

# THERE'S NO BUSINESS LIKE SHOW BUSINESS

YOUR GUIDE TO EXPERIENCE BASED MANAGEMENT



By Yalman A Khan

**T**he most successful businesses in the 21st century will be 'show businesses'. Show businesses in our context are not glitzy media companies; we're not talking Broadway or Hollywood. I am referring to the new phase of capitalism – the global sovereign shift in power from company to customer. I mean lean, visionary and open organisations, bold companies with guts. Show businesses are the future, and some have already started on the amazing journey.

I refer to the famous Irving Berlin song in this title only because I am passionate about show businesses. But the 'show' in my title has more to do with transparency and accountability and better governance than it does with Broadway. My editor doesn't seem to share my enthusiasm for double meaning, cheap puns and 'glitzy' business prose. My apologies, if you share similar sentiments. But read on... I promise you, it will all become clearer.

We are now going to give you an insider's peek into 21st century show businesses. How do you become one? Why should you even try? How difficult is it? How soon can I become one? This will be a crash course in experience-based management (EBM) for the masses. Luckily, this is not a book, so you should arrive at one of the following two outcomes.

- You 'get-it' and you want to know more – immediately.
- Your company is already a show business and you want to know how to enhance this.

## QUALITY HAS TO BE CAUSED, NOT CONTROLLED

Chances are if you are living in one of the major metropolitan areas of the world (London, New York, Frankfurt, Tokyo – or any large city for that matter) then you can be categorised as a jaded individual. You have seen much in life and you feel disconnected at some holistic level with the predominantly capitalistic world around you. Have I touched a raw nerve? No? OK, what about becoming increasingly cynical about life, politicians, democracy, product- quality and customer service? Basically, no one that I know who lives in a large city – anywhere, in any country – truly, honestly, believes that they can make a real difference any more.

Participation – making change happen, altering how things are done, perceived or just having a say – means nothing to most of us. Once we have all gained our myriad freedoms, those of us that live in relatively prosperous parts of the developed world begin to take things for granted. Once we cannot see a way to 'make a difference', we seem to switch off. If you live in

## ALL YOUR STAKEHOLDERS WANT TO IMPROVE YOU: TAKE CONSTRUCTIVE CRITICISM AND IMPROVE

We have a very simple approach to all of this.

Imagine I made a deal with you: let your customers, employees, suppliers, partners and investors help you improve. Give them the means to help you excel. Allow them to improvise and let you know as and when things matter to them, and they will inform you in a very structured fashion of all the little things you could tweak to build an excellent organisation.

Most leaders and companies out there today would refuse this simple deal. It sounds like more work. It sounds dreadful. It sounds slow, un-reactive and painful. Now if I told you that by allowing this level of interconnection your company could, within 30 days, realise the following:

### The causes of customer attrition or churn

- And be able to do something about this.
- And know who could be actioned to curtail this attrition.

### The levers for revenue acceleration

- What needs to be done and by whom?
- And how to systemise a process that takes care of this.

### The way to cut costs throughout your entire business

- Cut the fat of the land and know where those fat deposits are.

Now would you be interested?

How about if I then told you that by deciding to become a show business, you would not employ more resources? Not more service staff. Not more technology. Not more expense.

The idea is quite a simple one. Your customers know what goes wrong more often than not. Your front-line employees know where the organisation stress points are. You are your supplier's customer, so you know what could be improved when dealing with them. Your investors read your quarterly reports. They can sense fanciful talk and make you far more pragmatic and predictable.

So if we know all the above, why can't organisations learn from this? It's not for lack of trying, that's for sure. Data mining, neural marketing and the like have tried to model customer behaviour. They have tried and continue to do so even today. They are trying analytics on rooms full of data about customer actions – but are not spending a cent on customer experiences.

## QUALITY MONITORING

This is not a strategic issue. It is an operational one. It's a continuous one.

You need to promote a culture of 'continuous improvement'. A sense, if you will, of excellence. I am not talking about Six-sigma, balanced-scorecards, lean-service or business excellence (nothing wrong with them, but they do take years to implement and yield substantial results). I am speaking of systemically putting markers in place at all your 'blind-spots' so that automatic quality monitoring can happen 'live', real-time and all the time.

Eastern Europe and are finding your way in the commercial world, or you live and work in Asia, chances are this has already happened to you, or will soon enough. It's a part of growing up in the capitalist world.

(Don't get me wrong, I love capitalism. But there is a journey ahead and hopefully 'experience lightening' can help. More of this later.)

I think the internet's increasingly common usage in most developed countries means that the infrastructure already exists for us to finally have a meaningful level of sovereignty as engaged employees; as concerned patients and community members; as customers crying out for care; as intelligent investors who need to know how to improve our investments.

Although my cynicism does not paint all politicians, corporate leaders and employers as corrupt or insincere, I do feel that they are measuring the wrong things and focusing on the wrong processes. Businesses aren't yet show businesses. They are not transparent, easy to deal with and they are not engineered to take constructive criticism very well.

Philip Crosby has suggested that you cannot control quality. You need to 'cause' it to occur. It has to be methodically engineered and be part of everything that an organisation does. There has to be a design, a vision, a 'force' thought.

This means quality monitoring your:

- Web and e-mail transactions, content and service.
- Call-centre and field force agents.
- Your branch or retail store.
- Internal processes and systems.
- External points of interaction with other companies.

The idea is quite simple. Everyone already does experience-based management of some sort. They just do it periodically. Organisations involve their customers, analyse their feedback, distribute to the relevant people, then action improvements and hopefully learn from all of this. I realise that many don't even do this much. The reality is that very few complex organisations can do all of this in real-time and on-demand, intelligently.

### EXPERIENCE LIGHTNING

Imagine one of those novelty gadget shop desktop toys. You know the one where you plug in a vacuum sphere and if anyone touches the surface of this globe then sparks fly. They appear like mini-lightening strikes.

Now imagine that a company is like this spherical globe. But the globe is the size of the Earth. Instead of two or three fingers touching the surface at any one time, you get literally thousands and millions of touches every day. Each touch represents an interaction with a company's products or services, or with its processes or systems, maybe with its people or suppliers or partners or advisors. Most major, complex organisations experience this 'lightening' around 300 times a day. If you're a monster like GE or Citibank, then this lightening hits you more like 10,000 times a day.

Most of these interactions or touch-points are huge opportunities missed by the majority of companies that are not show businesses. Each lightening strike is defined as a business improvement opportunity pinpointed by any one of your internal or external customers.

Usually this sounds very easy. But imagine collating all these millions of inputs into a coherent framework. Once in such a framework, you will need to analyse and improve your business.

Companies cannot imagine receiving hundreds or even thousand of inputs (or lightening strikes) per day. Firstly, we need to make the strikes structured, quantifiable and accountable. Business rules need to be embedded in them and the interface needs to be welcoming, intuitive and engaging.

It needs to be multi-channel. Your spark collectors or experience collectors need to sit as non-invasive quality monitors on your websites, in your e-mails, on your customer's mobile phones and PDAs, in your call-centres, in your ATMs, your seat-back aeroplane screens, your retail kiosks, your POS systems, your set-top boxes and collate from all your historical periodic research if required. The point here is to structure and collate at the point of pain or delight. Allow your customers to register their experiences of quality and their perceptions of service levels on their terms, in their timeframe, when it matters to them – not when it matters to your customer insight teams,

market research folks or your mystery shoppers. These are not surveys. These are not questions you want answers to, so that you can present robust sample sizes to some spreadsheet somewhere.

We're talking about living and breathing according to your customers' delight. Capturing their sparks of lightening when they occur. Don't be alarmed. These nuggets of gold, these business improvement opportunities, are not scary things. They impose incremental change on organisations over time. They suggest some level of step-changes.

### SO WHO IS HARNESSING THIS LIGHTENING?

A good example is T-Mobile in the US market. They have gone out of their way to capture their customer's lightening strikes. They collect all they can, when they can. But the instigator is the customer, not the market researcher. There is no mystery shopper, no clip-board in your face.

In the US market, T-Mobile were always rated fifth or sixth in the prestigious annual JD Power & Associates survey. This July, they beat Verizon for the first time and within the space of 18 months of beginning their journey on experience-based management they were awarded the number one spot. This has had a huge impact on costs, growth and churn.

We all hope they can sustain this as they move forward, because their sales organisation is now compensating according to customer perceptions at the point of pain or delight. They have shown us all a new way of managing the experience lightening that strikes all organisations – day in, day out.

Each lightening strike becomes an opportunity to systemically evolve the business to enhance revenue acceleration, cut customer attrition and costs out of your business. Lastminute.com have achieved similar results within six months. Their CEO Brent Hoberman leads by example. Others such as HSBC, Washington Mutual Bank, AON, Xerox and NTL are beginning their journeys on this front.

### EXPERIENCE LIGHTENING AND YOU WILL BECOME A SHOW BUSINESS

If you make your business more accountable and transparent and action-manage your people seamlessly, then you have become a show business: transparent, open and accountable.

If you'd like to capture some special lightening of your own and leverage your customers to help you improve your business, you may just want to go to [www.responsetek.com/revenue](http://www.responsetek.com/revenue) and try out some financial return scenarios for yourself in your own privacy. If you and your colleagues would like a group webcast anywhere in the world, please contact me directly.

There's no business like... come on, you know the rest. ■

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