

## CBA's 4 step plan: developing a customer centric mindset



CBA has successfully developed new ways to engage customers and drive exceptional customer experience. Source: CBA

**Commonwealth Bank of Australia has reinvented the way it engages customers. Vanessa Gavan explores the bank's four phase approach to developing a customer centric mindset and outlines the steps organisations can take to transform their own approach to customer engagement**

The notion of customer centricity within traditionally asset driven industries, including manufacturing, and financial services, is incredibly complex. Instead of focusing on what customers really want, organisations have been distracted by "running the asset". Extensive time, money and energy has been spent on the products and infrastructure.

This is in direct contrast to the "outside-in" approach of customer-centred organisations, where organisations consciously put the customer at the core of the business. These organisations exist to service their customers. According to J.D. Power's annual list of Customer Service Champions, organisations who are doing this well include Amazon.com and ING Direct. Several local Australian brands are excelling in this area, a noteworthy one being the Commonwealth Bank of Australia (CBA).

CBA is a standout in the Australian market. Close to 10 years ago it set out to reinvent the way they engaged their customers. This vision was led by then CEO Ralph Norris and continues today under current CEO Ian Narev. He announced the group would build on this vision believing four key capabilities were critical

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to continuing the organisation's vision: people, technology, strength and productivity.

In 2006 CBA launched their vision by putting customer's wellbeing at the centre of everything. The goal set was simple yet audacious: to be number one in customer satisfaction across all business areas. "Customer service is our top priority. We plan to invest in the capabilities of our people through reinvigorating our service and sales program and by giving staff greater autonomy to provide customers with solutions directly at the first point of contact" Mr Norris said

The realisation of CBA's advocacy vision was made possible by an all-encompassing program of cultural, technological and process transformation, touching every aspect of their organisation and revolutionising their customer experience. The bank took a holistic focus and aligned the levers to ensure they got the right results.

With customer-centric innovation in mind, CBA looked for new ways to engage customers and drive exceptional customer experience. The bank embedded a seed funding program that supported ideas in the Innovation Academy where ideas were voted that had a significant impact on the customer experience.

In 2012/13, CBA launched an extensive *Can* brand campaign internally and externally to increase the awareness of this initiative. As a result of this campaign and the revolutionised customer experience, CBA ranked first among Australia's major banks for retail Roy Morgan MFI Customer Satisfaction, they also had the largest number of satisfied customers (more than 4.5 million).

Differentiation by service quality may be the only way forward for increasingly complex, convergent and competitive asset-focused industries. Market and economic instability, and political and environmental volatility are putting additional pressure on the consumer, and in such times of uncertainty, they are looking to brands that meet their needs and satisfy their changing expectations.

### **Customer centricity: a four-phased transformational approach**

Customer centricity is attainable for every business. It typically follows four phases:

1. Getting inside the mind space of your customer
2. Defining the customer experience vision, mantra and the game plan
3. Prioritising the critical levers
4. Implementing and tracking success

### **Phase 1: getting inside the mind space of your customers**

A customer-centric organisation exists to find out what their customers want and deliver it. For these organisations, service is an inside job and every person in the organisation has a critical role to play.

This may sound simple, but defining customer needs and wants within industries such as telecommunications or transport are particularly complex. Geographic dynamics, multiple market segments, changing consumer preferences and more, all contribute to the challenges.

**Part A: data & insight:** First, you need to understand your customers and the current environment. Whilst there can be an overwhelming amount of market statistics

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available in asset-driven industries, there appears to be little rigour around defining the market, customer segments, touch points and buyer behaviour.

Your customer base may consist of multiple segments with competing needs and desires. Ask yourself; do you understand where customer value is created? Is it time sensitivity or cost-effectiveness? It's your job to find out.

To gain better customer insight, you need to look across the full service delivery spectrum. Gaining knowledge from a breadth of sources is critical. Don't settle for customer surveys or short term insights; instead, look to customer observation, persona and customer experience mapping.

**Part B: making the complex clear and simple:** Once you have collected your data, we recommend the following approaches to create clarity.

1. **Review your customer segments and determine preferences:** Ensure you clearly define your segments, and identify the key value drivers. Understand what is going on in each segment.
2. **Define existing vs. desired customer experiences:** Clearly identify your current state, and your desired state – supported by a mixture of qualitative and quantitative research. This step can be confronting, as information that was missed during prior research rises to the top.
3. **Conduct a gap analysis of improvement areas:** How do you get from A to B? What needs to change to achieve a customer centric business? Consider structure, process, technology, culture and mindsets.
4. **Map critical processes impacting customer centricity:** Conduct a mini business improvement exercise. What processes are causing the customer inconvenience in time, money or effort? What technological inefficiencies are impacting the customer? Is there a faster or cheaper way of doing things (that benefits both business and customer)? How will you ensure people are equipped to operate in the new environment?
5. **Review responsibility and accountability frameworks:** Are your current KPI's, job descriptions and incentive schemes aligned to drive customer centricity? Understand what needs to change and where.
6. **Consolidate your findings into clear themes:** The information captured needs to be refined by determining signal from noise.

## **Phase 2: defining your customer experience vision, mantra and game plan**

With that perspective, it's time to do something about it. Defining a customer centric vision and plan will help lead your organisation into the future.

1. **Develop your customer experience vision and be clear on your goals:** Clearly articulate what customer centricity looks like for your organisation, employees and customers.
2. **Define the journey:** It is important to articulate where you are, what you are aiming for, how it will look and feel, and how you know the goal has been achieved.
3. **Take no passengers:** Focus on regularly engaging stakeholder groups to ensure everyone is onboard. Remember, to engage people with a concept encourage them to actively participate and have input. CBA focused on regular stakeholder engagement sessions to ensure everyone was on-board with the direction and importantly, in setting the organisation up to deliver.
4. **Define your mantra and truths:** Now you can redefine the governing principles that your organisation is going to live by. There are a few common themes that stand out in customer centred organisations:

- They look for opportunities to better understand their customers
- They empower people to do things that will delight customers (e.g. read signals)
- They care about service performance (if a customer does not reuse or renew they *have* to know why)
- They create a great service experience
- They promise and deliver
- They pay attention to the small details

### **Phase 3: prioritising the critical levers**

Following gap analysis, process mapping and accountability review you will have a long list of inconsistencies and inefficiencies. These can be clustered into key priority areas. For CBA the critical levers were people, technology, strength and productivity. There will always be a human element to the service transformation.

Invest time and energy into challenging ideas, by asking “Will this transform the customer experience?” and “Does this benefit both the customer and organisation?”

Get customers involved. We live in a world of co-creation and co-production, and customers want to play an active role. Identify opportunities together, work on idea generation, and engage them in piloting and prototyping.

Phase three is about evaluating your findings, prioritising a single agenda, and framing a pipeline of key customer centric initiatives that support the agenda. It is important to prioritise quick wins, as seeing results early will help convince the sceptics. Ensure you regularly engage your key stakeholders for their support.

### **Phase 4: implementation & track**

When it comes time for implementation, there are various steps that must be put in place to ensure success.

1. **Realise this is a culture change:** You must lead the change to put the customer at the centre of everything.. Be conscious of the fact that people focus more on what you do than what you say.
2. **Have a clear communications and engagement plan:** Your communications plan needs to be engaging, and must account for all organisational groups and levels. Constant and consistent communication is critical to gaining take-up.
3. **Establish a project management office (PMO):** Engage a passionate and resourceful project team who are accountable and responsible for driving the initiative across the entire business.
4. **Ensure you have a clear project plan:** Define exactly *what* is due *when* and by *whom*. Ensure you have the right people with the right skill sets involved at critical stages.
5. **Enable metrics and measures of success:** Create a transparent tracking and monitoring system to keep everyone involved, focused, informed, accountable, on-time and on-task.
6. **Introduce customer centric KPI's:** Establish and cascade KPI's based on core measures of customer satisfaction. Every staff member at CBA, from the CEO to the graduates set customer-centric KPIs and clear measures about what success looks like.
7. **Adapt structure and build capability:** Build the internal capability required to deliver this new way of doing business through coaching and development efforts. Ensure you have the right skills, experience and assets to support the new customer approaches.

Changing a culture takes time, it needs to be reinforced and requires continued focus from company leaders. In 2013, CBA’s unwavering focus on customer satisfaction helped them reach the goal set in 2006: “to be number one in customer satisfaction across all business areas”. Through its far-reaching program of cultural change, CBA has instilled and inspired staff to provide outstanding customer-centric service. The embedded culture has provided the perfect platform to shift the company focus to new strategies whilst ensuring the customer remains at the core of every project. Getting the customer centric-culture right is just the beginning.

### How customer centric is your organisation?

Take the following customer centric pulse check to find out:

#### Customer centricity pulse-check

##### Internal

1. How clear is the customer experience vision?
2. How are decisions made? Is the customer impact front of mind?
3. What investment of time, resource and focus are we prepared to place on customer engagement and advocacy?
4. Do our internal systems, technology and processes inhibit or enhance the customer experience? What needs to change?
5. What symbols, behaviours and cultural elements are endorsed and encouraged with respect to customer engagement?
6. What needs to change in relation to the mindsets of our people and their capabilities?
7. Do our reward and recognition systems align to our customer experience vision and objectives?

##### External

1. Where is value created for customers in the end-to-end value chain?
2. What is our understanding of the different customer segments and are these segments well defined?
3. What quality of data is accessible around these customer segments?
4. Are there any sub segments that we need to understand further?
5. What is the typical behaviour pattern of each segment?
6. What role do we play in the service experience?
7. What are their desires and pain points?
8. What alternative threats of substitution are there, and how does each segment feel about these?
9. What are the major customer touch points?
10. Do we honour our promises at each touch point?
11. What do we need to consider about regulation that impacts on the customer experience?

If you can’t answer all of the questions above, seek further understanding.

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