

Customer-Centricity is not a “Soft” Performance Measure

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It is likely that many of us in Caribbean banking are familiar with the adage “Culture eats strategy for breakfast – Peter Drucker”. Managers can still attest to its validity today, where, how well an organization is able align its team members’ efforts to its focus on customer impact, is at least as important as its focus on the strategy to deliver overall financial performance. However, that said, issues related to people and culture, even whilst it may account for the vast majority (72 %) of the barriers to organizational success, are still considered the “soft stuff”. Senior Partners at McKinsey accept that most CEOs “readily acknowledge that the “soft stuff” is hard to get right.” Yet, they asserted that the best CEO’s “don’t just acknowledge that the soft stuff is hard, but they vow to treat the soft stuff as the hard stuff.”

The merit is clear for Caribbean Bankers, building a customer-centric organizational culture is hard, and in most instances, it spells the difference for organizations that are seeing sustainable successes versus those in a constant state of short-term financial survival.

A customer-centric culture where focus on the Customer is central to all facets of the organization, team members are deeply committed, engaged, and capable of consistently delivering an experience that generates value for customers, the organization, and themselves. This climate determines how people work together, in a way that either helps or hinders the firm’s ability to adapt, compete and win. It determines the values, mindsets and behaviors that constitute an environment conducive to success.

Central to a customer-centric culture is the focus on Customer Experience (CX), as well as the emphasis on Employee Experience (EX), with the understanding that there is a clear linkage. In an article “The Surprising Link Between Customer Experience and Employee Engagement - Forbes 2017” the author asserts that

engagement comes from feeling good, from passion for the company, from meaningful work, from attaching part of one’s identity with their job. In my own experience, the link is not that surprising, and I can attest that in the Caribbean companies for whom I have worked, engaged employees deliver superior Experiences. Team members are committed and go the extra mile to ensure that issues that arise are resolved, and a “solution-oriented” mindset, behavior, pervades the organization at both an inter-department level i.e. internal clients, as well as with an organization’s external client base.

Researchers have also documented the ways in which engaged employees contribute to organizational success and have a measurable influence upon the business. The impact of Employee Engagement boasts increased performance, as people who are engaged in their work are more likely to help the company achieve its goals. Engaged employees are less likely to leave their organization, signaling higher employee retention. The result is reduced employee turnover costs, reduced costs related to recruitment and reduced lag time for training to bring new hires up to full productivity. When your workforce is happy, it enriches your workplace culture and contributes to higher levels of job satisfaction.

Additionally, employee engagement significantly impacts key “hard” drivers of Business performance. According to Gallup, “engaged employees produce better business outcomes than other employees do - across industries, company sizes and nationalities, and in good economic times and bad. Engaged employees are more present and productive; they are more attuned to the needs of customers; and they are more observant of processes, standards and systems. When taken together, the behaviors of highly engaged teams result in a 23% difference in profitability”.



In practice, anecdotally, we can argue a correlation between Brands that are consistently successful, and their demonstration of high levels of employee engagement. A review of the high performers on the “Great Place To Work – Best Workplaces in the Caribbean” also recognizes some of the top brands, known for their business success. In addition to the impact of engaged employees on increased revenue and its contribution to profitability as outlined earlier, there are also associated reduced costs and improvements in efficiency. Teams who score in the top 20% in engagement realize an 81% reduction in absenteeism, an 18% increase in productivity (sales) and

59% less attrition – better business outcomes all round. A better customer experience is also likely to be achieved where high workplace engagement contributes to a 10% increase in customer loyalty/engagement which in turn can lead to higher customer retention.

Given these quantifiable benefits of a customer-centric culture, the engaged workforce, coupled with an enhanced Customer Experience, should it not receive the same attention as the more compelling financial goals, supply chain and loan portfolio considerations? Regrettably, today while Customer Experience and Employee Experience concepts are gaining popularity in Board Rooms and at the C-Suite leadership tables, I daresay that they continue to be relegated to the HR and Marketing/CX functions and not prioritized in the same way as “Core” Revenue drivers. For sure, what is missing is the same level of investment, robust measurement and reporting that go into largely lagging financial “hard” indicators.

Treating the “soft” stuff of Culture, Engagement and Customer focus as the “hard” stuff does call for a dramatic shift in the approach to leadership of our Caribbean Organizations. There is no “silver bullet” for effecting the change that is required, but there are a few key steps that

can increase the probability of success. My primary bias, would be to start with the People, sounds easy enough, but that covers just about every aspect of your organization. It ranges from focus on your own leadership – “Self-Mastery”, to a thorough examination of the drivers of organizational culture and of course the employee experience. Start there and make the link - in word and deed - to the Customer and the experience that you promise to deliver. This must translate into hiring for Customer-orientation and compensating for Customer focus, and the wide gamut of organizational activities in between. Of strategic and operational significance, leaders must ensure that the measurement of performance as it relates to the Customer Experience and Employee Experience, with the associated Key Performance Metrics play a lead role in the Board Room.

I should caution, that if it were easy to change mindsets, behaviors and cultures with the stroke of a pen, then more leaders would be doing it, let us acknowledge that it is hard. However, by any index, a Customer-Centric culture and its facets of employee engagement and customer loyalty, influence the financial performance of an organization, so it is well worth the effort. The impact on revenues, new customer acquisition, the increased share of customer wallet and reduced cost of employee turnover, as well as the reduction in poor-customer experience costs, all rebound to the overall performance of a company, described as the “hard” factors. Thus, the question remains, can we still consider a Culture of Customer-Centricity and its focus on employee and customer experience - the “soft-stuff” of Business Performance and success? I should caution, that if it were easy to change mindsets, behaviors and cultures with the stroke of a pen, then more leaders would be doing it, it is hard. However, by any index, a Customer-Centric culture and its facets of employee engagement and customer loyalty, influence the financial performance of an organization, so it is well worth the effort. The impact on revenues, new customer acquisition, the increased share of customer wallet and reduced cost of employee turnover, as well as the reduction in poor-customer experience costs, all rebound to the overall performance of a company, described as the “hard” factors. Thus, the question remains, can we still consider a Culture of Customer-Centricity and its focus on employee and customer experience - the “soft-stuff” of Business Performance and success?