

Change Management for Customer Centricity

CGAP Customer-Centricity Series:

SAM19 Ouagadougou

Oct 22, 2019





Who are we?

CGAP is a global partnership of more than 30 organizations that seeks to advance financial inclusion. We are housed at the World Bank. CGAP develops innovative solutions through practical research and active engagement with financial service providers, policy makers, and funders to enable approaches at scale.

YOUR FACILITATORS



***Gerhard
Coetzee***

Customer Value
Team Lead



***Antonique
Koning***

Senior Financial Sector
Specialist – Customer
Value



Goals

1. High level introduction to the customer-centric business model
2. Learn the basic foundation for starting a customer-centric change process
3. Assess the organizational shifts your organization needs to make to be more customer-centric
4. Identify a business and customer challenge that your organization might use as the foundation for customer centered change
5. Use the Customer-Centric Change Canvas to map your course on the Change Journey
6. Journey through the customer-centric guide and the main toolkits

What do hope to learn or gain from today's session?

What are some questions you have?

Agenda



15 minutes **INTRO and CUSTOMER-CENTRIC BUSINESS MODEL**



45 minutes **WHAT IS CUSTOMER-CENTRIC CHANGE?**

- What is it? How does it work?
- How ready is my organization for change?

ACTIVITY: IDENTIFYING OUR CHALLENGES (15 MINUTES)
SELF-ASSESSMENT: THE ORGANIZATIONAL SHIFT (20 MINUTES)



20 minutes **WHAT DOES THE CHANGE PROCESS LOOK LIKE? – high level walk through**

1. Sound the Alarm
2. Lay the Foundation
3. Catalyze the Change Process
4. Begin Experimenting Cross Functionally:

ACTIVITY: CUSTOMER-CENTRIC CHANGE CANVAS (OVERVIEW)



10 minutes **Reflection**

The 'Business Case' for Financial Inclusion, why is change needed?

Good progress with access and uptake, but use lagging behind



1.2b accounts opened (2011-17)

- 150m mobile accounts
- 1.05b financial institution accounts or 'Bank' accounts



\$21.75b account opening cost

- At \$5 per mobile account
- At \$20 per 'Bank' account



Use of accounts as a driver of revenue

- Mobile: 63% used less than once in 90 days
- 'Bank': 50% used less than once per month
- Majority used as 'mailbox' accounts

Use is a real challenge



Is there value for the customer?

All estimates based on Global Findex, 2018; McKinsey, 2016; Centre for Financial Inclusion, 2016;



Customer views

Lack of functional value

- Accounts not relevant to their needs
- Their expectations are not met
- They see no value in having an account, besides getting paid or receiving money
- Costs of formal financial services are too high

Lack of experiential value

- They lack confidence to engage with FSPs
- Do not trust FSPs, do not feel valued or respected

Provider views

- ‘Difficult to reach’ customer segments
- Low uptake and little or no use
- Lack of understanding of customer needs, motivations, and behaviors
- Lack of capacity to design and deliver customer-focused solutions
- Inability to create value for customers, which leads to lack of value for providers

What is a customer-centric business model?

“Customer centricity is a business model that operates in an **ecosystem** of customers, employees, suppliers (*including partners*), shareholders, and the communities an organization serve. In this ecosystem, customers are at the center of corporate strategy, decision-making, organization design and operations.”

What drives the adoption of customer-centric models and require change?

- + Shocks - negative customer experiences that **erode customer trust leading** to non-take-up, low usage, drop-outs, dormancy
- + More customers that demand value
- + More competitive playing field
- + Quest for sustainable business growth



Strategy



Culture



Structure

To adopt a customer-centric business model, shifts are required

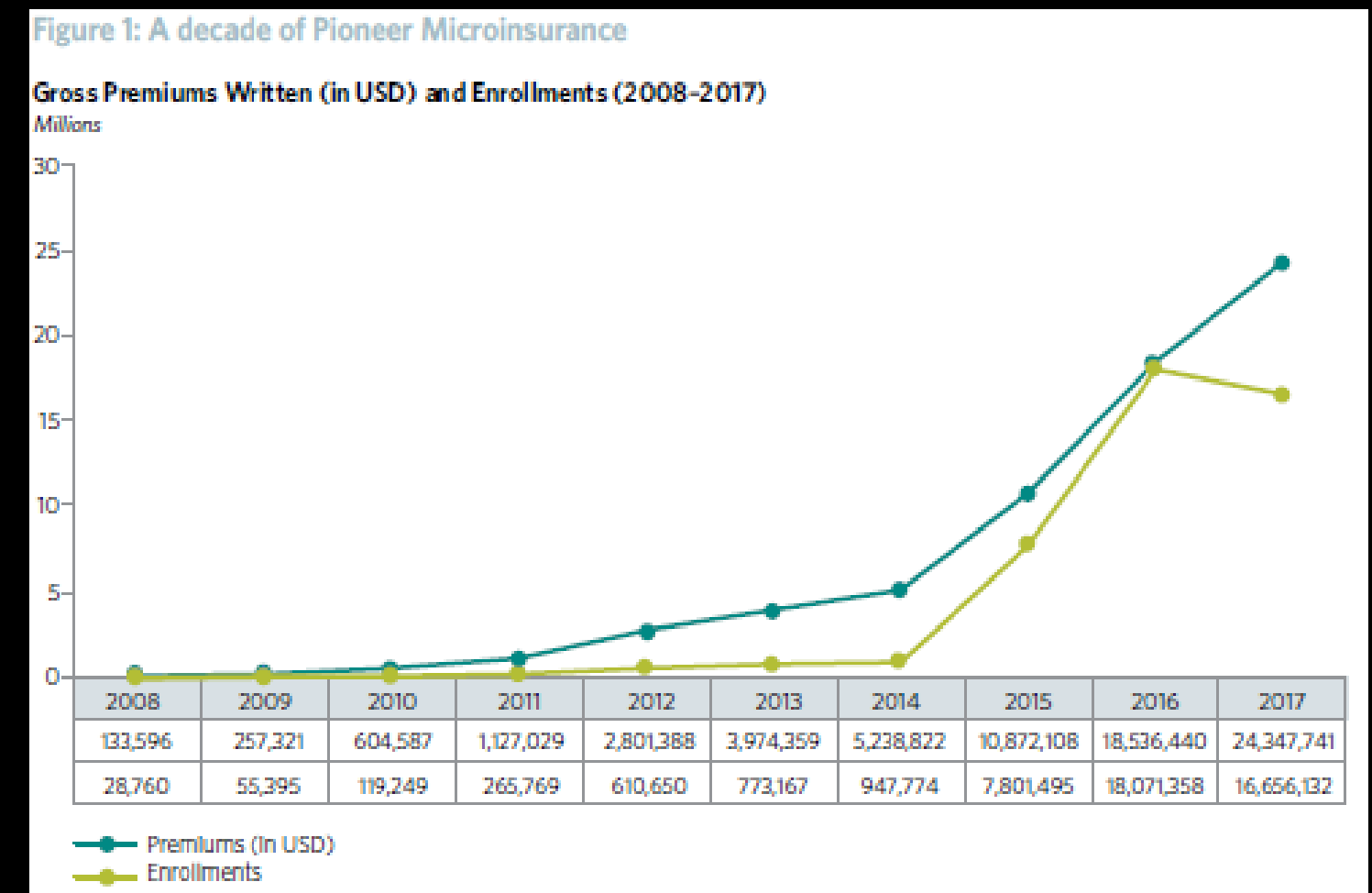
CGAP (2016) Customer Centricity and Financial Inclusion: Lessons from other Industries; Leather, Doug (2014) Customer Centricity Blueprint.

Customer Centricity Results

Delivering good customer experience that results in customer value leads to value for the firm



- Customer journey maps
- Partnerships + direct customer service
- 2014-2017
 - Premiums \approx 2X
 - Enrollments up > 3X



- Focus on customer needs, agent training, pricing, customer empowerment
- From 40 000 mobile money clients in 2015 to 807 000 in 2017

*No organization
has ever changed
without a reason.*





In your words...

*What's a good
reason for a
financial service
provider to change?*

Most businesses start here...

BUSINESS CHALLENGE



*What is a **pain point** we are experiencing as a business?*

*What is a **market opportunity** we are positioning for as a business?*

...without ever connecting their business realities to their customers' realities.

BUSINESS CHALLENGE



*What is a **pain point** we are experiencing as a business?*

*What is a **market opportunity** we are positioning for as a business?*

CUSTOMER CHALLENGE



*What is a **pain point** or need our customer's have in their lives and with our products and services?*

*What **aspirations** do they have?*

Taken together, these two perspectives set up an organization to rally around an opportunity for change.

BUSINESS CHALLENGE



What is a **pain point** we are experiencing as a business?

What is a **market opportunity** we are positioning for as a business?

CUSTOMER CHALLENGE



What is a **pain point** or need our customer's have in their lives and with our products and services?

What **aspirations** do they have?

What is a Customer Challenge and how does it relate to a Business Challenge

1. **At your tables, share business challenges that you face in your organisations, or FSPs that you know**
2. **Choose the common one – the one that was mentioned most at the table**
3. **Translate that business challenge into a customer challenge**
4. **Define the customer challenge in detail – in the words of a customer, start the sentence with I...**

*Activity at your table
– 5 minutes and
report out 5 minutes*

*Work together as a
group, and you may
be asked to report out*

Why is change capacity critical for customer-centricity?



Change is hard.

Legacy systems, incentives, and staffing models get in the way.

Financial Inclusion leaders must develop the hard and soft skills to lead and organize for that change.

ACTIVITY: WHAT'S OUR CHANGE CAPACITY?

Use your **worksheet** to get a quick understanding of where your organization is at and what needs to shift to become more customer-centric. Work on your own, and complete the sheet for your organisation.



The Organizational Shift Self-Assessment Activity

WHICH SIDE BEST DESCRIBES YOUR ORGANIZATION?

It's critical to know what you're aiming for with change. The Organizational Shift summarizes significant areas for change and outlines what customer-centric organizations strive for as they shift from their existing state to an optimal future state.

Where does your organization score between these two states?

NON-CUSTOMER CENTRIC ORGS	STRATEGY	CUSTOMER CENTRIC ORGS
<ul style="list-style-type: none">Product focused.Sells incremental improvements on existing products to the same market.Pushes onto customers what the organization prioritizes, values, and does well.	<div><div></div><div></div></div> <p>(Mark above where your org currently scores...)</p>	<ul style="list-style-type: none">Customer problem focused.Starts with what adds value for customers, then organizes the resources needed to innovate around those needs.Customers are drawn (or "pulled") toward the value and utility of offerings.
<ul style="list-style-type: none">Underlying values support and reward product development, increased sales, and product profit margins.Promotes hierarchy and established power structures.Sees failure as a negative.Motivates through financial rewards for existing product-focused metrics.Maintains a distance from customers.	<div><div></div><div></div></div>	<ul style="list-style-type: none">Underlying values recognize customer satisfaction as a profit driver.Rewards employees for solving customer problems and driving customer-generated value.Employees are seen as "internal customers."Encourages experimentation and celebrates learning – even from failures.Prioritizes employee well-being.Encourages closeness to customers and builds customer empathy.
<ul style="list-style-type: none">Employees operate in product silos and interact with other functions only to drive silo objectives.Long communication chains for approval to try new things.A sense of common organizational purpose is absent.The organization competes within itself.	<div><div></div><div></div></div>	<ul style="list-style-type: none">Teams link business units across functions that rally diverse functions around customer needs and segments.Promotes autonomy and short communication chains for approval to try new things.Structures are flat.A clear purpose that transcends financial metrics is embedded into the organizational psyche, which unites and is shared across the organization.
<ul style="list-style-type: none">Offer what the organization knows and understands rather than what customers want.Often supply (not demand) driven.Repurposes old products for new markets, even when demand is different.Linked to the organization's competencies and comfort.	<div><div></div><div></div></div>	<ul style="list-style-type: none">Creates differentiated customer experience that exceeds the competition, provides customer solutions, and generates value throughout the customer journey.Linked to market needs, wants, and aspirations.Good for the organization, the community, and consumers.
<ul style="list-style-type: none">Focuses on product sales and new product development for existing markets.Focuses on bottom line profit margin and incremental low-risk opportunity individual measures and rewards.	<div><div></div><div></div></div>	<ul style="list-style-type: none">Focuses on customer experience, retention, and customer lifetime value.Measures learning, experimentation, customer satisfaction, and customer experience.Team-based measures and rewards.

ACTIVITY: WHAT'S OUR CHANGE CAPACITY? WHERE ARE WE IN THE SHIFT?

- Turn to your neighbor
- Share one **strength** from your rapid assessment (*where you have gauged yourself to the right*) and one **weakness/growth area** you have (*where you have gauged yourself to the left*)

This organizational awareness will help you better understand where to start in your customer-centric change.

What do you want to leverage? (strengths)

What do you want to shift? (weaknesses)

The Change Management Toolkit

PART A: IGNITE, CATALYZE, AND SET IN MOTION

- 1. Sound the Alarm and signal the need for change**
- 2. Lay the Foundation for an organizational “reset” by aligning vision, values, and strategy**
- 3. Catalyze the Change Process and plan for change**
- 4. Begin Experimenting with change and prepare employees for a long-term change process**

PART B: BUILD YOUR CUSTOMER-CENTRIC ARCHITECTURE AND CAPABILITY

Workstream 1

Break Silos and Cross-Functionally Integrate teams to focus on customers

Workstream 2

Build the Four Systems that will enable your organization to deliver and evolve superior customer experience and value propositions:

1. Innovation Management System
2. Talent Management System
3. Performance Measurement System
4. Partner Engagement System

Workstream 3

Embed Key Enablers that accelerate and sustain your customer-centric transformation:

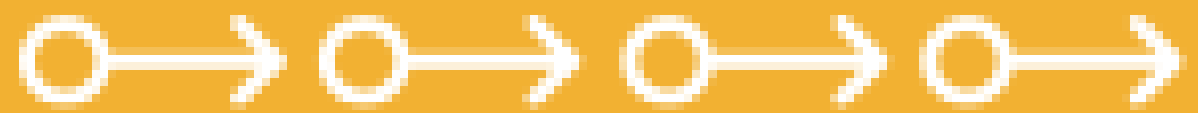
- ✦ Supportive Corporate Culture
- ✦ Effective Storytelling
- ✦ Employee Rewards and Incentives
- ✦ Digital Technology





CHANGE MANAGEMENT

Ignite, Catalyze, and Set In Motion



- Sound the Alarm
- Lay the Foundation
- Catalyze the Change Process
- Take First Steps



STEP 1:

Sound the Alarm

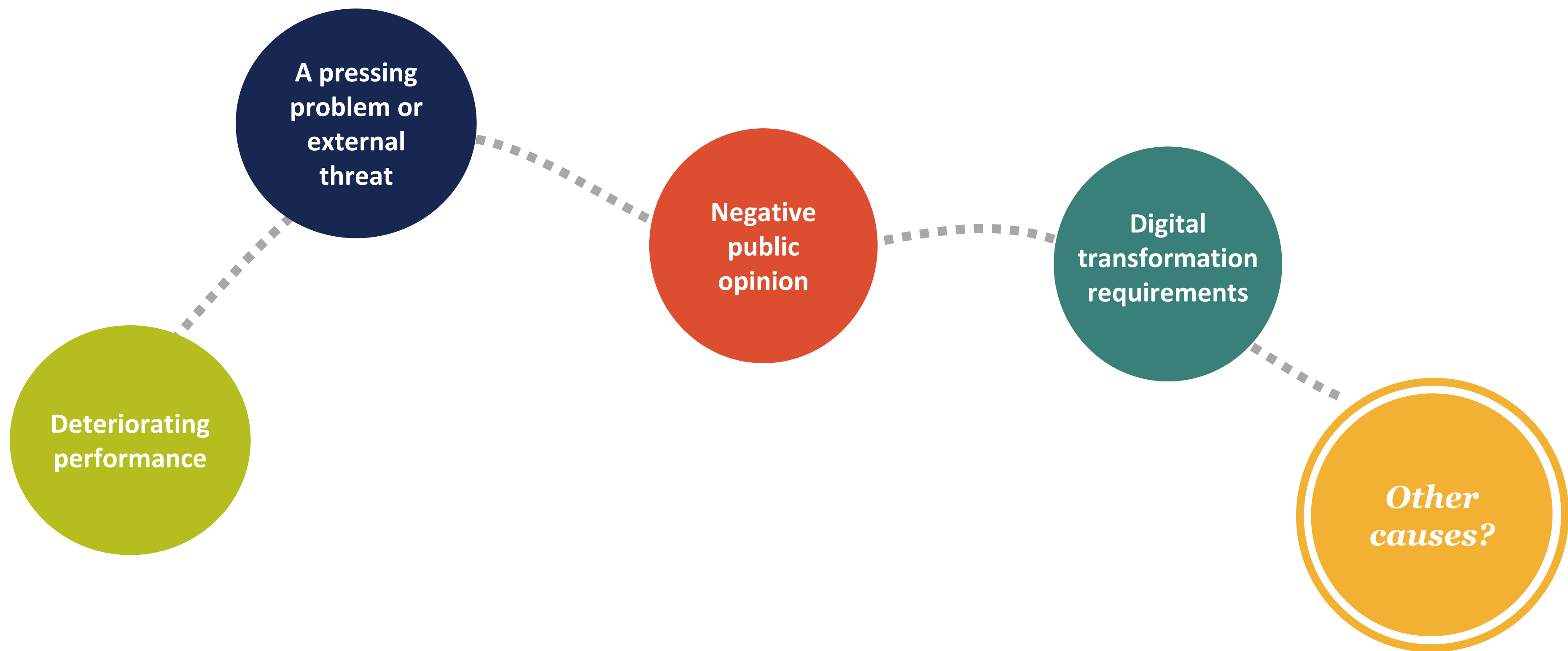


WHAT IT MEANS

Assemble the supporting evidence to start your customer-centric journey.

Why should you Sound the Alarm?

Decisions to change are often triggered by...



CASE STUDY

Metropolitan: Momentum Metropolitan Insurance (MMI) South Africa



BUILD

Your journey to financial wellness starts when you identify and start planning for what's important to you.

A good education for your children

A dignified funeral when you pass away

[SEE SOLUTION](#)

SECURE

Stay on track by protecting your income and securing your family's future against the unexpected.

LIFE COVER
Financial security when you pass away

Financial security if you become disabled or suffer a critical illness

Daily cash if you are hospitalised

[SEE SOLUTION](#)

GROW

You are secure in your financial wellness journey, now is the time to grow your wealth.

Save for your life goals

LEGACY
Leave a gift of money

Save for your retirement

[SEE SOLUTION](#)

ENJOY

You've come a long way in building and growing your wealth. Now is the time to enjoy all your hard work.

Draw an **income** from your own or your retirement savings

Invest and keep your **pension** money safe

Invest your savings money

[SEE SOLUTION](#)

CASE STUDY: METROPOLITAN

The Awakening



An African Insurance Provider:

- South Africa
- Namibia
- Botswana
- Swaziland
- Lesotho
- Kenya
- Ghana
- Nigeria



THE SITUATION

“a business slowly going out of business.”

CASE STUDY: METROPOLITAN

The Awakening



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THE SITUATION

“a business slowly going out of business.”

The Metrics:

- New market share declined by close to **50% over a 15-year period**
- Margins were getting **smaller**
- Largest, but **least productive**, sales force in the industry

THE DEEPER STORY

*Claims ratios were also **alarmingly low***

CASE STUDY: METROPOLITAN

The Untold Customer Experience

“When you see massive profits from credit life insurance and realize it’s because claims ratios are non-existent, it doesn’t make you feel very good.”

“You’ve sold insurance to people who, when they are deceased, don’t have a voice and can’t tell anybody that they were covered.”

Berniece Hieckmann

Metropolitan’s Rapid Application Design and Delivery group

A close-up, slightly blurred photograph of several hands clasped together in a supportive grip. The hands are of various skin tones, and the focus is on the fingers and palms. The background is dark and out of focus.

CASE STUDY: METROPOLITAN

The Untold Customer Experience

In response to this alarm, Metropolitan redesigned processes to ensure that policy holders appointed a “trusted one” who would give voice to their requests.

“Part of our catalyst for change was that people in Metropolitan work with heart. When you see those that you serve struggle for financial stability, you realize that you can’t spill their money.

That was a part of our awakening – the responsibility of who we serve placed great onus on us.”

How did they do it?

They made the ‘Heart and Mind Connection.’

‘Make the Heart and Mind Connection’

Connect with the need for change on:

1. a rational, analytical level and
2. an emotional, empathy-based level

LEVEL ONE

Rational & Analytical

1. “A 2% **increase in customer retention** leads to a 10% **decrease in costs.**”
2. “A 1% **increase in customer satisfaction** leads to a 2.3% increase in **return on investment.**”
3. “Conversely, a 1% decrease in satisfaction leads to a 5% decrease in ROI.”



Which would help you make the case for customer centric change in your organization?



Which would help you make the case for customer centric change in your organization?

LEVEL TWO

Emotional & Empathetic

According to the *Gallup 2014 State of the American Consumer* report, firms demonstrate better performance when managers engage directly with customer experience:

- 30 % higher customer retention
- 55 % increase in revenue
- 96 % improvement in response to queries

‘Make the Heart and Mind Connection’

IN SHORT, USE...

stats

AND

stories

!

How did METROPOLITAN shift mindsets and motivate people?

TOOLS THAT MOVE YOUR ORGANIZATION TO CONNECT WITH CUSTOMERS' NEEDS:



Customer
Journey
Maps



Storytelling



Personas



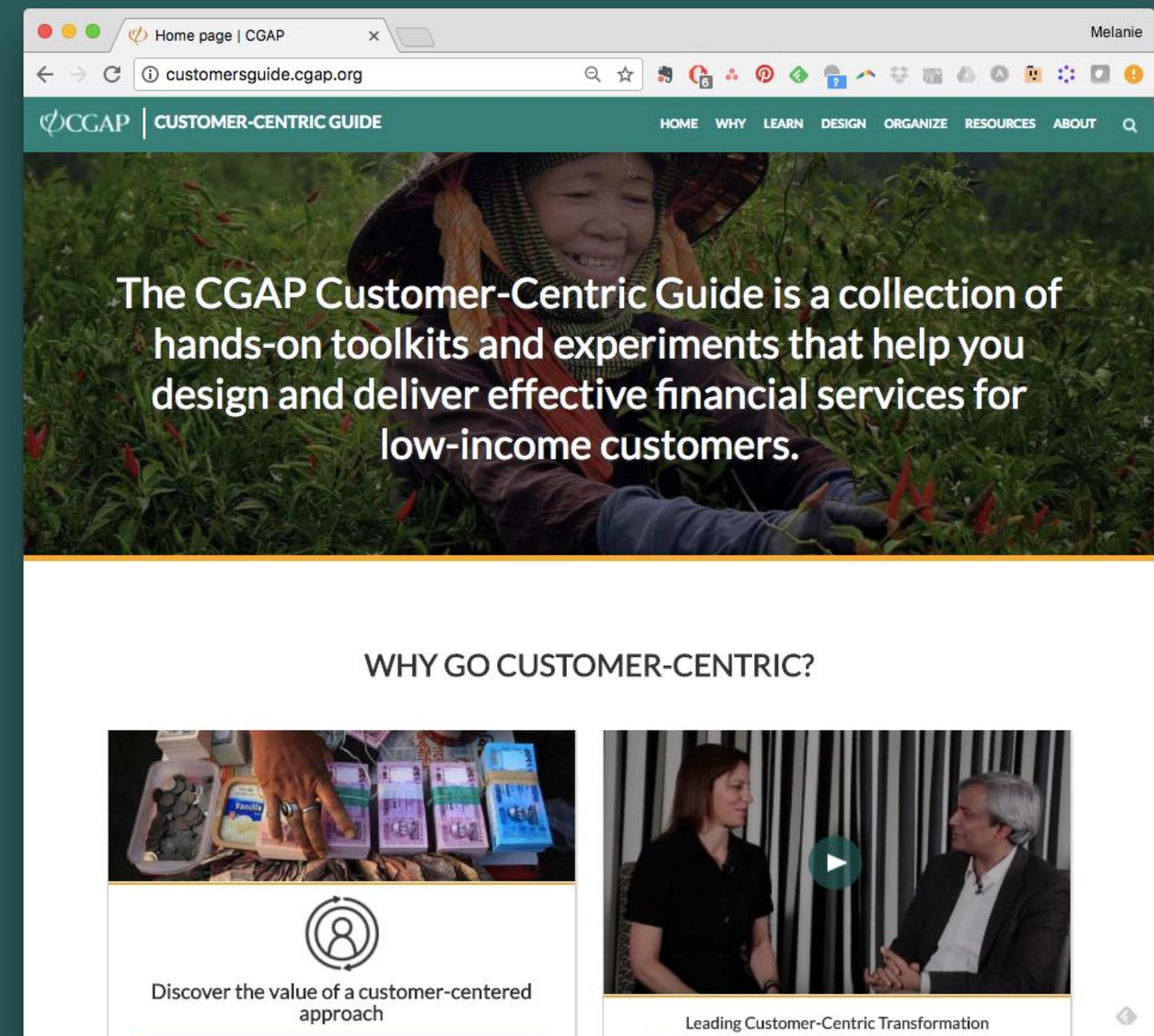
Immersion

TOOLS TO LEARN FROM YOUR CUSTOMERS

[HTTP://CUSTOMERSGUIDE.CGAP.ORG](http://customersguide.cgap.org)

The CGAP Customer-Centric Guide aggregates tools, templates, and case studies to help you learn from customers and generate customer insights, including:

- *How to collect customer information, and which type of **RESEARCH** best fits your organization*
- *What **INSIGHTS** say about the financial lives of low-income customers, customer value drivers, and how to translate insights into design principles*
- ***METHODS** for analyzing internal transactional data to generate customer insights and segment customers to better target products that fit their needs*



Toolkits:

Complete guides for specific business challenges + goals



Case Studies:

Real-world experience + lessons learned



Tips + Templates:

How-to exercises + practical tools for a quick win



References:

In-depth wisdom from CGAP + other organizations

TOOLKITS YOU CAN USE IN THE CHANGE PROCESS

[HTTP://CUSTOMERSGUIDE.CGAP.ORG](http://CUSTOMERSGUIDE.CGAP.ORG)



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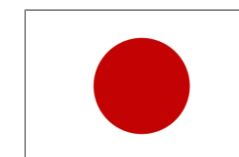


YOUR CHALLENGE

*Has an alarm bell
already been
sounded?*

*How are you
currently listening
to your customers?*

*What is one take-
away from this
session?*



Citi Foundation

