



DNA White Paper

Optimising Customer-Facing
Business Improvement Projects

The Simultaneous Pursuit of Growth and Profitability

In a customer facing business improvement project the goal is optimisation. Princeton defines optimisation as the “simultaneous pursuit of growth and profitability”. The customer needs to be delivered more value through key touchpoints for the business to achieve growth. At the same time the business needs to cut out non-value adding costs thereby improving profitability.

Unfortunately some of these optimisation projects don't add value to the business because the project itself is not optimised. The project may not have enough financial rigour, it may be based heavily on assumptions not insight, the output is not considered innovative enough or the likelihood of adoption of the ideas is lowered because some or all are out of kilter with the business.

To maximise the output of a customer-facing optimisation project there are seven key features that you should consider building into the approach.

- Prioritise a specific set of customers in a channel using feasibility and impact trade-off scoring.
- Establish the link between key financial metrics and customer behaviours.
- Use ethnographics to enable you to go 'deeper' into the mindset of customers.
- Use personas to model the target customer, their needs and goals around the specific behaviour from the insights.
- Visualise the whole journey and prioritise touchpoints in the channel from a customer's point of view.
- Use creative thinking tools that get to ground-breaking opportunities.
- Judge ideas on both feasibility and impact in the context of a limited pool of resources.

Optimise your projects by adopting attitudes, tools and methods

The value the business gets from a customer-facing optimisation project can be improved by adopting different attitudes, tools and methods. The ability of the business to achieve focus, putting the user at the centre of the process, adopt methodologies outside the business' skill-set and use of visualisation techniques all improve the performance of projects.

Identify issues that can be affected with priority customers in priority channels

Pinpointing the part of your business to investigate will obviously make the project more focussed, but you need to ensure that impact and feasibility of this focus is justified. Modelling the business challenges and opportunities down to a channel and with a specific set, or subset of customers in that channel is the first step. These models can then be prioritised using feasibility and impact scoring. Feasibility is the possibility of enacting change in the focus area and impact is the significance of the resulting change. This level of focus will make the downstream work more 'surgical' as time will not be spent collecting insights that are irrelevant.

Establish the link between behaviour and financial metrics

Further focus can be achieved if you can establish the link between key financial metrics and customer behaviours. The business should prioritise the metric it wants improved then model back the behaviour levers that directly affect this metric. For example, in the banking industry cross-selling of products to existing customers is a key metric in a high street branch. Analysis of this metric shows that the interaction between the customer and a staff member is the key behaviour that has the most affect on product cross-sells. This linkage gives a very clear focus to any optimisation project.

Gather deeper insights using humanities methodologies

Adopting methodologies from the humanities enabling you to go 'deeper' into the mindset of customers is another way of improving the performance of optimisation projects. The most powerful insights about humans come from the fields of psychology, anthropology, semiotics and ethno-graphics. With the right methods, tools and training, it is possible for the project team members to be the primary collectors of insights at this level. This enables the business to engage directly with customers and model how they interact with the business during the relationship and purchase process. By not using a third party researchers, the team understands the nuances of the customer better and the connection will be stronger.

Develop personas to bring hero customer types to life and to build empathy

Modelling the target customer, their needs and goals around the specific behaviour from the insights gained is best accomplished using personas. This methodology was developed by John Cooper to put the user at the centre of the software design process. It is applicable to any project where the customer/user needs to be central to any improvements. A persona is a fictional individual created to model and illustrate significant and distinct behaviour patterns and goals within a target market. They are defined by similar goals and behaviour patterns and are specific to the offer or channel domain of focus. Personas are a

consistent and effective communication tool for the project team and business. They build empathy for the consumer.

Visualise customer journeys and prioritise touchpoint potency

Journey visualisation will also enable faster and more meaningful communication throughout the project. Journey maps plot the customer's journey looking at their emotional state at each point and the value drivers. They show the key touchpoints interacted with at various stages and priority. Touchpoints are visualised by size (quantity) and colour (potency). For example in feminine skincare, while the magazine advertisement touchpoint is more dominant in quantity, the female shopper's conversations with her friends (word-of-mouth) has a significantly higher potency as do online forums and chat-rooms. The step of the journey mapping process is to identify points of advantage and vulnerability for the business across the journey.

Use lateral thinking tools to achieve breakthrough ideas

A significant improvement in an improvement project's effectiveness can be achieved by adopting creative thinking tools. Edward De Bono was a pioneer thinker around the limitation of the human brain to generate a comprehensive range of breakthrough ideas. Our brain is a self-organising system so it can file associations under various headings so we can recall that information as required. The limitation to this is when we try to think 'outside the square' our brain will only freely recall associations in that space. The use of specific thinking tools and methods help the brain break free from conventional thinking and move onto truly lateral ideas.

Feasibility and impact trade-off scoring filters and prioritises ideas

The use of feasibility and impact trade-off to pick and prioritise the winning improvement ideas can improve the downstream ROI. In Blue Ocean Strategy the authors talk about buyer utility and price as key indicators of customer uptake. These equate to the impact of the idea. The authors then refer to cost-profit and adoption as key indicators of the idea being implemented by the business. This is the feasibility of the idea. The final step is recognising that there is a limited pool of resources and making trade-off decisions about the various ideas on the table. Following these trade-offs being made the final decision is around rolling the idea out, prototyping, user-testing, piloting or further business case development.

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