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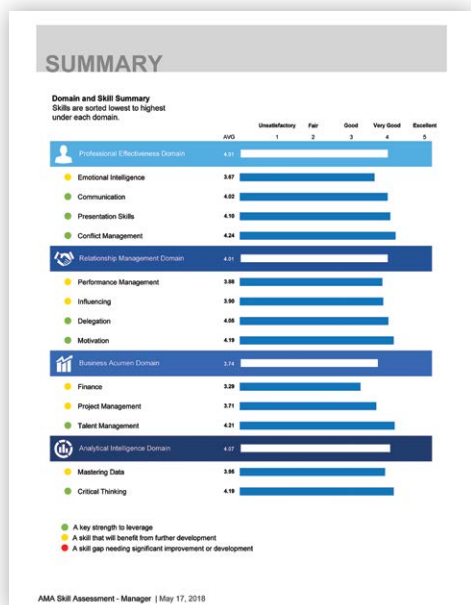# AMA Skill Assessment

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ABB and AMA: A Case Study

Customized Training Empowers ABB's Global, Technical Workforce to Be No. 1 in Customer Service

ABB turned to AMA to meet the educational challenges.

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Creating a Culture That Includes the Customer

Company culture matters. When a company's culture is toxic, it can affect business. But research shows that many companies are unclear about how to address problems with their culture until it's too late. This also shows that company culture originates from the top down, and without a strong leader to demonstrate and exemplify a positive company culture, trouble will come.

It's clear that companies are still struggling with establishing cultures that engage and motivate their employees. But cultures are not just internal, as they need to take into account the customers. This issue of *AMA Quarterly* has several articles that address ways leaders can plan and build vibrant, strong cultures and improve customer experiences.

On the employee side of things, Tom Rose looks at how people and process managers can apply mindset and action by strengthening a work environment with customer-focused innovation, designing work to enable resilience and agility, and increasing the use of high-impact leadership behavior.

Ed Page argues that the true key to a company's success is its culture, and the question is not so much why business leaders should focus on building a great culture, but rather how they can do it.

On the customer side, Suketu Gandhi and Alanna Klassen Jamjoum show how building a customer-focused organization should entail a customer-back perspective on how to orchestrate and execute all activities along the customer journey.

But building a strong culture that focuses on outstanding customer service cannot be done randomly. Training is key. The cover article is a case study of how ABB, which views customer service as a key competitive advantage and the path to the future, turned to AMA to educate its global workforce.

And AMA got to speak with Cal Turner Jr., the former CEO of Dollar General, who described how courses from AMA helped establish the company's strategy and train its managers.

ABB and Mr. Turner found AMA courses important to their futures. AMA can also help you forge the path to your own success.

Christiane Truelove

Christiane Truelove
Guest Editor, *AMA Quarterly*

Building Customer-Focus Skills Yields High Returns

Between shifting customer expectations, global competition, and disruptive innovation, the competitive environment is changing constantly. It can be challenging to determine a strategic focus in the midst of so much change. Yet many successful organizations rise to the top by deciding to focus on just one thing: their customers.

There are obvious benefits to focusing on the customer: Not only is it significantly more expensive to attract new customers than to retain existing customers, but it's often easier to upsell to customers when you already have a relationship and have developed trust. There are broader implications as well. Organizations with a hyper focus on the customer often have unique insights into their needs that lead to innovation. Customer-focused organizations also tend to have a more loyal following that is less likely to switch brands when new competition emerges.

Mobilizing an enterprise-wide focus on customers needs to be deeper than providing service with a smile and loyalty programs. Organizations that truly succeed with this strategy create more meaningful relationships with their customers and an almost fanatical obsession with anticipating their needs. That kind of fanatical focus on who your customer is and what they really want requires a shift in how a business operates.

Here are just a few of the changes organizations need to make to stay competitive:

Offering consistent, memorable customer service. Customers may forget the details of what you did or said, but they never forget how you made them feel. Whether it's a customer service rep who must satisfy an angry customer and win back his or her goodwill or a leader developing an alliance to meet future strategic demands, members of a customer-focused organization need excellent communication skills. Truly superior customer service is more likely to happen in an agile organization that quickly communicates up and down the chain what's needed on the front line.

Keeping a pulse on trends that influence customer demand in the future (and innovating against customer expectations). This process requires a facility with analytical thinking, market research, and the ability to synthesize information to forecast disruptions in the marketplace. Just consider the data available to organizations through the Internet of Things, AI, and databases. Every time customers interact with you, they give you more insight into their decision-making processes, their pain points, and what makes them choose one product over another.

Empowering managers close to the front line to respond to changes in customer behaviors and expectations. Customers can be fickle. After all, they have choices. It's inevitable that you'll occasionally fall short of their expectations. Your teams need to be able to turn around situations where customers are less than pleased and find ways to delight them. This requires alignment and a certain level of agility within an organization. Training your managers across all functions to handle critical conversations is important. They need to demonstrate the right behaviors that support your organization's commitment.

Every organization says it is committed to the customer, yet few truly are. Customers know the difference and will vote with their wallets. Building up the skills necessary to change behaviors and outcomes requires an investment. After all, it takes an enterprise-wide effort to turn employees into customer evangelists. Creating a strategic focus on the customer, however, reaps rewards for more sustainable business growth.

Manny Avramidis
President and CEO
American Management Association

Sudhakar Kuchibhotla (left), global head of capability, and Jesus Rivera (right), global business controller, Power Grids Service at ABB.

Customized Training Empowers ABB's Global, Technical Workforce to be No.1 in Customer Service

ABB is a pioneering technology leader in power grids, electrification products, industrial automation, and robotics and motion, serving customers globally in utilities, industry and transport, and infrastructure.

Continuing a history of innovation spanning more than 130 years, ABB today is writing the future of industrial digitalization with two clear value propositions: bringing electricity from any power plant to any plug and automating industries from natural resources to finished products. As title partner in ABB Formula E, the fully electric international FIA motorsport class, ABB is pushing the boundaries of e-mobility to contribute to a sustainable future. Because ABB's products and services are designed to endure, they need top-of-the-line customer service to support them. In fact, being recognized as No. 1 in customer service is one of the key priorities for ABB, and AMA is helping ABB to keep its word.

THE CHALLENGE

The Power Grids Division of ABB decided to complement its engineering and technical excellence with customer service training for employees working directly with customers on a daily basis to solve their short, medium, and long-term problems.

ABB sees the customer focus, a true service mindset, as a key competitive advantage and the path to the future. "We continuously do things that make our customers more efficient," says Sudhakar Kuchibhotla, global head of capability, Power Grids Service. "Becoming number one in customer service is a logical extension of that. Our equipment typically has a long lifecycle, and we are committed to providing the kind of service our customers will need throughout the life of that equipment."

To be No. 1 in customer service, ABB needs to offer customers not only the best technical knowledge, but also the soft skills required for a proper understanding of customer needs.

Kuchibhotla and Jesus Rivera, global business controller, Power Grids Service, decided to invest in equipping ABB's technical workforce with training that will help ABB deliver a better customer experience. But finding the right education partner would be a challenge.

SCALING A DREAM TO A GLOBAL FOOTPRINT WITH LOCAL INSTRUCTION

ABB operates in more than 100 countries with approximately 147,000 employees. In an industry that undergoes continual transformation, ABB needed not only strong content, but also speed in execution and implementation, a customized program to target ABB's needs, the capability to deliver globally in the local language, and the aptitude to handle logistics and administration for each of the programs.

"We needed a global company with a local face," says project sponsor Rivera. "We needed to make sure the program would be successful, and we wanted to present in the local languages, with local trainers and examples that were easily relatable for the local audience." It was important that the instructors have local industry experience and the ability to make the training resonate.

The other key factor was speed. "We were in transformation mode," Rivera says. "We had no time to waste. We couldn't wait to make this happen in 2020. We needed to get it done, and we needed to get it right, and quickly.

"We had a dream and I had just the right partner in mind."

QUALITY OF INSTRUCTION

"Earlier in my career as a first-time manager, I failed, and that was a wake-up call," Rivera says. "I was looking for places to go to improve my management skills, and I found AMA. I love AMA. Once I was there, I was hooked. I took 28 seminars in one year, and all of them were high quality, with excellent coaches, excellent material, and an excellent pace. It was an amazing experience for me, and it helped me to become a better manager, to be more assertive."

When Kuchibhotla shared his plan to make the Power Grids Service a customer-focused organization, Rivera suggested partnering with AMA. "We talked about improving the soft skills for the most important people in the organization, which are the people who interact with customers daily, on the most critical problems on the customers' side. We needed to make an investment in service excellence. We contacted AMA and told them we have a dream, and this is what we want to do."

"We met with ABB to understand what they wanted to accomplish and why it was important within the context of their business, and their passion for serving their customers was truly inspiring," says Lisa Zoba, regional director, Corporate Learning Solutions at AMA. "Leveraging AMA's deep experience in employee development, we quickly translated ABB's vision and business goals into learning objectives that could be scaled into a global initiative."

ABB's learning objectives included providing customer-facing employees with the ability to consistently:

- Describe the connection between service excellence and high performance
- Listen actively to understand customer needs
- Apply communication skills to build rapport and manage conflict
- Seek customer feedback with a mindset of continuous improvement
- Articulate how customer-facing professionals can help customers achieve business goals

8 SKILLS TO DEVELOP A SERVICE MINDSET

ABB recognizes that just one interaction can affect a customer's loyalty and commitment to maintaining a lasting relationship with ABB. Therefore, all customer-facing sales and service employees need effective communication, relationship-development, problem-solving, and customer service skills.

Employees have the ability to prevent and successfully manage conflict by using techniques and approaches to defuse a difficult situation and achieve a positive outcome. Equally as important, they can help customers leverage the full range and value of ABB's products—including solutions in other divisions.

After program participation, ABB representatives:

1 Employ listening skills to understand customer needs and problems

2 Apply effective use of communication skills to resolve problems

3 Understand the ABB prospect generation process and proactively create new prospects through enhanced customer relationships

4 Use knowledge of personality styles to help understand their own style and others' styles and to communicate more effectively with customers

5 Enhance their customer-facing role as a trusted advisor

6 Seek feedback from customers and achieve a mindset of continuous improvement

7 Defuse challenging situations by seeking to understand, listen, and ask questions

8 Effectively handle conflict to achieve a win-win resolution for customers, themselves, and ABB

These core competencies help employees build relationships that will have a significant impact on customer retention, satisfaction, business growth, and ultimately on revenue generation. In this program, employees learn best practices for communicating, establishing a customer-focused mindset, and managing conflict to gain customers' trust in them as advisors. This lets them facilitate deeper relationships, provide exceptional value, and deliver best-in-class customer service to represent ABB at the highest level in the marketplace.

CONSISTENT DELIVERY DESIGNED FOR A GLOBAL WORKFORCE

AMA's solution was to provide 13 instructors, trained in AMA's experiential learning method, to deploy the program in 43 sessions across 16 countries, including Brazil, Canada, Chile, China, Finland, Germany, India, Italy, Poland, Saudi Arabia, Spain, Sweden, Switzerland, United Kingdom, United Arab Emirates, and the United States. In just nine weeks, AMA's instructors were able to scale ABB's program to provide consistent instruction, translated into Chinese, Finnish, French, German, Italian, Polish, Spanish, and Swedish.

"AMA proved to have fantastic linguistic capabilities, and they were able to match our footprint," Rivera says. "Not many companies can do that."

Flexibility was also a key factor. "AMA has a robust process [for employee development] but is ready to partner with customers to match their needs," Kuchibhotla says. AMA was "very collaborative in terms of designing the course to reflect our requests."

In addition, AMA offered a centralized, dedicated customer support team to ensure everything ran smoothly. "Just imagine, we were deploying it in so many languages, in so many countries, and in a very short time," Kuchibhotla says. Top-class facilitation was going to be critical.

INSPIRING COMMITMENT TO A SERVICE MINDSET

At first, there were two pilot sessions. The training followed all ABB's requirements, and the employees were very engaged in the content. "[The workshops were] very practical and interactive, so employees gave very high feedback scores. The managers were excited and wanted to include more staff. They told me, 'We need to have one more session.' In the end, we had to add sessions, and it was clear that overwhelmingly people liked it. [That's when] we decided to go global, adding 15 more countries."

"When I presented the global roll-out plan, it was to train employees in 15 countries, in eight different languages," Kuchibhotla says. "People asked, 'When will it be done?' I told them we would get it done in the first quarter of 2018. They didn't believe it! I said it will be done, and in fact we actually got it done in two months, all sessions. That was a reflection of our commitment and of AMA's capabilities."

"Overall, this was a very challenging task, in terms of time frame, footprint, and content," Kuchibhotla says. "Yet, the implementation was amazing. It was impressive. It required a lot of interaction and coordination, and the team has done an excellent job of it."

NEW SKILLS, NEW OPPORTUNITIES

"Traditionally the field service training is focused on technical skills, and rightly so. Now our emphasis is equally on soft skills, which are critical for nurturing our relationships with customers," Kuchibhotla says.

Superior customer service is not just about customer retention, it's finding out what the customers really need. "That has shown a good value creation in terms of additional opportunities," Kuchibhotla says. When ABB representatives have more meaningful conversations with customers, they uncover additional needs that ABB products and services can support. "It creates more prospects and more opportunities. We've seen millions of dollars of opportunities created, and this [initiative] definitely contributed towards that."

Exceptional Response from Participants Inspires Better Customer Service

Instructor Rating:

★★★★⯪

Program Rating:

★★★★⯪

❝ The training program was aptly designed for [the] service business, with excellent examples and role-plays. Giving detailed insight about the kind of customers one may generally encounter, the program helped in fine-tuning communication skills and better understanding of the customers. ❞

—ABB participant, India

❝ Very well done. Good pace, good interaction and teamwork. Allowed other, less-experienced individuals to learn from the more experienced in the organization. ❞

—ABB participant, United States

❝ The content of Service Mindset training was very interesting, helpful and also useful. [The instructor] did an awesome job. ❞

—ABB participant, Germany

❝ Investing in people's soft skills will bring several business benefits for enterprises like ABB, its customers, and employees, but more important, it helps to create a better world, because such skills are transferable to their day-to-day jobs, their lives, and future movement in their careers. ❞

— Jesus Rivera, Global Business Controller, Power Grids Service

Based on the success of the program, ABB scheduled an additional 13 sessions in 11 countries, translated into 5 additional languages. They were completed in Q4 of 2018. AQ

3 Changes to Build Customer Focus

BY TOM ROSE, PhD

Customer focus is a top strategic priority for most organizations.

In a 2016 and 2017 survey I conducted, respondents indicated that customer focus was a top strategic priority. Customer focus ranked second only to operational efficiency and was followed by innovation. While customer focus has always been an important source of business success, it creates special advantages in today's environment of disruption. Research indicates that highly customer-focused organizations adapt successfully to rapid (often technology-driven) shifts in customer requirements and in competitor innovation. The bottom line is that customer focus leads to improved revenue, service satisfaction, and operational efficiency.

By spotlighting case studies in healthcare, financial services, and technology organizations, we reveal that people and process managers apply mindset and action through three interconnected streams of work: strengthening a work environment of customer-focused innovation; designing work to enable resilience and agility; and increasing the use of high-impact leadership behavior. We reinforce lessons learned from these case studies by highlighting research that supports the actions taken in the case studies.

TEAM ENVIRONMENT OF *CUSTOMER-FOCUSED INNOVATION*

Customer needs are rapidly evolving. In fact, PwC, in its Pulse interview of CEOs summed up in "The disruptors: how five key factors can make or break your business," observed that customers may be edging out competitors as the biggest source of marketplace disruption. Customers now require their suppliers to provide them with innovative products and services.

To increase customer-focused innovation, we must close two gaps: First, clarify what customer focus is in our situation. And second, balance customer focus with other critical organizational priorities.

Clarify what "customer focus" means. To set the stage, consider the observation below, made by a colleague who recently attended a training session on customer focus. This company successfully markets innovative products and wanted to increase customer focus among its associates to achieve greater success.

> "They [the presenters on behalf of management] never said 'what' kind of customer experience we were after; 2) the presenters named five behaviors that were important without really explaining why; 3) the depiction of the 'sales process' is not what actually happens on the floor; 4) the focus was the 'outcome'—increased sales—without any connection between the behavior and the outcome or how it could be measured in some way; 5) managers seem to support the initiative without critically working out the links needed to improve things."

How could the organization expect managers to move forward with all these information gaps?

These comments about what was missing serve as a good initial outline of a roadmap for customer focus: align levels of management on what customer focus means in the situation on hand; outline how we achieve it; and measure progress against standards so that people and teams can learn their way to sustained improvement. These actions convert a praiseworthy aspiration into achievement.

Managers need to be on the lookout for and overcome three common obstacles to a customer-focus mindset. First, the "customer" is too narrowly defined. A chief marketing officer who specializes in turnarounds observes that many organizations struggle to grow because they do not invest in cultivating relationships with new customers for whom a company's current products are well suited. Prospecting

3 Factors That Drive Successful Customer Focus in Today's Business Environment of Disruption

2. DESIGN OF WORK FOR AGILITY & RESILIENCE

1. TEAM ENVIRONMENT OF CUSTOMER-FOCUSED INNOVATION

3. HIGH-IMPACT LEADER BEHAVIOR

for new customers is a challenging process—even for experienced salespeople—but is key to success.

The second obstacle is that organizations can be too focused on their biggest current customers and not on the broader set of customers for whom their products and services solve important problems. While prioritizing current customers is a practice that protects one's current business, it threatens future growth.

Within organizations, the same principle applies. Focusing narrowly on one or a few favorite internal customers can limit one's impact and future.

The third obstacle is that many well-intentioned managers and organizations rely on sales or other internal experts

to define customer needs without collecting and analyzing customer survey and interview data and market data about shifting customer needs. Without surveilling how needs are evolving with data from outside the organization, managers risk overlooking important trends and becoming less valuable to customers.

Balance priorities. We have all been frustrated when we hear the following kind of statement from service personnel: "That's how we do things here—that's our procedure." This statement is a legitimate stance to take. Standardization promotes reliability and reduces costs.

Unfortunately, when overdone, operational efficiency weakens customer focus. In a global consulting firm, the company's leadership prioritized execution of standards for

> "Lean work methods and Agile work methods systematically integrate customer focus, operational efficiency, and innovation."

client deliverables over understanding customer needs. At one moment, leadership discontinued customer interviews about customer requirements to focus more attention on implementing standards. This decision was made when the industry analysts observed that global consulting was experiencing disruption.

Customer-focused organizations break through the limitations of a narrow view of operational efficiency—they achieve the right balance between customer focus, innovation, and operational efficiency. In fact, the best implementations of Lean work methods and Agile work methods systematically integrate customer focus, operational efficiency, and innovation.

In one case study, a once highly successful business had witnessed the slow decline of revenue and earnings over several years. A new leader joined the business and initiated the turnaround. A few actions stand out as very important:

• Regular conversations began taking place with employees in town hall meetings and others to review business outcomes and data on customer satisfaction with the company's products and services. This repeated focus on bad news was necessary to break through well-worn but ineffective organizational routines. If real problems are not addressed—as uncomfortable as they may be—real solutions cannot be implemented. Many organizations have to guard against the inclination that bad news should be avoided in the name of the misapplied idea of being positive and solution-oriented.

• The new leader began requiring that customer analytics of interview, survey data, and industry data be used to focus the development agenda. This is because in organizations, data gathering stops with the point of view of internal experts. In an era of rapidly changing customer needs and advances in technology-enabled capabilities, more systematic data gathering is needed.

• There was a new emphasis on increasing the agility with which products are developed in close collaboration with customers. An aggressive schedule of new releases was established and reinforced. This schedule was vital to success but was countercultural.

• A new requirement was established that required cross-

boundary teams to work together to identify and resolve team hand-off issues. The leaders' most important job is to identify hand-off problems and see that they are resolved.

• The new leader required public reports of progress—including good and bad results—followed by candid discussions of persistent gaps, especially of team hand-off issues and how they could be improved. The leader said that he needed to build a learning culture in which every level of manager candidly admitted mistakes, took accountability, and strove to improve over time. He modeled this accountability for his team.

These and other efforts have paid off. Recently, the organization achieved double-digit growth and celebrated a new product introduction for each quarter for more than 10 consecutive quarters.

In a complementary case, a financial services organization added a few additional steps to our evolving roadmap. An organization-wide engagement survey revealed that the company trailed a benchmark for customer focus in financial services and provided executives a new perspective on why business metrics were not at the targeted level. To close the gap, the organization undertook several actions. These included:

• Administering quarterly "engagement pulses" surveys to a random 25% of employees that emphasized customer focus questions and additional annual census surveys. The reasoning was that repeated measurement was needed to retain focus on a challenging issue.

• Having company executives review the results for several quarters with employees in quarterly and annual town halls. These conversations about results (and occasionally, the lack of results) helped build the motivational momentum needed to make needed but somewhat difficult changes.

• Mapping customer touchpoints across the organization so each employee knew how he or she contributed to the company's customers. Many of the employees and teams had customer contact from marketing, sales, service, finance, and IT. Clarifying how to optimize these customer encounters was vital to the desired customer impact.

• Implementing standards and metrics and focusing the team on improving their performance against those metrics.

The Path to Customer Focus in the Era of Disruption

High-Performance Approach for Today's Environment

1. Clarify expressed & unexpressed customer needs
2. Identify how we satisfy & frustrate identified customer needs
3. Design/implement innovation that meets needs, maintains satisfiers & addresses frustrations

Others

1. Come up with an innovative idea
2. Pitch to customers
3. Figure out how to implement the innovation

Sample of Customer-Focused Innovation	Solid Performers	High Performing
Begin developing ideas with a clear definition of the customer problem we are trying to solve	57%	77%
Evaluate gaps between desired and future performance	56%	72%
People contribute ideas regardless of level	56%	69%

As in the case of engagement, repeated measurement against targets for how each customer touchpoint could be enhanced was achieved.

In the end, the first of the work streams comes down to a difference in the process, as shown in the figure above (a pattern that is also reflected in research on successful organizations). The PwC Pulse interview confirms the actions highlighted in the case examples above.

DESIGNING WORK FOR RESILIENCE AND AGILITY

Today's environment presents us with the need to manage frequent changes in customer needs and the business impacts these shifting needs create. Today, the managers of initiatives encounter frequent changes in requirements, timelines, budgets, and key staff as organizations cope with

this change. Well-established work and project management routines are not especially well suited for the reality of the scope and frequency of this change. Executive teams and managers are changing how we bring work and people together to achieve greater agility and resilience. A review of two disciplines—planning and cross-team alignment—illustrate how.

Planning is one place where new approaches are being developed. One senior manager was brought in to revive a sluggish business that was part of a highly dynamic industry. As she entered the situation, the company was using business plans written for a yearlong timeline, which were very highly detailed documents but did not allow for rapid change. The manager implemented a planning process in which plans were recorded on a single piece of paper,

This chart spotlights some of the high-impact behaviors:

Sample of High-Impact Behavior	Solid Managers	High-Performing Managers
Models change asked of others	55%	64%
Adapts plans to build commitment	49%	66%
Assigns tasks reflecting strengths of team members	56%	70%

against which regular updates are completed. Among the pieces of information that were recorded, a couple were key:

• What problem does the product solve?
• Are the customer's needs changing? How do we address this change?

In the quarterly review process, these questions were asked, and if the answers changed, adjustments were made. This new agile planning process is contributing to an improvement in product innovation, new customers, and increases in revenue.

A second example is cross-boundary alignment. More than a few executives express the following frustration, "My organization is frozen in the middle." Many organizations are achieving increased agility and resilience by making the resolution of cross-team boundary hand-off issues a top priority in a manager's work. In interviews with executives in healthcare and IT companies, many say that resolving hand-off problems is a mission-critical management activity for achieving greater customer focus.

In a healthcare organization and a software firm, key initiative updates are conducted with key teams—the manager and direct reports—to reveal hand-off issues and address them.

Through our research, two practices were found that differentiated high-performing organizations from the rest:

• Senior and middle managers work together to anticipate change and outline possibilities for adapting to it
• Managers pull people across organizational boundaries to solve problems

Two other practices that were found as significant priorities in our case studies were preparing to act with agility and working across boundaries.

LEADERSHIP BEHAVIOR

Certain leader behaviors can strengthen a work environment into one of customer-focused innovation and agility.

In one example, a healthcare system was integrating several new hospitals while improving costs and healthcare quality. The CEO continued the Lean healthcare strategy initiated by the previous CEO. The head of the initiative, with the support

of two successive CEOs, began at the top. He established a development plan for each executive as the initial step of the plan that would cascade down ultimately to the individual contributor.

In addition to outlining how they would implement Lean strategies in their organizations, each executive had to identify a leadership behavior that he or she had to change for the initiative to succeed. Examples of these behaviors included:

• Being less reactive and more deliberate about evaluating options before acting
• Getting teams to link actions to patient and cost outcomes
• Pulling team members to resolve hand-off issues between the teams

Goals were set for these behaviors. In periodic reviews, the manager worked with leaders to evaluate progress on Lean actions as well as leader behavior.

Our research has revealed 20 leadership behaviors that have a big influence on customer-focused innovation. These behaviors contribute to the benefits created by a team environment of customer-focused innovation and work design that enhances agility and resilience (see chart above).

Interestingly, no difference existed between senior and mid-level managers in these behaviors. Successful managers use the same behaviors to achieve customer-focused innovation through others.

Customer needs and ways of meeting them are evolving quickly in a world of hungry and agile competitors. Customer focus is key to success in this turbulent and uncertain environment. Yet, as a CEO recently said, "What could be more obvious?" Achieving the obvious requires a three-part agenda in which people and teams achieve success through customer focus. This agenda includes strengthening a work environment of customer-focused innovation, designing work to enable resilience and agility, and increasing the use of high-impact leadership behavior. AQ

Tom Rose is an outcome-oriented HR leader who drives for the achievement of business objectives by leveraging talent management and organizational effectiveness. He is the author of Managing at the Leading Edge *(McGraw-Hill, 2017).*

RADICAL INNOVATION
Through Design Thinking

3 THINGS TO KNOW

BY BLADE KOTELLY

If your organization is like most, you're probably under more pressure to have higher output and generate more value for the department or company, with less staff than you need and fewer resources than you used to have.

You have a few choices: convince people you need to hire more, purchase new technologies to help you become a little more efficient, or innovate radically. Personally, I like to put my effort into the last option—it's a lot more fun and yields much stronger results.

Innovative organizations can do more with less, adapt to worsening situations, and harness the creative talent and knowledge that's often locked inside their employees. You can innovate in every area of the business: how you sell, how you market, how you run HR, how you design new products,

how you handle customer care, and countless other areas. And the more you practice techniques that lead to innovative solutions, the better you become at the *skill* of innovation. That skill is embodied in the discipline of design thinking.

Design thinking is a process, mindset, and set of techniques that you can learn to be more creative, analyze situations more clearly, and rapidly create solutions that go way beyond what others think is possible. Of course, there are some people who have a mastery of the activities of design thinking, but the basics can be learned and used correctly by anyone.
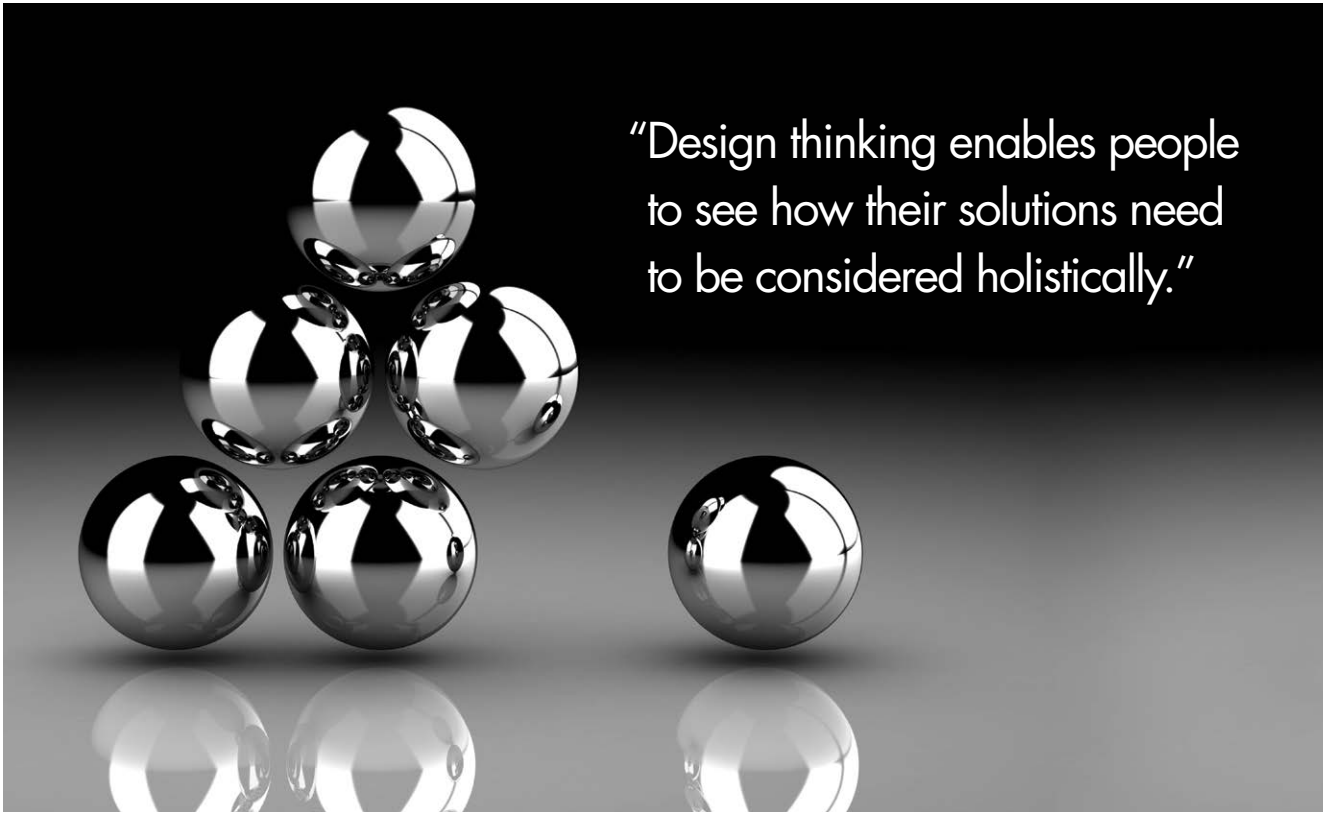
"Design thinking enables people to see how their solutions need to be considered holistically."

I teach a class on design thinking to undergraduates at the Massachusetts Institute of Technology (MIT). These very bright young students are extremely scientifically minded, and many go into impressive engineering professions. However, these same bright people aren't skilled in the art of design thinking any more than anyone else. In fact, it's often the case that incredibly technical people suffer from the inability to innovate when they have the constraints of a real business situation. I teach within the MIT Gordon Engineering Leadership Program, and our benefactor Bernie Gordon has said that he would often rather hire a student from a less prestigious school because they can generally get things done on time, whereas the MIT student might have a brilliant answer that's either not feasible given some set of constraints or isn't completed when it's needed.

Design thinking enables people to see how their solutions need to be considered holistically and enforces the value of understanding all the various stakeholders that are affected (positively or, perhaps, negatively) by a solution. The process shows people how to keep the user in mind as they create a solution, and how to test new concepts quickly to understand if a solution is valuable or not. The students who take my class and combine design thinking skills with their other area of study go on to have rewarding and successful careers with a big impact at organizations that include Apple, Adobe, the U.S. Air Force, SpaceX, and others. All of these students cite design thinking as a core to their success.

THE ESSENTIAL FACTORS OF DESIGN THINKING

So what makes design thinking different from other problem-solving skills? Here are the three important points you need to know about design thinking:

1 **Design thinking is about having a user-centered mindset.** Everything we make is meant to be used by someone. This doesn't just apply to people designing iPhone apps or airport kiosks. Parts of a space station may need to be replaced by an astronaut in zero gravity, and therefore must be designed to be able to be replaced correctly and successfully. If you can see the world from the perspective of the person you're designing for, you'll make sure that creating the right experience for them leads the rest of the work.

Think about a time when you used a product and it just worked the way you expected it to, even though you had never used it before. If you've had that experience, you've seen the work of design thinking in action. The people who made that experience for you considered many things about how you would encounter the product, and they probably worked very hard to make sure that each step you took made sense at the moment it needed to.

I'm sure you've also been frustrated by a product— something that was so bad you complained out loud that some person made a terrible mistake and it was causing you frustration. That's a situation in which the people making the product didn't use the principles of design thinking.

They didn't consider what it would feel like to be a user in the situation you were in.

At one job I had, the expense reporting system was terrible. It was complicated not only because of the company's accounting rules (which could have been changed to make expense reporting easier without causing an accounting problem) but also the user interface. On one screen, you could attach a receipt for an expense, but I couldn't find the button to save the receipt once I had attached it. In fact, I didn't think I needed to save the receipt (since I had just pressed the "Attach Receipt" button on the previous screen). I only discovered this terrible design when I clicked to the next expense to find that the previous expense had a red exclamation point on it (meaning it was missing the receipt). So I selected the expense again, selected receipt again, reattached it, and then looked all over for a button to officially save the expense with the attached receipt. This whole time, everything I needed to fill out was located on the top part of the window, but the button I needed was all the way on the bottom of the page, and it was extremely small and hard to see. On the big screen I was using, it was literally 13 inches away from where I was looking. What a frustration! Why didn't the designer of that application simply put the button next to the rest of the buttons I was clicking on? Of course, I forgot about this the first several times I filled out expenses and was frustrated every time.

Now, I'm particularly sensitive to these issues, so my tolerance is low when I encounter a problem. But if you want to have a user-centric mindset, you need to feel the user's frustrations as your own and work to eliminate them. In fact, you'll want to try to delight your users.

2 **You can use design thinking to solve *any* problem.** There is no magic to design thinking, and you don't need to be an artist or work in a creative field to be successful at it. Design thinking is simply a process that ensures you don't skip any steps that might prevent you from creating a great solution. For example, when you're creating a new product, you'll want to think through problems that could occur for a user and how to prevent the user from having those problems—even before you design it.

If you're making a home-banking app, you'll want to allow users to transfer funds from one account to another. When you create this solution, you need to consider all the things that can go wrong so you can ensure they *don't* when people use the app. One example would be a situation in which a user has several accounts with approximately the same amount in each one. Users may not be able to identify the accounts by their amounts, and they may not know which account numbers correspond to how the accounts are used, which means they could run the risk of transferring funds out of the account their mortgage is paid from, instead of into it. When you see this potential problem, you then consider all the ways to prevent it from happening and decide on the

best one to use. One solution might be to allow the user to easily see the transaction history of the accounts while they transfer funds. Another solution might be to give the accounts nicknames.

3 **The most important step when starting any problem is to challenge the underlying assumptions.** When we're presented with a problem, we often take it at face value that solving the problem is the right thing to do. (And to be honest, it's often a good idea to solve a problem you're presented with.) However, if you take the time to challenge the assumptions baked into the problem, you may find that you have more alternative solutions than you first realized.

Consider this issue: Your company has an app in the App Store, and after the latest release the rating fell from a 4.4 to a 2.3—a big drop! Your boss is upset and wants you to fix all the things that users are complaining about. One course of action is to do just that. If you have the time and budget, it may be the right thing to do. Another is to analyze the feedback and determine if there was a change that loyal users didn't expect but that you know from your research they will prefer when they get used to it. If that's the case, you wouldn't want to change the way the app works and may simply need to add an alert that lets users know what the change is and how to use it effectively—a change that might take only a day to make and will satisfy the users.

Most of the time in school, we aren't taught to challenge the underlying assumptions of what we're being taught. You aren't trained to ask your math teacher "Why are we learning this?" In school, you assume (often correctly) that there's a reason behind the teacher's lesson. But at the office, there is no single correct solution to a problem. There are many correct solutions—some of which only reveal themselves if we challenge problems every time we encounter one. When someone gives you a problem, answer the question "Why is it a problem?" You might find that you learn a lot more about the problem that helps you solve it with more impact.

WHERE'S YOUR STARTING POINT?

You can start by using design thinking skills to innovate and address lots of small problems in your organization. Some good starting points are when you have an opportunity to refine something you've done before, such as when you're organizing an annual event and want to see if you can make it more valuable the next time, or when you have a process you've used several times and want to test a variation to see if you can improve it. Each of these situations enables you to implement a new idea and learn from the experience. And be prepared to fail—in fact, you should expect and encourage failure. I don't mean catastrophic failure. I mean that it's just as valuable *not* to hit your intended mark if you learn from it so that you can refine your skills.

When you're ready to take on a big challenge, it's time to combine design thinking with basic leadership skills so

that you can more effectively take your brilliant ideas and have them adopted by your larger organization. Leadership characteristics go hand-in-hand with design thinking because executing a big idea (almost always) requires the involvement of other people who see your vision and help refine it and bring it to life. The leadership I'm talking about isn't autocratic, or charismatic, or any other popular management style; it's about having the skills to share your ideas in a way that others value, to see your solutions and innovations in a broader context, and to recognize a paradox and solve problems that appear to be unsolvable.

So how can we think about the interplay between design thinking, innovation, and leadership? Here's a mnemonic in the form of an equation:

$$\text{Innovation Impact} = \frac{\text{Design Thinking} \cdot \text{Domain Knowledge} \cdot \text{Magnitude of the Problem}}{\text{Cultural Resistance of an Organization to Change}^2}$$

Consider that the bigger the problem you're tackling, the more impact an innovation in that area can have on the organization. If you and your team know a lot about that area/domain, you probably can figure out more ways to get every bit of value from a new innovation in ways that others cannot. Combine that domain knowledge with design thinking skills,

and the quality of any innovation will be increased because you'll be able to create higher-impact solutions.

In this equation, we see that the *innovation impact* equals the sum of knowing a lot about an area (the *domain knowledge*), multiplied by a *design thinking* process, multiplied by how big the problem is that you're addressing (the *magnitude of the problem*). However, there's one catch here: The more resistant the organization is to change, the weaker your ability is to capture value from your innovation and the more work it will be to make change. This is why leadership skills are valuable. They help overcome an organization's natural resistance to change. AQ

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Want to learn more about design thinking? Take the AMA class #2034, Design Thinking: A Customer-Centric Process for Rapid Innovation.

Want to learn more about leadership? Take the AMA class #2130, The Voice of Leadership: How Leaders Inspire, Influence and Achieve Results.

DESIGN DOING
The Missing Component of Design Thinking

BY PETE SENA

The world does not need somebody else proposing design thinking as a remedy for everything from trite marketing slogans to the common cold.

> "Action over theory is what has the real capacity to transform businesses. This action starts with discourse as a key component of the design doing process."

It seems as if every business journal has articles on it, every Twitter feed has posts on it, and every conference room whiteboard is filled with colorful scribbling and sticky notes pertaining to emphasizing, defining, ideation, prototyping, and testing.

It's fair to say that design thinking is the business concept du jour.

But it's so much more than employees high-fiving with enthusiasm on the way back to the office jazzed up after a morning workshop. I'll argue that enough has been written and said about design thinking. It's time now to turn our attention to "design doing."

Design thinking begins as a methodology to better serve customers. It often begins in product development and marketing but can be applied effectively to change an organization's financial functions, processes, core capabilities, and culture. It can guide development of products and services, prompt information technology investment, encourage acquisition and management of corporate assets, and shape vision and strategy.

Design doing is the process of making business better by applying and sticking to the principles of design thinking. Action over theory is what has the real capacity to transform businesses. This action starts with discourse as a key component of the design doing process.

Discourse has been a critical factor when working with internal teams and customers to ensure the voice of the entire network is heard. This inclusion heavily increases the validity and number of products that make it past the whiteboard. We believe in using liquid networks to collaborate and diversify ideas to gain a plethora of perspectives. For example, the Alexa Skills that we have provided for some of our clients highlight the forward-thinking notion that voice-activated technology is the way of the future. We believe in getting ahead of trends and using data to counteract people's disbelief and maximize outcomes.

In most manifestations of design-led processes, there are stages of customer and idea exploration (divergent) followed by homing in and making decisions (convergent). I've found that many organizations are afraid of conflict and therefore the process breaks down. This is what is referred to as "the messy middle" by Scott Belsky in his latest book, *The Messy Middle: Finding Your Way Through the Hardest and Most Crucial Part of Any Bold Venture* (Portfolio, 2018).

The answer is putting more weight on action, number of experiments, and things the team learned amid failures. That is where design doing takes things one step further. The answer is on measuring the ROI on design doing initiatives so that further design thinking and doing is easier to sell to corporate leaders.

We at Digital Surgeons have coined this the Design Continuum. It describes the stages of design thinking, exploring what has been learned and moving into practice (design doing). This is followed by measuring "design measurement" and ROI and then—this is where the real acceleration of customer-centered design enters—doing it all again.

To attain the best results, we have to create conflict and ask the tough questions. Our business is designed to challenge people's thought process while simultaneously backing it up with data. As a company, we pride ourselves on challenging our clients to think differently and take a different route than their competitors. This ultimately makes our clients stand out in the consumer marketplace.

DEFINING THE PROCESS OF DESIGN DOING

Design doing is not merely hiring a consulting firm to conduct a training session. It's not checking the "design thinking" box. It's not fuzzy, and it's not hard to understand or to sell to a skeptical business leader.

It is what drives companies to new heights. It's what spurs promotions. It is implementable enterprise-wide, with the real potential to transform people, processes, careers, and bottom lines.

According to a study unveiled in October 2018 by McKinsey, which was conducted with 300 public companies, those with a strong sense of commitment to design thinking and follow-through had 32 percentage points higher revenue growth and 56 percentage points higher total returns to shareholders (TRS) growth.

lines. This is critical and powerful in igniting the mindset shift that leads to real results.

Only when top management has actually experienced what happens when they interact with customers can design doing gain significant traction in an enterprise. Many leaders find this uncomfortable, but it works and works well.

We've been running what Jake Knapp, formerly of Google Ventures, calls "design sprints" for years with our customers. This is a focused, fixed period of time where a

"Design doing is not just thinking differently, but behaving differently. It doesn't end with theories, seminars, and whiteboards."

This means that in the design thinking process, you must get distracted. You must go down rabbit holes that seem like they have no meaning. Observe the unobservable. It means getting down on the floor and engaging in the nitty-gritty of business processes and customer relationships. All of this must be within reason, but sweating this essence and these details is the difference between a customer-obsessed design-led organization that thrives or simply talks the talk.

I originally discovered this when I came across the brilliant work of Brené Brown on YouTube—"Why Your Critics Aren't the Ones Who Count"— in which she talked about how vulnerability leads to the greatest work.

Celebrate not knowing something—especially if you are the boss. Discovery and trust are the eureka moments that await you as you let your guard down.

Fortunately, enterprises are enthusiastically embracing this first part of the design continuum. In fact, the amount spent to expose employees to design thinking concepts is enough to fund a sizable industry on its own.

According to the Design Management Institute, design needs proper resourcing in order to be successful. It should be resourced through talent acquisition, competitive technologies, and appropriate facilities, as well as other forms of investments.

Design doing is not just thinking differently, but behaving differently. It doesn't end with theories, seminars, and whiteboards. It continues with monitoring and tracking systems to measure how and whether people are actually changing behaviors to become more agile, creative, and customer-centered. It follows up with communication and shared learnings to reinforce the lessons imparted in those design thinking educational sessions.

It also involves people, especially high-level executives—who need to leave their C-suite enclaves and head to the front

cross-disciplinary team is concentrating on solving a specific problem for a specific customer.

In our design sprints, I have seen top executives pulled from their world of meetings and decisions and brought face-to-face with customers. Sometimes this is the first time in years they've confronted the people they are actually serving.

While it can be initially disconcerting, it's exhilarating to see how quickly and well executives respond in these situations. Often they are reminded of their mission in the first place. It engages them. They begin to understand the value of putting actions to their thoughts rather than just thinking about it.

When someone who ordinarily reports only to the CEO or a board of directors finds him- or herself reporting to a customer, the results can be phenomenal. Direct one-on-one feedback from customers has exceptional power to move business leaders. Attitudes shift, projects get funded, change happens.

Another thing that happens is that curiosity becomes engaged. Creativity gets aroused. People start asking questions. This is vital.

SMALL DATA KEY TO UNLOCKING REAL TRANSFORMATION

All too often, big corporations dump millions of dollars into Big Data and artificial intelligence platforms looking for the silver bullet for delivering better brand experiences.

Nobody is a bigger believer than I am, as an engineer and a futurist, in the power of Big Data for solving business problems. The problem is that without connecting causation to correlation through a real customer interaction, you can't understand what that Big Data is delivering. You need to get into the trenches.

The future of this practice relies on having people partnering with machines armed with Sherlock Holmes-level questions and curiosity so they can form unconventional connections with

unorthodox results. When design thinking education segues into real follow-up and ground-level interaction by decision makers with customers, that is where design doing gets under way.

The ability to think forward and backward is critical to applying the logic, emotion, and creativity required to observe, test, learn, and do.

Curiosity, questioning, and inspiration are great, but they're still not far enough past the initial state of design thinking to constitute actual change. For anything substantive to happen, bringing these ideas to life is imperative. That means initiatives, projects, and funding. Those can be difficult to accomplish.

One way to make design doing more palatable is to start small. The transformative Design Continuum processes we have seen occur when entire enterprises are committed to the process. However, sweeping change is not always feasible for every organization.

Enterprise-wide transformation is a long-term initiative. It takes a lot of willpower and executive sponsorship and buy-in to convert an entire organization to the design way of thinking and doing.

3M is one example of a company that is heavily invested in this methodology. The company believes in diversifying opinions to create the most forward-thinking solutions. Executives there focus on consumer insights to help them create solutions, which highlights the importance of applying this methodology to modern-day business practices.

So it can make sense to enter design doing through more limited initiatives. One way to do this is to focus on efforts that offer short-term returns. Testing quick and low-fidelity prototypes can provide rapid positive feedback and encourage further exploration.

Enterprises can also consider limited rollouts of design doing. A successful limited rollout is easier to get approved but can propel a career or an enterprise as powerfully as a larger initiative.

Consider your organization's history of change. People in organizations that constantly change are comfortable with it. It won't be hard to get them to try and buy into a design-led approach. For enterprises staffed with longtime employees performing routines unaltered for years, it's a much bigger leap. Avoid cutting-and-pasting a technique that has worked in organizations greatly different from yours.

Organizations, like organisms, have immune systems of different strengths and sensitivities. A well-planned design doing initiative will stimulate an organization's immune system to change and grow without spurring it to recognize the concept as an unwelcome invader and toss it out.

MAPPING OUT THE DESIGN CONTINUUM

Design thinking is the methodology, and design doing is essentially a nudge to ensure that people are practicing it and putting their ideas into action. Design measurement comes after this, and it is where organizations measure the impact of design thinking and doing.

Design ROI, which is a crucial factor in this process, occurs when the sponsors of the initiative justify their efforts and show what the organization expended on the initiative and how it has benefited. Design ROI provides boards of directors and CEOs with the information and justification to fund further design doing.

Design ROI is not an afterthought or optional component of the Design Continuum. Without a solid business case behind it, no matter how successful the rest of the process is, it's unlikely to be repeated. Repetition over time is where the compounding effects of design thinking and doing make their presence felt.

The final part of the Design Continuum is to go back to the beginning and do it all again. It's safe to say that most organizations engaged in exploring design thinking are currently at earlier stages of the process. Many will not move past design thinking to design doing, design measurement, and design ROI. They will never even have a chance to repeat the process.

This last stage, when organizations are immersed in the Design Continuum, is probably the one that is the least known. That is mostly because few organizations have progressed this far.

To help remedy the lack of knowledge, Digital Surgeons is currently fielding the first-ever proprietary research on Design Continuum. Results should be finalized in the not-too-distant future and will be available to interested parties.

THE FUTURE OF DESIGN THINKING

To transform businesses, management must have a strong desire to overcome discomfort and apply this methodology in order to create a more customer-validated model. The idea of change is simply not enough. Rather, it is in the implementation and repetition that businesses will find success.

The quality of questions people are asking coupled with the quality of overall conversations are the foundation for sparking this change. Going back to the baseline of the situation and getting the pulse of a business are critical to this entire process.

This methodology will only be successful if people are willing to push past their comfort zone and ask the difficult questions. AQ

Pete Sena is CEO and chief creative officer of Digital Surgeons, a consultancy that provides services such as naming and brand positioning; voice and tone; visual identity and design systems; inbound marketing strategy; and content strategy.

How to Really FOCUS on Your Customers

BY SUKETU GANDHI AND
ALANNA KLASSEN JAMJOUM

You've likely never seen an organization that doesn't at least say it focuses on its customers first.

They're the lifeblood of any successful business, and that's why everyone insists they're customer-focused.

However, just saying it isn't enough. A truly customer-focused organization doesn't just talk about customers' needs in passing while spending all its organizational resources on maintaining the status quo.

Instead, it takes a fundamentally different view of its end-to-end operations—taking a customer-back perspective on how to orchestrate and execute all activities along the customer journey from sales and marketing to supply chain and customer service—even to its internal functions.

This mindset represents a different way of organizing your business, and a successful shift to this thinking will include examining your organizational model, reviewing your key processes and metrics, and freeing the people on your team to listen and adapt to customers' needs dynamically.

UNDERSTANDING THE OLD MODEL VERSUS THE NEW

Most businesses have set themselves up so that they are good at selling to the customers, but not at truly understanding why the customer wants to buy.

"Companies that do customer service right figure out how to create an end-to-end view of the product and service segments to see where the issue arises."

The entire structure of the sales organization and everyone on these teams are focused on understanding the products they sell and the easiest way to push them out to people. The customer's role is to be the one who hands over money for the product. This often results in a war of attrition, where the target is bombarded until it relents. It's not a model for great service.

In contrast, a truly customer-focused organization functions almost entirely in reverse of this model: It starts with what the customer needs. Significant emphasis is placed on truly understanding the customer needs and how the company is uniquely positioned to address those needs and then adapting products and services to fit the needs on the customer's own terms.

Sales, marketing, the supply chain—and even typically internal functions like finance—need to work from the customer back to dictate how they should function.

What sets a company apart is that the whole organization works to define who the customer is and how they're going to be served, and they orient themselves accordingly with this primary purpose.

Successful, customer-focused companies condense this difference into three elements:

• Every part of the business defines its role in relation to how customers can best be served based on their stated and anticipated needs

• Every process and interaction is designed to improve customer service

• Data collection and algorithms are continuously refined to understand customers and their needs, and to evolve processes to further the goal of high-quality customer service

REVIEW YOUR PROCESSES

Thinking about the metrics used to judge a process's

success can help most organizations understand this structural difference a little better. Operational metrics should always keep the customer as the focus—and it can be easy to see if you're hitting that target when you start thinking from the customer's perspective.

Customer service call centers, for example, don't generate revenue for most companies, and they often look at their costs per minute as their core metric. The goal, in that case, is to get off the phone as quickly as possible to minimize the average cost per call. The idea of actually solving customers' problems on a holistic level is secondary, at best.

That means they don't track what matters to the customer: solving the problem. If a person has to call again to resolve an issue, that's more of the call center's time and a greater cost to the company. It gets worse if the issue spans multiple products or departments.

Companies that do customer service right figure out how to create an end-to-end view of the product and service segments to see where the issue arises. Then they work to solve each problem so the customer is pleased. For a call center, the focus no longer is on getting off the phone quickly, but instead on resolving the issue so the customer has a good experience and doesn't need to call back. That's also what the customer wants.

In this model, this leader's job is to orchestrate cross-functional collaboration to keep the customer orientation. Rather than each function being optimized to meet its own objectives and ways of working, the functions are encouraged to work together in an end-to-end model, whereby metrics, processes, and governance drive collaboration across functional silos to meet the customer objectives.

For leadership, there are three clear steps you can take to implement this mentality in your organization and keep customers as the focus of your operations:

STEP 1: Redefine your metrics. Becoming a customer-focused organization starts with being very clear about the customer needs you're meeting through your products or services. Every element of the business needs to reconsider its metrics to ensure they relate to the customer.

Your mission is to determine the effectiveness of your organization and each component within it in terms of serving customers. Enterprises then end up with two kinds of metrics: one that directly relates to the customer and one that relates to the efficiency of the organization's services. Discard any metrics that can't be tied directly to these two items.

Look for ways to link technology, people, and processes. If these are disconnected, you're aggravating customers instead of delighting them. Start by thinking of the frustrations your customers face and how you can reduce them.

STEP 2: Segment customers appropriately. After your metrics are defined, they need to be applied to actual customers. Treating customers as individuals often works best for both the company and the customer.

In our call center example, the agents themselves are measured on how quickly they get off the phone, whether that means ending a call directly or passing the caller to another department. But if you as a caller are transferred three times, you are likely to be aggravated—and you could well be more expensive to the company overall because you have to repeat questions and steps with multiple agents.

If the call center's metric were to treat the caller as an individual instead, the process would operate differently across the entire call center.

Southwest Airlines is among the companies that do this with the help of data. It looks at individual customer statistics and problem-resolution metrics, not just how much time was spent on the phone. If you call as a customer, Southwest's system quickly identifies you and provides detailed data on your account.

The airline already knows your current or upcoming flights, travel history, and preferences, thanks to a system that links accounts with phone numbers. With that information, the agent who responds to your call is able to begin tailoring his support to you as an individual even before the conversation begins. This approach can speed up problem resolution by having travel information ready or by preparing to send you to the department most likely related to your issue. Valued customers are far less likely to be dropped into organizational silos where they have to be transferred repeatedly to get a question answered.

The result is a system that seamlessly prioritizes customers based on their relationship and needs.

STEP 3: Let your staff work their own magic. The last step is to build ownership into everything your enterprise does. Metrics, customer segmentation, and touchpoints all need someone to be accountable for them to ensure that the system keeps customers front and center.

Steps 1 and 2 focused on metrics and company structure, not employees, for a good reason: Your team is likely already capable of handling this. Leadership just needs to keep things on track from a broader standpoint.

Most of your staff are naturally going to be pretty good at customer service. It's the company that turns a staff into bad customer service people.

Companies often get in the way of those natural skills by setting strict protocols for interacting with customers. Those rules are often built on a particular person's idea of good service, with no room to adapt to individual needs or

"Southwest Airlines looks at individual customer statistics and problem-resolution metrics, not just how much time was spent on the phone."
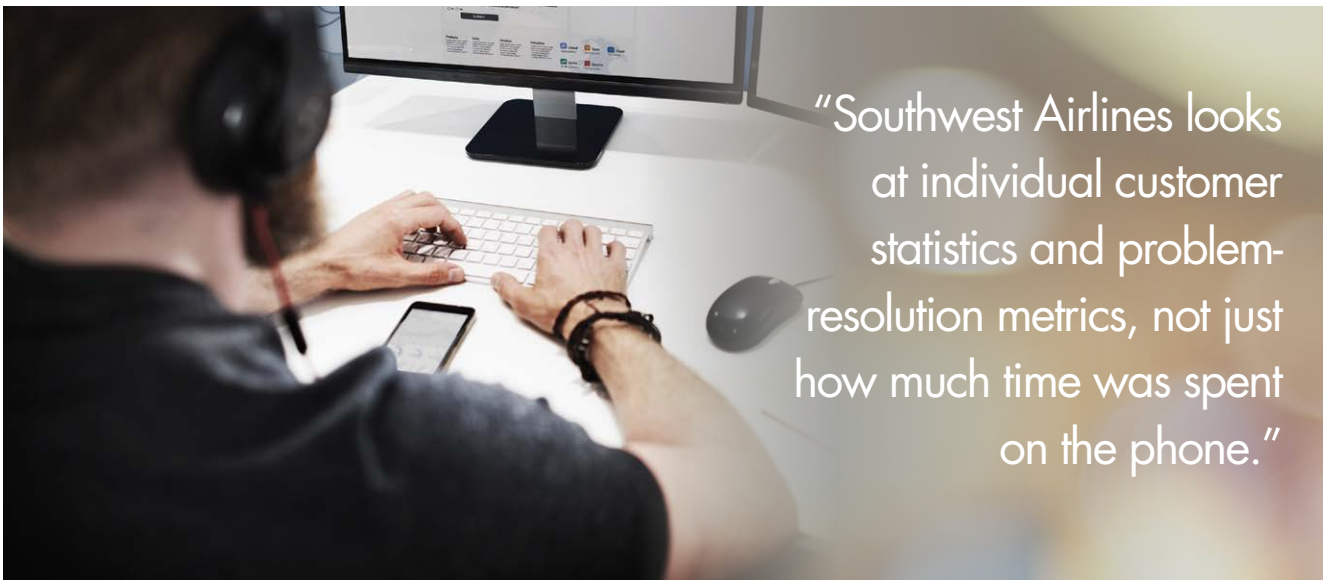
preferences. Under this setup, employees won't listen to the customer; they will react to a request for service by going through a checklist they've been told to follow.

You can change this mindset through smart hiring and training. Accountability comes into play here to determine the right training and skills and to make sure metrics help evaluate effectiveness. In most cases, training will involve teaching people to hear what the customer is saying.

PREPARE TO REALLY LISTEN

Training on effective listening is probably the most underrated thing that can happen to fundamentally change an organization.

B2B selling is often particularly weak when it comes to listening. In our research, we've found that many B2B salespeople will move into a pitch regardless of what the customer says. The lead on the phone call might say their world is coming to an end or they think they have cancer and are going to die tomorrow, but the sales rep will still say, "Would you like to see our demo?"

This sales rep ignores everything about the potential customer and his or her situation because whether or not he makes a sale is the only metric that matters to the company, and therefore to him.

Your sales process should allow reps the freedom to connect and empathize with the person on the call, not penalize them for staying on the phone too long without moving to the next stage.

DEVELOP A DEEPER UNDERSTANDING OF YOUR DATA

You're continuously collecting information about your prospects and customers; the challenge is turning this information into actionable insights.

Companies are creating algorithms for customer understanding and refinement, but they're all over the place. In most cases, they're based on transactional information, not human interactions. They miss the broader picture and fail to be customer-centric because they don't capture all—or enough—aspects of the customer.

Human interaction involves both structured and unstructured data. For example, there are the words you say (structured), and then your tone of voice and the meaning behind your language (unstructured). Bringing all of these components together is a critical skill that is absolutely lacking in many companies.

Because of the connection of data, customer service, and training, an enterprise might require a new role that oversees these different segments: the chief customer officer.

AVOID THE MOST COMMON PITFALLS

Without customer-centric leadership, a company's well-meaning initiatives can quickly lead to poor service.

"B2B selling is often particularly weak when it comes to listening. In our research, we've found that many B2B salespeople will move into a pitch regardless of what the customer says."

Failures often happen in areas where the customer focus is only surface level, such as when a focus on products drives customer interactions or when companies don't personalize offers or options.

The first concern comes from focusing only on the "front door" where the sale happens. Putting all your efforts in this area means you're skipping potential issues in manufacturing, service, delivery, and operations. And if you miss an issue early in the process, you're extremely limited in your ability to solve it at the front door.

Organizations can also struggle when they think primarily about selling whatever they have to sell rather than what customers need or want to buy. A lack of data is a common culprit here, so the solution is often to start listening. Customers are talking, and so are the people in your organization. Today's connected products and services count as "talking." Gathering this data by listening can help you learn what customers actually want instead of guessing.

Staying one-size-fits-all is another potential failure point. Many enterprises think they need to create a single item that will be considered a failure unless it's scalable to serve all potential customers. You can see how this mindset is wrong by the way large companies are attacked by start-ups and other niche organizations.

For example, Unilever bought Dollar Shave Club for $1 billion in 2016 because of that company's success. But Dollar Shave Club didn't market itself as being better than Gillette; it simply asked whether customers could afford $1 per month. It targeted a specific segment of people who shave, and that was a niche that let the company grow steadily with different offerings.

It's time to examine your own metrics, process, and people to determine whether your company is on track for being truly customer-focused. Organizations that embed this mindset into everything they do and that empower people in each department to think about these questions have a much greater potential for success. AQ

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Most Organizations Shy of the Mark on Key Skills Necessary for Customer-Focused Strategy

Organizations are now focused on turning customers into evangelists. Inspiring customer loyalty, however, requires the ability to build strong relationships, interpret customer trends, and deal with the inevitable conflict that arises in business.

Leaders Lack Basic Strategic Skills to Analyze and Forecast Customer Needs

These skills are fundamental to interpreting customer data and forecasting key trends that will influence customer needs, yet...

85% Indicated that their ability to apply research and trend analysis to strategic business planning is less than excellent.

91% Indicated that their ability to conduct market analysis to identify customers' needs and wants is less than excellent.

Middle Management Less Than Confident in Communicating Change and Managing Conflict

Employees often take cues on how to communicate change and smooth over conflict with customers from their managers, yet...

84% Indicated that their ability to conduct critical conversations is less than excellent.

84% Indicated that their ability to communicate change in a confident and effective manner is less than excellent.

Employees on the Front Line of Customer Interactions Ill-Equipped for Superior Customer Service

Individual contributors are often the public face of an organization interacting with customers on a daily basis, yet...

78% Indicated that their ability to communicate clearly and effectively is less than excellent.

78% Indicated that their ability to manage disputes and disagreements in a positive manner is less than excellent.

Source: AMA surveyed more than 2,000 professionals in all organizational levels, across more than 20 industries, to determine their level of competence in four key domains: business acumen, analytical intelligence, relationship management and professional effectiveness.

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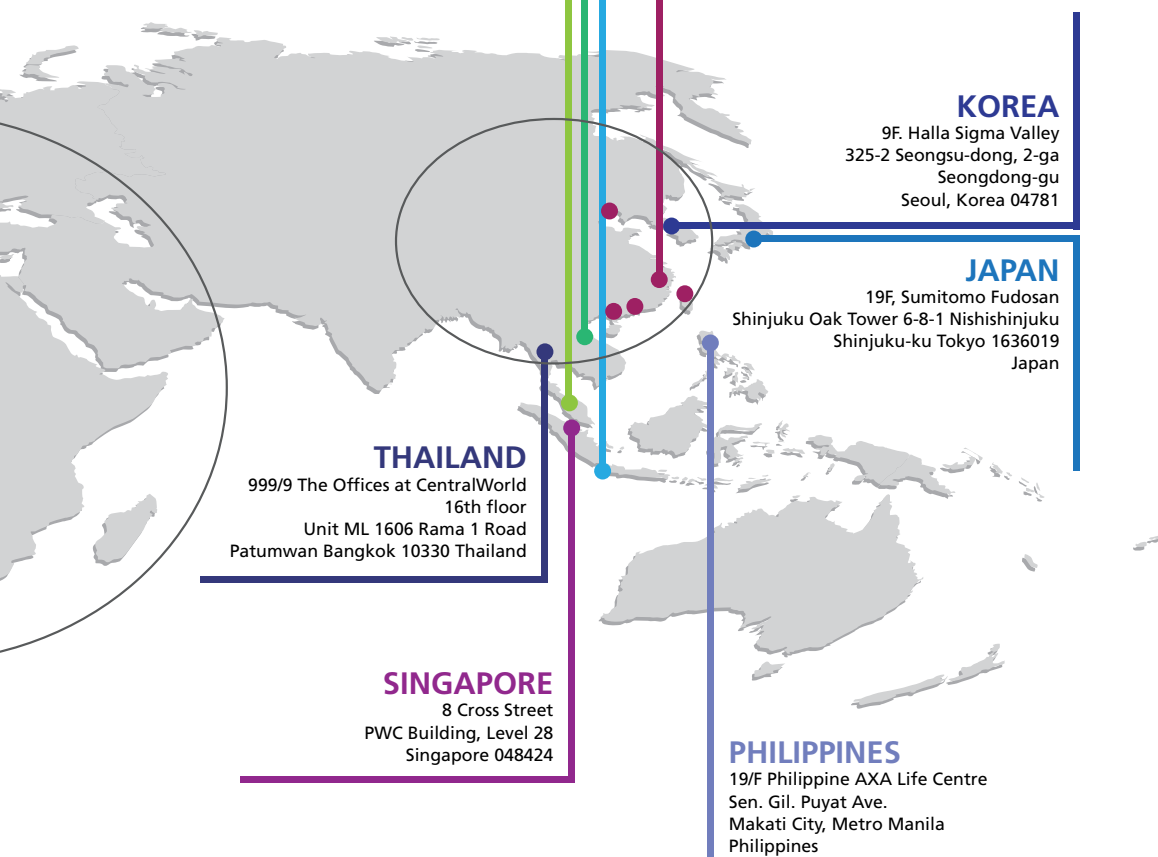
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BUILDING CUSTOMER-FOCUSED
Organizations
Within Your Enterprise

BY SIDRA BERMAN

Much has been written about the late Apple co-founder Steve Jobs, including his eccentricities, business failures, comebacks, and ultimate managerial genius.

But what I have always found most interesting about Jobs was his ability to marshal his organization to focus first and foremost on its customers—starting with what the customer wants and then figuring out the solution on how to deliver it.

Case in point: At the turn of the 21st century (the Wild West days of the nascent Internet), the music industry was being decimated by piracy, particularly from file-sharing startups such as Napster. Jobs struck a deal with the major music distributors to sell individual songs and albums at consumer-friendly price points and deliver the music through Apple's new iTunes service, with software added to prevent piracy. But the key to the success of iTunes was that Jobs built customer-focused organizations within Apple to research and understand what the customer wanted. The answer was "1,000 songs in my pocket." And thus, Apple created the first iPod, which, of course, morphed into the iPhone, iPad, and myriad competing smartphones and devices that connect, entertain, and make our mobile workforce possible today.

By most estimates, three out of four American workers now work at least part of the time from remote locations, including home offices, automobiles, shared offices, and airports, enabled by rapidly evolving smartphone technology. Every enterprise with a significant mobile workforce faces the challenge of managing the mobility component—purchasing, deploying, and maintaining mobile devices, vetting and negotiating contracts with wireless carriers, managing the way employees use their devices, compensating employees who bring their own devices (BYOD), and switching devices on or off as employees come and go. On top of that, expensive cybersecurity is needed to protect enterprise data from being compromised by a lost, stolen, or hacked device.

In a nutshell, the mobile workforce has created a significant new segment of the telecom expense management (TEM) market.

GIVING BACK—PAYING FORWARD, THROUGH SHARED KNOWLEDGE

My organization, Tangoe, provides telecom and technology expense management solutions that enable today's mobile workforce. As the chief marketing officer, one of my most important responsibilities is building customer-focused organizations to work with many of the world's top brands, as well as lesser-known enterprises, struggling to manage their mobility programs, rein in telecom and technology

expenses, and find new ways to "work smarter" with today's fast-changing technology.

My top initiative has been building a Center of Excellence, where everyone within our enterprise interacts with not only our customers but also our prospects in the industry. The COE provides training courses and certifications designed for participants of all knowledge and experience levels, in topics including inventory management, expense management, and usage management. It offers courses on soft skills, providing professionals with best practices to maximize their efficiency and effectiveness within their organizations. The courses also offer in-depth insight from industry experts and provide participants with real, applicable takeaways for how they can improve the management of technology within their business.

The COE is focused squarely on our customers, yet it is open to anyone in our industry as a way of promoting knowledge within the profession. As the largest TEM provider by a factor of 4X, we can share knowledge, give back, and pay it forward to customers, prospects, and third parties including the mobile carriers (Verizon, AT&T, etc.) and device manufacturers (Apple, Samsung, etc.). This initiative keeps our product lines and

operations keenly focused on what the industry needs. From what we learn through the COE (as well as other proprietary research and development), we can build solutions that make our customers' day-to-day lives easier.

Other tried-and-true customer-focused organizations that we have built include user groups and advisory councils to gather regular, direct input from customers. Whenever a client visits our headquarters, we make sure that all relevant executives onsite have lunch or meet with the customer to better understand how their departments can contribute to the customer's success. We strive to communicate with every customer how our investments in dedicated teams, advanced technology, and service improvements are designed to help clients reduce costs, improve productivity, and deliver predictable results.

As a result of this outreach, our teams have found that customers want automation that improves managed services and that investments in advanced technology will reduce manual errors, thereby lowering customers' overall technology costs. We have invested heavily in artificial intelligence, machine learning, and robotic process automation to achieve the automated processes that underpin our customer success initiative.

> "If you want your organization to be customer-focused, you must train your workforce to be truly customer facing and centric by making sure you have researched and determined the needs and wants of your customers."

BUILDING OUT ONLINE USER GROUPS

How do you successfully create customer-focused organizations within your organization? Buy-ins are the basis. It's easy for executives, managers, and employees to get wrapped in day-to-day responsibilities and just give these types of initiatives lip service. But interacting with humans forces you to put your to-do list aside and focus on the big picture. Is this product, or initiative, going to move the needle for our customers?

There are three goals you need to address:

- Are you building the right product? Does it meet the basic needs of most customers? Does it have a unique selling proposition?

- Does your product or initiative have the potential to expand your market share? Will its benefits to your customers outweigh your capital and operating costs and contribute to your bottom line?

- Is the product/initiative customer-centric? Or is it driven more by egocentrism within your own organization?

If it doesn't add value, it's not worth doing. If it adds value, it can be a game changer for you and your customers.

ARE YOU TRAINING YOUR EMPLOYEES TO BE CUSTOMER-FOCUSED?

If you want your organization to be customer-focused, you must train your workforce to be truly customer facing and centric by making sure you have researched and determined the needs and wants of your customers. For example, most customers want uninterrupted service and a fast response when there is the inevitable interruption. Are your employees trained in how to operate during a service outage? Are they skilled at working with affected customers in a calm, methodical manner? Can they be trusted not to panic?

Run simulations in your training programs. If an employee panics or exhibits undue anxiety, he or she should probably not be on your customer-facing team.

Once your team is working with customers, it is also important to monitor their interactions, keeping an eye out for budding problems or issues. Some customers will be more difficult to work with than others. Are your employees up to the task of dealing with the difficult customer? If not, they either need additional training or need to move on to something else.

Train all of your customer-facing employees in the elements of common courtesy and common sense. They should be polite and businesslike in most cases. They should respond to a customer's "thank you" with "you're welcome"—not "no problem" or, worse, "NP." They may ask a customer how his or her day is going, but *not* if they sense the customer is antsy or not wanting small talk.

Finally, reward your top customer-facing employees with bonuses and awards—and let the entire company know about their successes. This recognition will also help incentivize other employees to step up.

BUILDING YOUR CAREER AROUND CUSTOMER SUCCESS

For a manager tasked with customer-focus, it pays to take on progressive on-the-job experiences along with continuing education to move your career trajectory upward. I began my career about the same time Steve Jobs was saving the music industry. Early on, at GE, I had various roles requiring cross-functional leadership, obtaining executive buy-in and working with counterparts in Asia and Europe. In five years at GE, I learned customer-focus techniques that buttressed my marketing roles over the next decade, moving into increasingly responsible roles until I was recruited as part

of the new management team at Savi Technology as chief marketing officer.

Our mission there was to rebuild the company from a hardware defense contractor into a Big Data solutions company serving the needs of the Fortune 1000. Building an agile, customer-focused marketing team was a strategic imperative to the company's successful transformation. I was assigned the task of establishing the value proposition, key messaging, awareness among target markets, and competitive differentiation while developing the necessary sales tools, event programs, analyst and public relations, and partner support.

What I learned through all these experiences is that nothing is more important than going on several customer visits every quarter. You're never smarter than your customers—listen to them and build relationships with them. And be sure to listen to people who aren't your customers and understand why they are not.

TAKE YOUR SHOW ON THE ROAD

Never think that you will wear out your welcome by reaching out to customers. They will know and appreciate that you care. Recently I organized a series of road shows in 10 cities with top executives from Tangoe. We designed it to be convenient for customers and prospects to come learn and share best practices and critical trends across technology and cloud expense management. The one-day events also provided an opportunity for customers and prospects to network with their industry peers.

The key point of customer focus in each road show was a presentation and interactive discussion of proprietary research. We commissioned the analyst firm IDC to survey 600 companies with 1,000 or more employees in the United States, Canada, the United Kingdom, Germany, and France. The effort confirmed the rapid changes occurring in TEM and the industry of service providers. It also predicted that the need for TEM solutions will increase dramatically due to the impact of next-generation technologies such as the Internet of Things, 5G cellular, and others. Each member of our executive road-show team addressed how the IDC report findings could challenge each customer present and mapped out ways our managed services will help them meet the challenges.

SOME BEST PRACTICES IN BUILDING CUSTOMER-FOCUSED ORGANIZATIONS

How many times have you seen or heard a claim that someone's new system of billing, including a rate or price increase, is being made "in order to serve you better"? Or, after enduring an excruciating wait on hold just to get a simple question answered—filled with promotion after promotion—being asked, "Would you like to hear about our new credit card?"

In building customer-focused organizations, there are some best practices that should be observed, and most of them are found in avoiding the most common mistakes of customer relations. Here are a few that I've found are essential:

- **Always treat your organization's customer-facing employees well.** They, in turn, will treat customers well. Disgruntled employees are a risk to your customer-focused organizations. Have the backs of your employees—be fair in disputes with customers.

- **Keep the promises made to customers.** If a delivery was not made by a promised date, make certain the customer receives a sincere apology, explanation, and compensation. Promises broken are relationships broken. Don't make promises you can't keep.

- **Utilize automation in positive, productive ways.** Nobody wants to jump through 15 questions and answers before a customer service representative gets on the phone. Make it easy to cut through the annoying automated voice and get right to the representative. And if it's a busy time, have an option that insures a prompt call-back.

- **Never be defensive about your products or services.** Customers want results, not excuses.

- **Ensure that your organization's social media presence is closely monitored.** Social media is a great marketing tool, but it can be a double-edged sword when you have a problem with a product or service. Never delete negative comments. Always respond with a positive solution.

WHAT'S AHEAD IN CUSTOMER-FOCUSED ORGANIZATIONS

Automated technology is expected to make more big strides in the next 5 to 10 years. Management practices in building customer-focused organizations will progress as well. Customer relations will remain a constant imperative for executives, managers, and employees. The customers will always be humans, not computers or intelligent robots. They want the services they are paying for and the focused attention of the humans managing the services.

Organizations built on direct human interaction with customers will, I believe, always have a large edge over those that add too large a dose of automated technology. You should use the technology to be more efficient, but remember that nothing replaces a conversation with a live human. AQ

Sidra Berman is the chief marketing officer of Tangoe Inc., responsible for all of the company's marketing programs, including global go-to-market strategy, market analysis, lead generation programs, branding, digital, and overall positioning.

The True Key to Success Is
CULTURE

BY ED PAGE

"Being a great place to work is the difference between a good company and a great company."

—Brian Kristofek, president and CEO of Upshot, in *Entrepreneur*

In almost 30 years of working with and leading many different organizations, I have seen that culture matters more to success than does any other factor. Energized employees who are enthusiastic about the work they do, and the environment in which they do it, will have a dramatically bigger impact than those who aren't. Whether they're creating a better customer experience, finding ways to improve profitability, or helping recruit other energized and enthusiastic employees, they create a virtuous cycle that continually builds upon itself.

This is not new or original thinking. The question then is not so much why business leaders should focus on building a great culture, but rather how.

I'm proud of what we've created at Relation Insurance Services. Over the past five years, since I first joined, we've transformed from a low-morale, low-performing organization into a high-morale, high-performing one. We measure ourselves through quarterly internal employee surveys and external metrics, such as our Glassdoor rating, both of which have consistently and significantly improved over time. Not surprisingly, our financial results have also dramatically improved—we've nearly doubled our profitability and last year had the best financial performance in our company's history.

Here are 10 ways we have created a fun, high-performing culture:

1. Walk the walk. Senior leaders set the tone for any organization. Your employees see everything you do—your work habits, the way you treat people, your consistency (or lack thereof), and the behaviors you demonstrate every day. While words matter, leaders' actions matter far more. Culture is always set from the top and created by example—so strive to be an excellent one.

At Relation, we do a number of the things to help demonstrate the culture we want to have. For example, each employee gets a handwritten note from myself and our CEO, Joe Tatum, to celebrate 5, 10, 15 years and so on at the company.

We recently introduced a sales training program that wasn't an easy thing to learn but has tons of value when fully embraced. The head of our sales teams and I committed to handwriting the key program from memory every day for 10 days and emailing it to the sales team to show we did it. It's highly unlikely that I will ever be in a position to use the

program myself, but it was important to demonstrate how important we thought it was and how committed senior leadership is to it.

Similarly, although I have an assistant, I do my own expenses. Since we require all employees to use our expense-management system, I think it's only fair that I deal with the same system they do, so I can share their frustrations and also help drive improvements.

2. Be authentic. Nothing kills culture quicker than a lack of sincerity. If you are someone who can show you care about an individual and what's going on in his or her life, you'll build the relationships that will ultimately help your organization reach its goals. People are far more energized when they feel they are seen and valued as a person. However, nothing is more damaging than being disingenuous or insincere. Be true to yourself, and don't force yourself into an inauthentic position. The more you can find real ways to connect with people in your organization, the better.

We sincerely care about our people, and one way we demonstrate this is by sponsoring company-wide programs that promote healthfulness. We subsidize the purchase of Fitbits and hold competitions. We also provide wellness seminars on nutrition, healthy habits, and mindfulness and assist employees with their individual personal finances through a 401(k)-matching program, as well as an employee-referral bonus program.

3. Play the long game. In the midst of the day-to-day, you may be tempted to hit the easy button or think about what's needed immediately, especially if the short-term decision conflicts with the long-term. Adopt the mindset that you're creating a company that will last for hundreds of years and act accordingly. Always try to do the right thing, no matter how painful it is.

Several years ago, we created a task force to find ways to improve the experience of our customer service and support teams. It was driven by members of those teams, and they came up with the idea of a week-long celebration to say thank you to the service teams, which are often underappreciated in our business. We were having a tough financial year, as we were still working on improving many aspects of the business, and this had a significant price tag as budgeted. Because we thought it was the right thing to do for our teams, we funded it anyway.

The celebration was a huge hit, and it created tremendous energy and enthusiasm throughout the business. Doing the right thing in this case was a small short-term sacrifice that produced a big return; the next year, we had record-breaking financial performance. I like to think there was some cause and effect at play.

We continue this event annually, and it's my favorite work-week of the year because I get to hang out with the people on the front lines, trying to make them feel as appreciated as they truly are. The level of thanks and appreciation that I get back is multiplied tenfold.

4. Communicate, be transparent, and listen. Most senior leadership teams can do better at communicating with their employees. Almost all can improve their listening skills. When leaders are fully transparent about the good and the bad developments at a company, people are much more engaged and helpful because they know what and why something is happening. So why not tell them?

Listening is a critical part of building culture. You will only be able to improve things if you hear what's really going on and how people are genuinely feeling. You can't fix what you don't know about.

Relation has 33 offices across nine states. Five years ago, we did quarterly all-colleague calls that weren't terribly useful or transparent. We changed to monthly calls and now share the full financial performance of the organization, as well as announce new programs, initiatives, and policy changes.

We've also implemented an employee engagement team, which we've named the President's Council. The group is diverse and includes top performers, people who've been with the company for years, and newer hires who've shown potential. They help evaluate and prioritize employee engagement initiatives, improve the work culture, and even revise company policies.

We also take steps to help the senior leadership team hear from our colleagues, such as:

- Answering anonymous "Ask Joe" questions candidly on our monthly all-colleague call

- Doing quarterly employee experience surveys comprising both multiple-choice and open-ended questions

- Holding all-office town halls/lunches for Q&As with senior leadership

- Using the old-school method of walking around and talking to people

5. Recognize contributions. Recognition is important: It drives behavior by rewarding the good and discouraging the bad. People who feel appreciated end up experiencing more self-worth and positivity about their ability to contribute to the company. The result is a happier and more productive employee.

At Relation, we're driven by results and make it a priority to recognize and reward the hard work of our colleagues in various ways, including the following:

- Rewarding service teams for producers' performance

- Showing a leaderboard of the top sales producers

- Recognizing top service team members and inviting two of them to our annual top sales producers' retreat

- Hosting a kudos@relationinsurance.com email, allowing both colleagues and clients to recognize team members

- Celebrating client wins in our employee newsletter

6. Be humble/admit mistakes. In a high-performance culture, leaders give credit and never take it, while also taking blame and never giving it. Admitting that you made a mistake (especially when it's obvious) creates a culture of learning in which people are not afraid to try new things. This is imperative to helping an organization improve and grow. Successful leaders can admit their mistakes and see opportunities to anticipate the unexpected more quickly. They also share this wisdom with those around them. Don't be too proud to recognize mistakes as valuable teachable moments for yourself and others.

Soon after I joined Relation, it was the holiday season. The salespeople in one of our business units had a long tradition of giving bonuses to their service teams out of their own pockets. We thought it would be a nice touch to add a handwritten note from senior leadership (which was approximately 125 notes). We didn't realize it at the time, but this made it appear as if senior leadership was generating and taking credit for the bonuses—not the salespeople. It took us too long to realize it and fix it, but we took our lumps and made profuse apologies to try to remedy the situation. The bonus mix-up was not our finest hour, but we were sincerely humble and apologetic in explaining how badly we had screwed up.

7. Be accountable. As an accountable leader, you don't blame others when things go topsy-turvy. Rather, you work to build an accurate understanding of where your organization excels and where it has opportunities to grow. Accountable leaders also step up to champion initiatives to help their organization succeed.

The senior leaders at Relation meet weekly to review the decisions and processes that shape our organization. They also assume ownership for the performance of their teams, ask and answer questions of each other, and work to find the best answers.

Every employee writes down his or her yearly objectives and reviews them with his or her supervisor, who provides regular check-ins around performance against the objectives. Formal reviews are done annually for every employee, and bonuses and raises are directly tied to those reviews.

Most recently, we created a salesperson "stoplight report": Those who are performing well are highlighted green, and those who are performing not so well in yellow and red. We also had an initiative to get our entire sales team on LinkedIn and tracked which producers were engaged on social media versus those who weren't. Both of these reports were shared with all sales producers, and we saw marked improvements afterward.

8. Treat everyone with respect. One of my personal pet peeves is when someone powerful (or perceived to be powerful) picks on someone who is unable to defend himself. I believe allowing that type of behavior destroys a productive culture.

We've made it very clear that treating others with respect is a requirement for success at Relation, and treating others poorly is a fatal flaw. We make a point to acknowledge and appreciate individual colleagues who demonstrate kind actions both individually and publicly on the all-colleague call.

9. Have fun and a sense of humor. Having fun and a sense of humor is key to a productive work culture. We spend more time working than we do anything else, so we may as well enjoy it. It's also a great tool for leaders, as it can help diffuse stressful situations and garner respect.

At Relation, we put significant effort into not taking ourselves too seriously and having fun. During our annual NCAA bracket contest, we pit the combined picks of myself and our CEO, Joe, against anyone else in the company who wants to participate. Whoever gets the most bracket points wins a top prize, and whoever gets a higher score than we do also wins a prize. This year, Joe and I were almost near the bottom in terms of our picks, which meant we gave out a lot of prizes. Regardless of the final score, there is always a fair amount of well-intended trash talking throughout the competition, and everyone has a good time with it.

On our monthly all-colleague calls, in addition to in-company announcements, we make a point of recognizing individual anniversaries, new hires, promotions, and other personal milestones, such as weddings and babies. We end every call with a trivia question that allows employees to submit their answers in real-time. The winner receives lunch for everyone in his or her office.

10. Be visible and accessible. When people choose jobs, they base part of their decision on the prestige of the company they're joining. Leadership's external engagement can be one reason a prospective employee joins a firm or stays with it, because employees like to see their leaders being talked about in the news. It can build pride if they are identified with people who are sought after by an external audience.

In addition to being visible outside the office, leaders also need to be available and approachable within the office. One way to do this is the good old-fashioned "management by walking around." Another technique is to do a series of 15- to 20-minute one-on-one meetings. When I visit other offices, I have a sign-up sheet for individual time slots. These meetings have no agenda, and the only ground rule is that no subject is off limits. I find them both powerful and fun because 1) you get to build a bit of a personal connection with someone and learn about them, and 2) it can give you a real sense of what is going on in the organization.

Also, whenever I go to a Relation location, I do my best to try to walk around and at least say hello to everyone, not just to the senior people. Joe, our CEO, is the same way. It's fun to talk to people—you learn a lot and it makes a big difference when you make an effort to be present.

Most leaders understand how important having a great culture is, but many still struggle when it comes to creating and shaping it. They aren't motivated to put forth the effort required to do so, they don't feel they have the skills and capabilities, or they simply don't know where to start. Culture is the single most important factor in driving performance—it's the only thing that consistently drives outsized organizational performance and long-term competitive advantage.

Most properly motivated leaders can create a world-class culture if they are willing to put the effort in, and the skills and capabilities needed to do so can be learned. I believe that every leader should prioritize creating a great culture as a top individual objective. If you already have a great culture, it requires constant work and attention to keep it there. If you don't have one, you have a tremendous opportunity waiting for you to go after it. AQ

Edward Nathan Page is president and COO of Relation Insurance Services, an insurance brokerage that offers risk-management and benefits-consulting services through its family of brands across the U.S. He can be reached on LinkedIn. Visit www.relationinsurance.com for more information.

Turning the Tide to
TRANSFORM THE ORGANIZATION

BY LISA LOFTIS

"There is a tide in the affairs of men, which, taken at the flood leads on to fortune. Omitted, all the voyage of their life is bound in shallows and in miseries. On such a full sea are we now afloat. And we must take the current when it serves or lose our ventures."

—William Shakespeare, *Julius Caesar*

Shakespeare penned these famous words to urge Cassius to war in *Julius Caesar*, but they have a remarkable applicability to the customer experience (CX) leaders of today. These C-level executives are increasingly being asked to extend their influence, to break down silos, and to drive strategy—in effect to turn the tide within their organizations.

"War" may be too strong a term for the task at hand; however, there is little doubt that a significant change is taking place and the CX leader is at the helm. With customer experience continually touted as the primary competitive differentiator today, there is no question that CX leaders must get it right—and yet very few marketers believe their organizations can deliver hyper-personalized experiences across all channels and customer touchpoints. Companies are clearly getting it wrong.

Why is it so hard? The proliferation and sophistication of digital devices, Big Data technology platforms, and increasingly savvy customers accustomed to getting their way have combined to create the perfect storm: customers demanding excellence confronting fragmented companies struggling to provide it.

The modern CX leader has responsibility over the entire spectrum of activities attendant in developing and nurturing customer relationships. These include the traditional activities of campaign generation and sales enablement, as well as all other processes, technologies, tools, and talent that support the customer experience. Unfortunately, CX leaders rarely have authority over everything that touches a customer. A recent *Harvard Business Review* Pulse Survey, "Real-Time Analytics: The Key to Unlocking Customer Insights & Driving

the Customer Experience," found that acting on analytically driven customer insights is a significant barrier to achieving customer-centricity. Unsurprisingly, structural issues, as well as technical ones, posed the biggest challenges, with some of the challenges highlighted being:

• Siloed data and poor data quality
• Legacy systems and incomplete or misaligned technology
• Organizational silos
• Legacy business processes
• Multichannel complexities

While CX at its simplest is the ability to influence, monitor, and improve every interaction a customer has with your company, turning the tide to transform an organization to customer-centricity is much more than that. To understand what really needs to be done, consider this definition of customer relationship management (CRM). This is an oldie but goodie, coined in 2001, during the infancy of the digital evolution: "The alignment of business strategy, organization structure and culture, and customer information and technology so that all customer interactions can be conducted to the long-term satisfaction of the customer and to the benefit and profit of the organization" (*Building the Customer-Centric Enterprise*, Wiley, 2001).

What is the most critical word in this definition? It is the single word that is missing from just about every popular CX definition: alignment.

ALIGNMENT: THE HARMONIC CONVERGENCE FOR CX LEADERS

The harmonic convergence was an Aztec prophecy indicating that when the planets aligned, humans would enter a period where we could experience peace and environmental harmony. If a CX leader were making this prophecy today, the objects of alignment would be business units and technologies rather than planets, and the peace and harmony would be cultural. Unfortunately, alignment is not just absent from the CX definition; it is also missing for many CX leaders confronting organizational and technical silos, cultural resistance to change, and conflicting strategies and business objectives.

A great example of the importance of alignment is a high-end retailer readying for an onslaught of new competitors in a market it had traditionally dominated. The CMO was tasked with renewing the company's focus on cultivating strong customer relationships. Investigation revealed the need to unify sales practices across stores, improve the customer information collected and recorded by sales associates, and adopt a comprehensive communications policy to optimize customer contacts. Unfortunately, the business units affected by these activities were both diverse and resistant.

Coordinating in-store treatment required the cooperation of store operations. Changing the customer attributes collected and recorded involved not only the stores but also
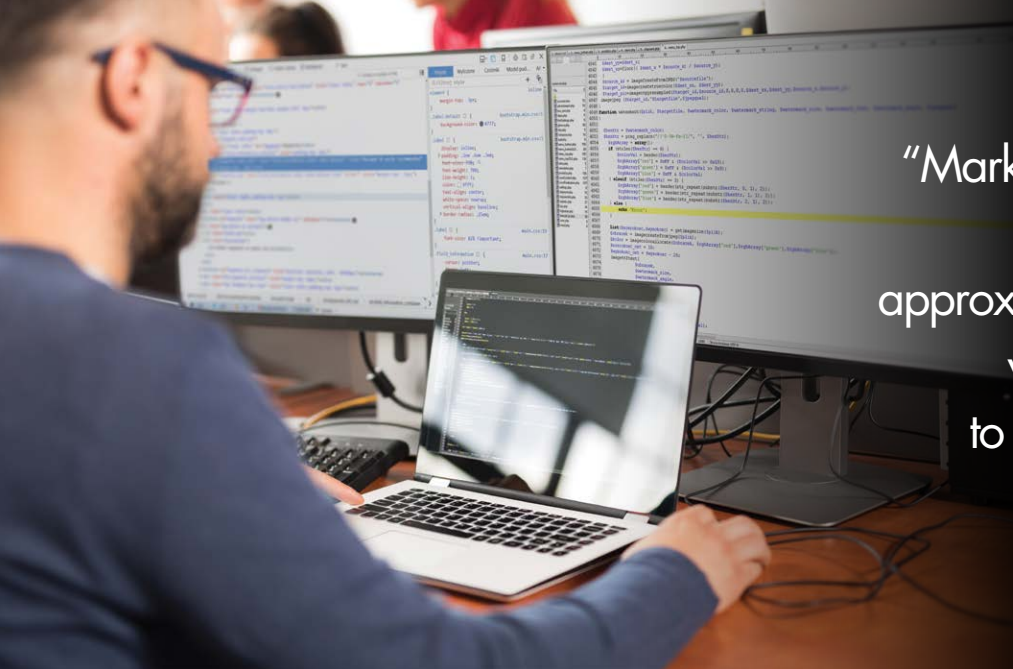
> "Marketo highlighted a Forrester study predicting that the approximately 100,000 software vendors of today will grow to 1 million hyperspecialized companies by 2027."

IT (implementing a new POS application) and merchandising (sponsoring the POS project). Developing a customer contact policy affected all business units marketing to or servicing the customer, as well as merchandising, store operations, and a new digital group. Despite gaining the additional title of chief customer officer, the CMO did not have authority to make these sweeping changes independently, and the project initially lagged.

For CX leaders, building profitable customer relationships means they must determine innovative ways to extend their influence and take on a broader and more authoritative role. Initiatives like CX and digital transformation are driving the need for an organizational makeover. Achieving this makeover requires the modern executive to become:

Transformative—forging dramatic change. Being transformative is critical because managing customer experience requires the ability to develop and implement multichannel strategies and business processes. As our retail CMO/CCO discovered, titles by themselves do not take the place of the basic investigative work needed to identify business units affected by customer transformations and develop an agreeable path forward for everyone.

Cogent—telling a clear and compelling story. Being cogent is essential because data-driven leaders must be able to use customer insights and advanced analytic techniques to present a clear and compelling story to the rest of the organization, about market direction, about customer behavior and value, and about ROI on marketing and experience management activity. Our CCO would have been well served to enlist the help of a customer analytics group to highlight the value of a clienteling strategy to the groups most affected by the new direction, namely the store operations, digital, and merchandising groups.

Cohesive—well integrated and unifying. Being cohesive

is indispensable because leaders must foster cooperation and coordination across business units to implement the sweeping change necessary for multichannel business strategies such as experience management. As our retailer discovered, the CMO or CX leader may be required to identify and drive these changes, but it will likely fall to the business units themselves to execute them. Forging solid partnerships with areas ranging from IT to HR will be imperative.

CUSTOMER INFORMATION AND TECHNOLOGY: DISMANTLING THE SILOS

It is not surprising that the top challenges to customer-centricity today include data silos and misaligned technology. The sheer number of technologies in today's martech stack, many of which create or store their own copies of customer information, is astounding. CRM and sales automation, marketing automation, campaign management and contact optimization, customer data platforms and customer decision hubs, master data management, and data lakes, data warehouses, and data marts are just a few of the more significant technologies that require or create customer data stores. Larger organizations will have many, if not all, of these applications coexisting in a single IT architecture. Add into this picture legacy transaction applications, SaaS solutions, and one-off departmental databases, and the silos multiply exponentially. Most alarming is the prognosis for the future. In its marketing trends for 2018, Marketo highlighted a Forrester study predicting that the approximately 100,000 software vendors of today will grow to 1 million hyperspecialized companies by 2027. If we are not careful, the technology alignment problem will simply continue to grow.

While there is no silver bullet for this problem, there are steps that companies can take to ensure their technology enables customer-centricity rather than disabling it.

Develop a customer technology strategy. A strategy for customer tech is critical. CX leaders should work with their IT partners to answer questions such as the following: what capabilities exist; are they being fully leveraged; where are the integration gaps; how many have their own customer data; and so forth. Once the existing data silos are understood (this includes marketing and CX technology, sales and service automation applications, web and mobile applications, and analytics), the assessment should expand to include gaps in technology, disintegrated sources of data, incomplete information, and independent applications that are not or cannot be integrated. The CX team can then use customer journey maps as prioritization tools to fill the gaps and realign the technology.

Get tough on acquisition. The vast set of shiny new tools available to the CX team can be very tempting, but if the goal is to dismantle data silos, tough decisions will have to be made. The technology strategy can help. Every potential purchase should come with a clear integration plan and budget. If the money or resources for integration are not available, the purchase should be reconsidered. Vendor solutions should be closely examined for their ability to integrate with other applications. Closed applications or black box solutions should be considered only as a last resort.

Understand that there is no virtual view. Of customers, that is. The shortcut that no CX leader can afford to take is skipping the single customer view. Identity management was a No. 1 priority for marketers in 2018 for a good reason. It is difficult to achieve, and digital channels complicate the situation significantly. The temptation to implement multiple customer profiles is quite strong today because many large technology applications come with their own customer database. Attempting to match across these applications on the fly is difficult at best and fraught with peril at worst. Picking a single customer master application and doing the block and tackle integration work as applications with customer databases are added is a critical step to tearing down customer data silos. Multiple disintegrated customer databases are never the right answer, and looking to them to solve a CX problem will add to customer-centricity challenges rather than helping to resolve them.

BE THE GLUE, NOT THE GORILLA

John Maxwell, a popular leadership coach, once said, "Leadership is not about titles, positions or flowcharts. It is about one life influencing another." When it comes to transforming a company, he is right. Fostering the organizational cohesion needed to align customer-oriented business strategy with culture and structure may well be the biggest challenge CX leaders face. Key activities needed to overcome the cultural and organizational issues include:
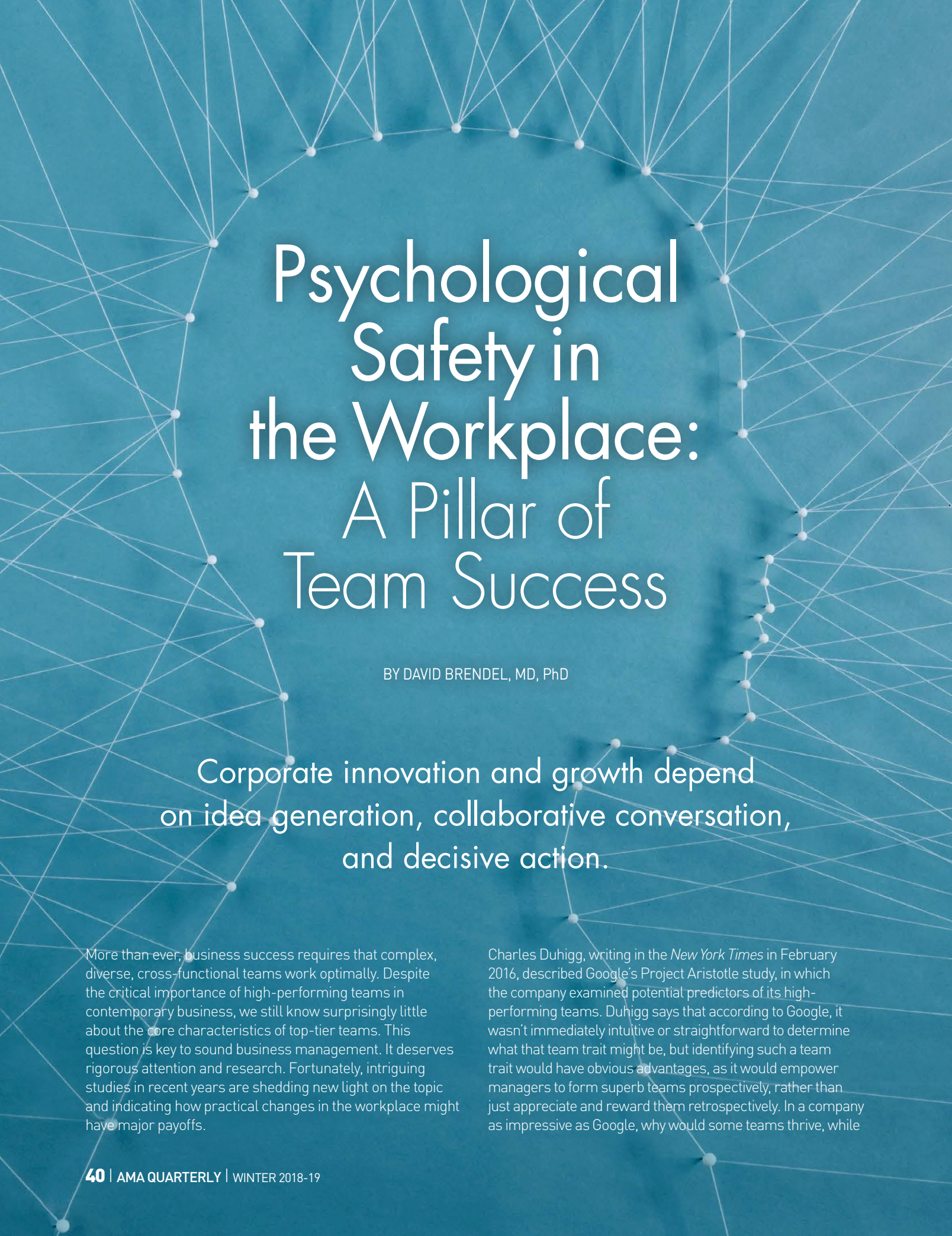
- Establishing a partnership with human resources to change job descriptions and incentives, to acquire appropriate talent, and to implement organizational changes

- Developing relationships with key leaders in IT, creating a partnership wherein IT provides technical knowledge and skills needed to provide high-quality integrated data and to implement and maintain the diverse set of technologies required to fuel the CX machine

- Aligning product management/development and marketing to ensure that product functionality and usage experience reflect customer-oriented objectives and feedback

- Aligning sales, service, and marketing around a consistent and embedded brand story

The high-end retailer discussed earlier in this article put these practices to good use. After a slow start, they took a step back to understand and mitigate the organizational and cultural issues that were impeding progress toward customer-centricity. They used journey maps to determine which business unit(s) owned the customer at each point in the lifecycle and worked from those to facilitate the CX goals. The CMO made several organizational changes designed to create buy-in and form partnerships. First, a center of excellence team for customer experience and analytics was created to develop CX best practices and define new business processes.

This group was spearheaded by the CMO and staffed with marketing analysts with deep experience in developing customer insights. Additional teams tasked with guiding touchpoint experiences and developing new business processes were formed as adjuncts to the center of excellence and included representatives from store operations, digital experience, IT, HR, and merchandising. The expectation for the center of excellence was that marketing would permanently lead the center while participation would taper off to an as-needed basis for the other members. A more permanent CX governance committee with key stakeholders from each of the affected business units was also formed to drive decision making around business processes. Marketing ultimately led the way, but the business units each had an active role in shaping the plan and rolling out the changes.

Forging new partnerships, adopting an analytics mindset, influencing peers in the C-suite, and becoming the de facto integrator between siloed business groups will be increasingly critical for the CX leader of the future. Start planning today for what your organization will need tomorrow. AQ

Lisa Loftis is a thought leader and product marketer on SAS' Customer Intelligence team, where she focuses on customer intelligence, customer experience management, and digital marketing. She is co-author of Building the Customer-Centric Enterprise *(Wiley, 2001).*

Psychological Safety in the Workplace: A Pillar of Team Success

BY DAVID BRENDEL, MD, PhD

Corporate innovation and growth depend on idea generation, collaborative conversation, and decisive action.

More than ever, business success requires that complex, diverse, cross-functional teams work optimally. Despite the critical importance of high-performing teams in contemporary business, we still know surprisingly little about the core characteristics of top-tier teams. This question is key to sound business management. It deserves rigorous attention and research. Fortunately, intriguing studies in recent years are shedding new light on the topic and indicating how practical changes in the workplace might have major payoffs.

Charles Duhigg, writing in the *New York Times* in February 2016, described Google's Project Aristotle study, in which the company examined potential predictors of its high-performing teams. Duhigg says that according to Google, it wasn't immediately intuitive or straightforward to determine what that team trait might be, but identifying such a team trait would have obvious advantages, as it would empower managers to form superb teams prospectively, rather than just appreciate and reward them retrospectively. In a company as impressive as Google, why would some teams thrive, while

others turn in fair-to-middling performances and others actually fail entirely? Google found that remarkably, factors like the experience and expertise of team members were not the secret sauce. In fact, no characteristic of individual team members constituted the foundation of the teams that performed best.

Instead, Google found that it was a remarkable characteristic of the team as a whole that turned out to be most essential: psychological safety. Grounded in strong internal research into its own corporate culture and team functioning, Google produced intriguing findings that may be relevant to leaders and managers in a wide array of companies and organizations. Psychological safety could be the linchpin (or at least one of the key features) of the teams that thrive and produce the best outcomes.

Exactly what do we mean by the term "psychological safety"? In business contexts over the last few decades, a laser-focused definition of the term has emerged. When describing the characteristics of business teams, it refers to an interpersonal dynamic in which each individual team member feels encouraged and empowered to share ideas and insights proactively—without trepidation or worry about negative judgment or disparagement. In 1990, William Kahn defined psychological safety as "being able to show and employ one's self without fear of negative consequences of self-image, status or career."

On psychologically safe teams, individuals feel valued and respected. They encourage each other to share ideas, even risky or far-flung ones, which can provoke meaningful discussion and widen the team's perspective on challenges and opportunities. As such, psychological safety can promote curiosity, learning, and development. A *Harvard Business Review* article in October 2017, "Research: For Better Brainstorming, Tell an Embarrassing Story," provided perspective and empirical evidence to justify these claims. In the studies described, two separate groups were assessed as to how many creative ideas they could produce in a set amount of time for a "brainstorming" activity. Before the brainstorming session, one group was primed by having each member tell a personal story of success or pride. The other group was asked to go around the room first and tell a candid, personally embarrassing story. The latter groups, which deeply engaged and became emotionally bonded to one another throughout the exercise, produced superior ideas in the brainstorming session.

Since psychologically safe environments can foster greater creativity and innovation, the C-suite should take note and reflect on how to leverage this research finding. A culture of psychological safety tends to emerge from the top and propagate across companies and organizations. CEOs and key managers can lead by example. The well-researched social phenomenon known as emotional contagion is importantly at play here. In workplace settings, emotional contagion refers to the phenomenon of affect spreading

subconsciously from one individual, especially an influential one, to other workers and groups as a whole. Executive leaders, Wharton researcher Sigal Barsade notes in a 2014 *Psychology Today* blog article, "Faster than a Speeding Text: 'Emotional Contagion' at Work," can "create more positive team dynamics, increase performance, and decrease turnover by consciously managing their own emotions and the emotions they want to spread."

HOW TO TRAIN AND COACH FOR PSYCHOLOGICAL SAFETY

Careful consideration of the empirical evidence demonstrating the power of psychological safety could persuade business leaders to find practical ways to bring it into the workplace intentionally. Its role in enhancing quality of life, interpersonal bonding, productivity, and profitability are remarkable. The concept is powerful and the budding research base is remarkable. But infusing workplaces with a culture of psychological safety is challenging. How might business leaders ensure that psychological safety permeates team interactions?

Coaching and training programs that focus specifically on psychological safety for teams, and managing one's own emotions, in order to cultivate psychological safety may help. Such programs may be delivered internally by HR professionals and talent development specialists. External coaches and trainers also may teach and guide teams to nurture psychological safety. Either way, the training programs themselves ought not to be strictly didactic, but actually model the behaviors they champion. There is no better way to learn how to promote psychological safety than to practice it in vivo, alongside the very team members with whom workers interact on a regular basis.

Experiential learning is most stimulating and impactful. Certain exercises can have profound effects. The 2017 *Harvard Business Review* article previously mentioned, in which team members each related an embarrassing story and then brainstormed with colleagues, provides one example of this kind of exercise. Leadership development programs and team coaching sessions can be designed specifically to foster a culture of psychological safety. They call on each team member to allow themselves to experience a modulated degree of vulnerability (the importance of which has been described by Brené Brown in *Daring Greatly: How the Courage to Be Vulnerable Transforms the Way We Live, Love, Parent, and Lead* [Penguin/Random House, 2012]), which can serve to bind the team together on an emotional level and to facilitate creative and strategic conversations.

"Active Inquiry" exercises are particularly effective in developing psychological safety among team members. In team programs that my colleagues and I have run, the participants are given the task of having one-to-one conversations that include only thought-provoking, open-ended questions (as well as periodic clarifying statements)

intended to enable a deep dive into sensitive issues. In some cases, the Active Inquiry conversation can take place in front of the whole group, followed by discussion among team members. In other cases, we have team members break out into dyads for the conversations (each of which last 20 to 30 minutes) followed by a large group debrief about the Active Inquiry sessions. Team members are first taught how to restrict themselves to asking questions that foster dialogue and making facilitative statements that clarify the topic and ensure mutual understanding.

When people learn to promote this kind of nonjudgmental exchange about a salient topic, they tend to relax and speak their minds freely, without fear of reprisal or denigration. This is true of both the person asking the questions and the one responding to them. Many people find the exercise surprisingly difficult, because they are so accustomed to giving advice or direction rather than asking open-ended questions and listening carefully to the responses. But when we don't discipline ourselves to ask good questions and reserve judgment until we receive potentially informative responses, we can stifle the psychological safety that is so necessary for high-quality team performance.

In an Active Inquiry session I facilitated with a colleague, one team member was inquiring of the other about how the teams could be more collaborative. The inquirer was an attorney who provided legal and regulatory expertise on a team of engineers who were designing novel building materials. When the attorney asked the engineer how her legal team could best serve the engineering team, the engineer responded that the legal department was widely seen as throwing up roadblocks to business development based on murky yet overblown regulatory concerns. The engineers felt that the attorneys didn't "get it" about the promise of new technologies and how they could fuel growth. They perceived the company's attorneys as dismissive and disengaged.

The lead attorney in this business unit, who had only heard what she perceived to be unfair but vague criticism of her team, hadn't ever heard this feedback so directly and clearly. The Active Inquiry exercise in front of the group created an atmosphere of psychological safety in which people could express their frustrations as well as work toward a solution together. With prompting by the facilitators, the attorney/engineer pair was encouraged to role-play a new kind of interaction when an engineer approaches an attorney on the team for regulatory and legal advice. The attorney now had the opportunity to express her frustration that the engineers often seek legal/regulatory advice without first doing their homework on relevant regulations and statutes that pertain to the project.

Now the opportunity arose for the entire group of 12 to brainstorm about how the attorney/engineer interactions could be more satisfying and productive. The power of the Active Inquiry exercise prompted them to hypothesize that asking open-ended questions of each other in day-to-day work could enhance psychological safety and collaborative conversation. The attorneys on the team agreed not to judge engineering projects and proposals before engaging in an Active Inquiry exercise with the engineers. At the same time, the engineers pledged to ask the attorneys more regularly about their legal concerns and explore creative ways to grow the business, while at the same time putting necessary protections in place. Months later, they reported ongoing improvements in dialogue and implementation of projects that had been bogged down by intractable disagreements.

THE BUILDING BLOCKS OF PSYCHOLOGICAL SAFETY

Psychological safety relies on wide-open dialogue, expression of emotion, and brainstorming. But it should never become a messy free-for-all. Team leaders must create structure around the dialogues. Respectful expression of one's thoughts and feelings is essential, especially considering that hot-button issues are often in play. Leadership development programs and executive coaching can help team members to modulate their emotional expression and optimize their communication style. Certain kinds of mindful breathing and self-reflection exercises can enhance team members' capacity to regulate their emotions and thereby foster psychological safety.

Active Inquiry sessions are focused on practical solutions and team enhancement, not on venting or whining. People must be careful how they speak—not every idea or way of speaking is acceptable, and free expression of prejudiced thoughts may be toxic or destructive. Team members must be careful about racial, ethnic, sexual, political, and other sensitive topics for a variety of reasons—not least of which is to guarantee psychological safety for diverse team members. Executives and team leaders should set a positive tone, establish norms and ground rules, leverage the phenomenon of emotional contagion, and nurture a culture of psychological safety in the workplace.

There is growing reason to believe that enhancing psychological safety in the workplace is the key to improving quality of life and fueling corporate growth in the 21st century. Empirical research continues to elucidate the observable, pragmatic effects of psychological safety. Drawing on these research findings, rigorous training and coaching programs can serve a supportive role in shifting corporate culture toward embracing psychological safety, which very well may be the single best guarantor of workplace success for individuals and teams alike. AQ

David Brendel is a partner at Camden Consulting Group. He is a professional certified coach (PCC) of the International Coach Federation (ICF), and empowers clients to assess their strengths and developmental opportunities, formulate action plans for success, and achieve peak performance in their work.

Cal Turner Jr.
Lessons from AMA Set Company's Future

BY CHRISTIANE TRUELOVE

AMA Quarterly talked with Cal Turner Jr., who turned his father's company, Dollar General Corporation, into the brand it is today. Turner was the CEO of Dollar General from 1977 to 2003. He wrote a book taking a look behind the scenes of the company called *My Father's Business: The Small-Town Values That Built Dollar General into a Billion-Dollar Company* (Center Street, 2018). Turner spoke about how he and his managers initially relied on AMA courses to establish a strategic plan and grow the company, the role former AMA Chairman Lawrence Appley played in laying out Dollar General's path to success, and the differences between leaders and managers.

Your company and you have used AMA programs to train yourselves over the years, is this true?

Cal Turner Jr.: You better believe it. The *Wall Street Journal* favored us in a wonderful way with an actual review of the book, and they started the review with the announcement from my father to me that I was about to become president of Dollar General—the announcement he made while he was in his executive washroom, sitting on the john and speaking through a closed door to me. And the review said something to the effect of, so much for corporate succession! I actually got my first promotion. I had been executive vice president, my father was the president, and there was no one of higher title than president of the company at that time. He said, "Son, I think it's time for you to become president so I can become chairman for a long time." So we did it. But when

I did it, I had leadership tremors, because it's one thing to come into the business—he gave me the title of executive vice president immediately when I came in—but now I am president. And whatever a CEO is, that's what I am. And this business is entrepreneurial chaos under my dad, the founder, and now I was president.

And I remembered I had taken an AMA management course in New York. I had gone up there, once a month for four different months, we'd had a week up there, at AMA headquarters. Larry Appley [Lawrence A. Appley, former chairman of AMA] had everyone in his clutches as a dynamic speaker and presenter. So when I became president, and it scared me, I looked into AMA again. And they had at the time what they called "Management Course for Presidents," and it was about strategic planning. They convinced me that this

> # "I became fascinated with the distinction between management and true leadership that…really defines a mission and a purpose for an organization that vitalizes and makes everyone in that organization excited to be part of it."

was the way to really open your company up to all of its possibilities and empower management to become a true team and get the company going. The strange twist to it is, at that time, we still didn't have a budget, we didn't have a chief financial officer, and we went right into strategic planning. I don't know if there is any other company on the face of the earth that has embarked on strategic planning before doing budgeting.

It got the company going, though. We went up to Hamilton, N.Y., to the American Management Association planning and implementation center. Our ragtag senior management team got a dose of wonder about what we should do with this company. The beginnings of our becoming a team at the top of the company occurred in Hamilton, N.Y., doing strategic planning and following the AMA model under Hank Pattison as our planning coordinator. We gave Hank fits. His eyes would swim around in his head at some of the things that we'd say! But that's where we got real teamwork and coordination into the senior management of the company. I owe the genesis of success to AMA and strategic planning that we took through AMA.

After that, did you have any of your employees take courses through AMA?

CT: Oh yes, you put out the catalog, and we'd have the catalog and send people, whether it was for "Finance for Non-Financial Executives" or it was a sensitivity training experience. We used AMA considerably. And then many years later, I got a brochure, after Larry Appley had retired from AMA. He was in Santa Barbara teaching a course he called "Communicating for Productivity." And our company was again at a crossroads, and I remembered how inspiring he was, many years ago in New York. So I sent myself out to Santa Barbara. Larry and I gelled and I got a private audience with him. And I told him that our company had succeeded because of following the AMA strategic planning model under his protégé, Hank Pattison, in Hamilton, N.Y. He was really impressed with that, and he and I had some commonality. He was from a solid Methodist background, I'm a backsliding Methodist. I told him our company is about to take on an acquisition that's going to challenge the dickens
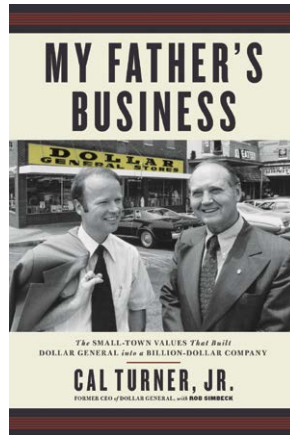
out of our management development programs. And I wanted his help.

I remember Larry saying, "Well, I'm not available. My calendar is completely booked for the next year and a half." He was 80. And I said, "Larry, you didn't quite hear me. I wasn't asking you, I was telling you this is something you have to do. Here we are, we have gone the AMA route and it has made us successful, and this backsliding Methodist needs you to help us get this company going." And a tear streamed down his face, and I knew that we got him.

Larry came on our board, and my dad said, "Well, OK, I don't know who this fella is, but he's already 80. He can't be around here too long." But Larry Appley was the kind of mentor I needed at that critical time in our company. He helped us take the next step up in our professional development, and he and I developed a great personal relationship. It was kind of a version of a father-son relationship. He didn't have a son, he had daughters, and he and I bonded. He helped me navigate the breakup of family and putting the company back together. He'd been through that with many companies, like Marriott and many others. But without Larry Appley and AMA, I'm sure the success of our company would not have been as great as it turned out to be. We're an AMA-developed company.

What are the lessons from AMA and Dollar General that you would tell other companies to take to heart?

CT: There is almost an immeasurable difference between a leader and a manager. Leadership is about development. Management is about mere results. I wouldn't say that results aren't important, but our company needed to get beyond entrepreneurial chaos, it needed to get beyond its version of boss-ism. My father, who founded the company, was "the boss," and he knew his leadership style was no longer relevant and he wanted me to figure out what was. Well, AMA helped me to do that. But I became fascinated with the distinction between management and true leadership that opens the company up to everybody, leadership that challenges people to grow and develop to their fullest potential, leadership that really defines a mission

and a purpose for an organization that vitalizes and makes everyone in that organization excited to be part of it. Our company was one of little stores scattered everywhere, and we definitely needed the kind of culture that true leadership can help you to have in scattered locations. I can't say enough about the importance of AMA in our company's development.

When you look around the business world today, what are the things that leaders should be doing that they may not have learned the lessons to do?

CT: I think leadership is about achieving the right connections. You need to be connected to the same mission and purpose. Management needs to be connected to each other. The culture is critical, and every high-growth company needs to get beyond mere operations and into true leadership. Today, I see a very strong need for leadership in our society that helps us get beyond guilt and blame so that we can incorporate diversity of talent, diversity of objective. Our problem solving is much more incisive when it brings to bear everybody's input. We need as a society to discover the things that we need to come together to accomplish, the things that will never be accomplished as long as we're blaming somebody who's not like us. Leadership helps an organization to understand the synergy of different

the sales that we thought we'd have from their programs. I would learn why not in the store.

One time I was interviewed by a reporter who asked me if I was surrounded by yes-men. I said, "Of course I am, every CEO is. And that's why I have to go out to the stores."

There was something other leaders have said, that not only are they as leaders surrounded by yes-men, but they can start to get a big head and a belief that everything they do is the right thing because they are the CEO.

CT: I was the opposite of that. I mean, we know how I got my job. I'm the boss's son. I've tried most of the jobs at this company, and I'm not good at any of them! But that makes me respect you who do these jobs, and it helps me to know that I need you. And if you'll help us figure out this company, we'll share the success of it with you. We want you to think of, what are our opportunities here? What can we do for the customer that only Dollar General is positioned to do? You know the customer. You're out here working with the customer.

One time, I was trying to find out why customers weren't buying this microwave popcorn that we had repackaged at a higher price. And the store manager told me, "Mr. Turner,

"We'd have a problem we didn't understand, and I'd go out to the stores and learn the answer from employees or customers in the store."

talents and different points of view. They help develop the powerhouse of the organization.

In our country today, there is plenty that can unite us, whether Democrat or Republican, but it is leadership that brings our potential differences into synergistic combinations.

I was a scared boss's son, who had to engineer change in an organization. My need for helping a company grow and develop prompted a fascination with leadership. My dad was a manager of sorts, but he was a boss. And we had many father and son issues to resolve. One time he said, "Son, you consult others too much. It's more efficient to tell them what to do. You know what you want to do. Just tell them and get on with it." But our company had grown beyond that, effectively responding to a boss. And I wasn't a boss anyhow. I needed the insight of everybody to figure out what to do with the company.

The few times I really impressed people who worked for me at Dollar General, we'd have a problem we didn't understand, and I'd go out to the stores and learn the answer from employees or customers in the store. I knew what we were supposed to be accomplishing, because the merchants would be telling me all of their wonderful programs. And then I'd go out to the stores and find out we weren't having

our customers can't afford to spend $2 for popcorn. They'll buy it for $1. We used to sell it for three for $1. Now we're trying to sell eight for $2, and they can't afford to spend $2 on popcorn." We had thought we were offering them more value. I went back to the office and I said, "Look, instead of eight for $2, let's give them more value. Let's sell four for $1." And then microwave popcorn sales started going better. The eight for $2 was an idea that the merchants had to make a good seller even better, but the problem was it didn't work. And they thought it was amazing that I had figured out what was wrong with our eight for $2 popcorn price. And I didn't figure it out— I just went out to the stores and talked with people.

What is another important leadership lesson you'd like to share?

CT: Get beyond guilt or blame. Separate the person from the problem. When we were trying to get the company going and something would go wrong, my father would ask, "Who did that?" And I'd say, "I'm not going to tell you. We're not going to ask who did it. We're going to say what happened, and who needs what help to fix it." Because when something goes wrong in this company, there is never any one person to blame. And when everybody is looking for the person to blame, nobody is looking for the solution to the problem. AQ

Lackluster Workplace Culture
Can Kill Your Company

BY SPACE IQ

So, you're a CEO, an entrepreneur, a boss.
You have a brilliant idea for a business, one that
could change the world.

You've secured financing, hired department heads, and rented an office space with desks for everyone. You have an airtight plan—or so you think. You're open for business and you're falling short. Employee morale and retention are low, as are sales and productivity.

How could this happen?

You planned everything except your workplace culture. Humans are not rigid; they are not business plans or pegs used to plug holes. Any successful business needs all the aforementioned logistics, but it also needs a vibrant culture that makes people want to be there, exceed expectations, and learn from one another.

But company culture is not a line item on a budget. It takes time and care to cultivate a meaningful environment that is built to withstand whatever changes your company goes through over time. Developing a sustainable and vibrant corporate culture requires the following: a strong mission, trust, communication and transparency, agile physical space, time offline, hiring, and hierarchy. Done successfully,

a healthy corporate culture is what will take a business to the top of every "Best of" list.

It's time to ask yourself these questions:

WHO ARE YOU?

Your company won't ever attract the best talent or clients without a clear mission and vision. Before creating a business plan filled with charts and cost analyses, you need to define exactly what you intend to do with your company. When Steve Jobs founded Apple, he said its mission was "[t]o make a contribution to the world by making tools for the mind that advance humankind." Google's mission is to organize the world's information and make it universally accessible and useful.

While the exact wording of Apple's mission has changed over time, the work Apple is accomplishing today holds true to its original mission. Google continues to use its mission as a foundational statement. While Apple and Google are tremendous success stories, companies of any size can

greatly benefit from a mission statement. A mission or vision statement does not need to specifically state how a business will accomplish a goal or what it will produce, because we know, as entrepreneurs, that this will always be evolving. The thread that follows a business through each iteration is a broad yet inspiring mission.

WHO WANTS TO BE THERE?

Once you've established a company mission, you can begin hiring to fit that mission. The goal is to hire people whose values align with the company's, in addition to making decisions based on the level of skill. In hiring, a good rule is that job responsibilities can easily be taught to those who want to learn, but personality and passion must come naturally.

WHO IS MORE VALUABLE?

Hierarchy is a tricky obstacle in the business world. While it's necessary to make it clear who reports to whom, creating an environment where people at the bottom can offer feedback to those at the top without fear of repercussion will cultivate a culture in which everyone feels like a valuable member of the team.

Similarly, everyone in the workforce wants to know they have the trust of management. Newer technology that clocks when someone enters and leaves the office, and open office plans where no one can hide, sometimes lead employees to feel like they're always being watched. Giving employees the option to work in whichever way makes them the most productive, such as at home, in a coffee shop, or in an open conference room, makes it clear that you've hired them because you trust they will complete their work without needing to constantly check in. It also allows them to have a flexible schedule, which 73% of workers said was in their top two reasons for staying with a company, according to the 2018 Capital One Work Environment Survey.

WHO'S TALKING?

In the same vein as hierarchy and trust are communication, honesty, and transparency. The Predictive Index's 2018 People Management Study found that employees listed honesty as the second top trait of a great manager. All too often, managers share only the bad news or the good news, but rarely both. Clear and open communication that celebrates the wins and shares fault in the losses is an important way to develop trust and help employees understand where the company stands and where they stand within it.

WHO IS OFFLINE?

It's all too common for employees in the modern workforce to feel like they must always be connected. With apps like Slack and company emails linked to personal phones, people are given the impression that they must always be on call. But just because you like tackling your inbox at 11 pm does not mean your employees need to respond at the same time.

In your hiring process, and during routine feedback sessions, it is crucial to let employees know that their time out of office or off the clock is truly their own. Strict "do not reply after XX" rules and expected office hours let your team know from the start of their employment what the time commitment is. Being consistent and leading by example are crucial if you truly want your team to know they're free to disconnect during their off time.

LIKE IN YOGA, IS YOUR OFFICE AGILE?

A recent workplace study by SpaceIQ ranks the workspace experience second only to pay in what employees consider to be anchoring them to their job.

One step toward imparting trust and breaking down hierarchical barriers in the workplace is to design an agile office space that cultivates these feelings and creates a frictionless workplace for employees.

Designing the office to accommodate a variety of working habits and needs not only shows your team you value their comfort and different needs above uniform and convenient designs but also drives productivity. The rapid growth of co-working providers like WeWork has raised the bar on what employees expect from their office environment. A modern workplace needs to blend the best aspects of travel (that is, a high-end or boutique hotel), the social atmosphere of a university, many of the comforts of your own home, and seamless access to productivity tools (meeting rooms, phone booths, software). Why is this important? A study by Rapal Oy showed that during the course of a day, people usually have different work styles. When you give your team options on where to work within the office, whether it's at their desk, a couch, or a huddle room, you're telling them you understand that different tasks and personalities require a specific space.

Overall, an agile workplace should clearly align with your company's culture and drive increased productivity, happiness, and ultimately retention.

Employee Workplace Priority Ranking
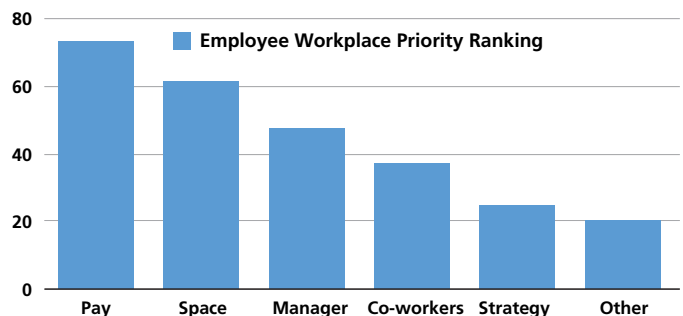
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WHO BENEFITS—AND HOW?

In short, everyone will benefit from these methods of creating a dynamic culture, which will lead to knowledge sharing among employees, departments, and even generations, higher retention rates, and an increase in productivity.

At SpaceIQ, we've found that there is an 81% positive correlation between collaboration and innovation, and the way a business fosters this relationship is through its corporate culture. When a company dismantles hierarchal and physical structures in an office, team members are encouraged to use each other as a sounding board when stuck on a problem or gather in communal spaces to collaborate on projects. In offices with a multigenerational workforce, knowledge sharing is essential to diversifying the work your teams produce and ensuring that everyone has the opportunity to progress. With not only age groups but departments, we are seeing cross-collaboration as the lines blur between responsibilities and goals.

The most apparent benefit of a strong company culture is that your employees are happy to be there. When people like the environment they're in, they tend to stick around—and work harder to make sure that they can. The physical workspace is said to increase productivity by using an activity-based design plan, giving team members the opportunity to use space in a way most suited to their current needs. From this, and other areas, comes trust. When you make it clear to your team that you trust and respect them, they will give that to you in return by achieving goals set for them and asking for the opportunity to grow with the company, rather than moving elsewhere.

WHO'S PUNCHING THE CLOCK FOR THIS SHIFT?

Millennials, born between 1981 and 1997, are driving the way we look at corporate culture. They make up the largest percentage of today's workforce, and they came of age at a time when everyone received a trophy to feel included in each win. Some say this generation was coddled, but their need for appreciation and a team is what pushes them to exceed professional expectations and demand to be part of the conversation at work.

If you consider the Millennial hierarchy of needs, culture is near the top. In the 2018 Deloitte Millennial Survey, 52% said a positive workplace culture was very important when choosing to work for a company. When Millennials say "workplace culture," what they likely mean is knowing where they stand, being given the opportunity to grow and, most of all, having a "cool" and frictionless office environment to help them achieve their goals. Whereas older generations were more keen to keep their heads down and work their to-do list in the same order each day, younger generations want to move—mentally and physically—to engage with one another on a personal and professional level.

Failing to acknowledge the importance of company culture will lead to a failure in attracting top talent. The other thing about younger generations? They talk, publicly, on Facebook, Snapchat, and sites like Glassdoor. They make it clear at which companies they had a positive experience, and which sent them running for their recruiters. By not attracting the kind of talent that puts employee engagement at the top of the must-haves list, your business will stagnate or even fall behind competitors. All said, culture is worth the investment.

HOW TO MEASURE THE UNMEASURABLE— YOUR CULTURE?

How do you know if you're doing all of this correctly? Performing a workplace cultural audit will give you an indication of how your business is performing in the areas of mission, trust, communication and transparency, physical space, time offline, hiring, and hierarchy.

Seating your executives in the middle of an agile office isn't enough to clue them in to their colleagues' happiness and needs. By using components of a strong culture, such as the feedback loop, open communication, and knowledge sharing, you'll see how your business is actually performing.

Weekly check-ins are one opportunity for candor, allowing employees to rank their experience on each culture component listed above. But an area of real opportunity is to get this feedback online, in a central database where it can be analyzed and put into action. We employ technology to improve communication in the office and with remote workers; the same technology can also be used to survey your workforce.

Feedback can be given immediately and for very specific reasons, such as a lightbulb not being replaced for multiple days, or it can be formalized to track metrics. Employees can rank and give feedback on how they see the company's vision being carried out, whether they feel respected, and whether they have opportunities to collaborate with colleagues.

Even in the most open of corporate cultures, speaking candidly about a company's or management's performance is still a delicate subject. Using technology to ask these questions and strengthen the feedback loop breaks down some of the barriers employees may feel when asked to speak candidly.

The way people work has changed, and workplace culture needs to keep pace. Work is no longer a job or a place where you sit for eight hours a day. Now, it's an experience. It is still a paycheck, but one that comes with the opportunity to share your ideas with the higher-ups and sit comfortably while working on a particularly challenging project. Investing in corporate culture is a modern workplace necessity. It's time to get started. AQ

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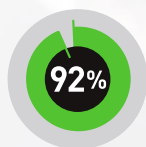
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