disruption call for different styles of leadership.”

GOT A QUESTION? CONTACT AN INFLUENCER

ANSWERS ARE ONE CLICK AWAY



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