"*Journey to Centricity* shares valuable insights and best practices for any company wanting to put their customers at the centre while also making a positive economic, social and environmental impact."
MASSIMILIANO POGLIANI, CEO at illycaffè

JOURNEY TO CENTRICITY

A customer-centric framework for the era of stakeholder capitalism

ILENIA VIDILI

PRAISE

"The only way to become a customer-centric company of the future is to change old practices and mindsets. In *Journey to Centricity*, Ilenia shares valuable insights and best practices for any company wanting to put their customers at the centre while also making a positive economic, social and environmental impact."
—MASSIMILIANO POGLIANI, CEO at illycaffè

"In *Journey to Centricity*, Ilenia Vidili not only outlines why it is so important to become more customer-centric, she also provides practical ways to create a customer-centric organisation. Her lucid explanations and examples bring the new age of customer capitalism to life."
—ROB MARKEY, Senior Partner at Bain & Company and co-creator of the Net Promoter System®

"Ilenia Vidili points out important and urgent tasks for all business leaders to act in the interests of their stakeholders. Her fresh approach to customer centricity is a clear movement towards the necessary focus on sustainable business and customers' increasing demand for it. Every business leader should read this book!"
—MARCO GAZZINO, Head of Innovability® at Enel X

"All leaders are ultimately responsible for achieving results. This book shares practical examples and best practices, helping leaders across the world to become better. *Journey to Centricity* is full of insights into how to inspire and engage employees, retain customers and increase revenue."
—VICTORIA ROOS OLSSON, Senior Leadership Consultant at FranklinCovey

"*Journey to Centricity* gives a fresh and powerful message for timeless topics of this business era. By combining best practice from the world's top organisations with extensive research, this book will help you better understand how to be the disrupters of the future."
—TIM HELDMANN, Former CMO at Polestar

"As a customer experience leader, I've learned the hard way how difficult it can be to drive customer experience initiatives within an organisation without the right mindset. In her book, Ilenia Vidili proposes a significant transformation of the way business gets done. A transformation that is not only about the strategy but more about changing mindsets, behaviours, structures, culture and old practices that don't favour a customer-centric environment."

—SUSANNA BAQUÉ, Senior Director Global Customer Experience at SCIEX

"The world is ever changing, and customers continuously demand that businesses change with it. This book can help you understand how the world of business is changing, why it's changing, and what you need to do about it. A must-read!"

—ANDREA ISOLA, General Manager at N26 Italy and Southeast Europe

"In her book, customer centricity fellow Ilenia Vidili delivers a new lens for leaders to view their customers with empathy – the foundation for sustainable customer-centric approach."

—ALEX ALLWOOD, customer experience authority and author of *Customer Empathy*

"*Journey to Centricity* isn't just a book – it's a blueprint to become the customer-centric company of the future. It's impossible to read this book and not creating value for all stakeholders. A must-read!"

—STEVE SPIRO, CEO at Halotherapy Solutions

"In *Journey to Centricity*, Ilenia Vidili offers a visionary perspective on this new phase in stakeholder capitalism. Her book explains why the old and stale capitalism has not been working and why we need a better understanding of the technology-driven social economics that is now taking root – one that creates value for all stakeholders."

—DANIEL ARAYA, Senior Fellow at the Centre for International Governance Innovation (CIGI)

“In *Journey to Centricity*, Ilenia Vidili clearly and concisely uses real-life examples to illustrate how organisations of all sizes can successfully move from their theoretical understanding of what it means to be customer-centric to actually being customer-centric. Readers will understand the importance of having and living an organisational purpose, leading with empathy, adopting positive and considerate mindsets, elevating the experiences people have, and, ultimately, becoming a force for good in a world that desperately needs more care.”

—LARA KHOURI, Founder of There Is No Spoon CX, EX & Change Leadership Training and Consulting

“As new generations of consumers, employees and businesses enter the scene, making their mark on the world and shaping how people want to be treated, Ilenia Vidili’s *Journey to Centricity* is more relevant than ever. This book is a must-read in a landscape that never stays the same and where businesses are undergoing massive disruptions.”

—LISA DANCER, customer experience expert

“Thorough and thought-provoking, *Journey to Centricity* packs all key concepts to either be introduced or re-inspired by customer centricity. If all this is new to you, it will feel like drinking from a fountain on a hot day. If you already know your way around, you’re still in for a discovery of new value models, stakeholder capitalism, innovation and sustainability. Bottom line is that by the time you reach The Bottom Line chapter, Ilenia will have guided you on an eye-opening journey to customer centricity, and you’ll be happy you went along.”

—ANA LUISA ROMERO, Organizational Design Manager at Univercells

JOURNEY TO CENTRICITY

A CUSTOMER-CENTRIC FRAMEWORK FOR THE ERA OF STAKEHOLDER CAPITALISM

ILENIA VIDILI

Press Quantity Sales Discounts

Journey to Centricity is available at a significant discount when purchased in bulk. For details for both print and e-book formats, please contact ilenia@ileniavidili.com.

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www.ileniavidili.com

The Smarter Crew

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YOU MUST READ THIS BEFORE STARTING YOUR JOURNEY

"Oh, come on. You've got to be joking. It's clearly a duck!"
"What do you mean it's a duck? It's a cute rabbit! Can't you see the long ears?"
"There is no way that's a cute rabbit. It's an old duck with a long bill!"
"Are you guys blind?"

The argument went back and forth. I first saw the iconic duck-rabbit image during a university lecture. Our lecturer used psychologist Joseph Jastrow's illusion image to demonstrate that one's perception does not represent a full picture of reality.[1] Most students who looked at the left side of the image saw a duck, while those looking at the right side saw a rabbit; others saw both.

Our perception is the lens from which we view people, experiences and things. The lessons from the duck-rabbit illusion can also apply to the business world. Businesses suffer from the clash between *how they think they do business* and *what the rest of the world thinks of them;* that is to say, the *inside world perspective* versus the *outside world perspective*. In other words, most customers see a duck, while businesses see a rabbit.

Customer experience (CX) is a widely discussed topic around the globe. It has been said that the term *customer experience* was mentioned over a million times across social media channels in 2020. Every business talks about it, but not everyone agrees about which components are the most crucial. Some think that customer experience involves simply customer service, or optimising the customer journey, while others think that they can just plug in flashy software and miraculously provide a good customer experience.

For the purposes of this book, I will define customer experience as *the subjective perception that every individual customer has of your brand across all stages of their interaction – pre-purchase, during purchase and post-purchase*. It is what customers feel, think and perceive while trying to satisfy their needs or wants through your brand. The sum of these emotions, sensations and impressions determines whether they want to engage as a customer with your brand – to potentially become a repeat customer. If their experience is positive, they'll be left with a good, long-lasting impression, whereas a negative experience could leave them running from your brand forever.

The customer journey, on the other hand, is a series of interactions that occur as the customer tries to reach a specific goal. For years, businesses have focussed on mapping customer journeys, creating voice of the customers programmes, and providing positive customer experiences – which continue to be essential elements of the customer experience toolbox. Customer experience initiatives, when executed correctly, can indeed result in great outcomes.

But too many companies narrowly define themselves as customer-centric as a result of optimising a set of touchpoints and/or delivering one positive experience. Likewise, many CEOs around the world say that they care about their customers. In fact, I dare you to find a CEO who doesn't.

These acts are rarely enough to build a truly strong and consistent customer-centric company that fosters ongoing loyalty and brand evangelism. Why? Because these leaders are still stuck in their product mentalities, siloed procedures and excessive focus on short-term results, distracted from the need to become customer-centric. The events within boardrooms are so far from the frontline – and from the customer. Running a company from the perspective of revenue, costs and sales performance clouds the view of customer relationships – and makes it very hard to maximise their health and value.

Delivering a good, positive experience once, twice or even occasionally also doesn't make you a customer-centric business. There are many companies that provide outstanding experiences, but they are not customer-centric. Why? Because they don't sustain those great customer experiences. They don't have a customer-centric approach and culture embedded into their overall strategy.

Today, customer centricity is the driving force that most organisations have yet to embrace. The opportunity for these leaders lies in realigning the future of their businesses to effectively engage with customers throughout their life cycle.

With this book, I want to take you on a journey where you'll not only be inspired as a leader to improve your *customer experiences*, but also to incrementally improve their *human experiences*. Human experiences consider customers not as mere users but as human beings with values and beliefs, with emotions and purpose.

There is not one model for how customer-centric companies will operate in the future. Every company is different, so some aspects of this book may apply to your business, and others may not. I will help you consider both *the duck* and *the rabbit*, as you explore the topic. In other words, I will help you set aside preconceived perception biases or reactive impressions, and focus on what research, best practices, generational mindsets and a futurist's perspective can tell us about how to optimise customer centricity. I will approach the topic from a holistic view, providing a complete picture of all components that, in my view, comprise customer centricity. It will be up to you which ones to prioritise in your own transformation.

Keep in mind that becoming customer-centric is not an overnight fix. But it is my hope that your journey to centricity, as I will call it, becomes as easy as reading this book; I have done my best to structure it clearly. The road to customer centricity it's hard, but the results for your business will be worthy.

HOW THIS BOOK WILL BENEFIT YOU

To help you see your business from the perspective of your customers, I want to share with you a framework that you can use in your journey to centricity. You'll be inspired to follow this path to become truly customer-centric. This journey will help you abandon old processes and thinking, and adopt the necessary approaches to succeed.

In every chapter, you'll be encouraged to leverage the single most valuable assets you have: your people and your customers. You'll understand how consumer behaviour and expectations, especially those of Millennials and Generation Z, are shaping the very fabric of society and business. As a Millennial myself, and the sister of a Gen Z, I want to help you explore how these two generations are disrupting the world of business. I want to share what you can do to engage with that disruption in a productive and powerful way.

I also want to inspire you to combat inefficient processes, product mentalities and lack of customer focus. My biggest ambition is to make your business relevant in the era of stakeholder capitalism. *Journey to Centricity* will challenge you to start asking uncomfortable questions such as *why*, *how* and *who*. It will help you craft a more human brand – one that customers want to engage with and include as their life partner.

The book is powered by three main pillars: *humanity, technology,* and *culture.* Each pillar dives deeply into three elements, where I share experiences, knowledge and viewpoints.

> ***Humanity.*** This pillar explains the "why". It is the pillar by which your brand finds its mission and reason for being alive. It's also the pillar by which your brand becomes more human with its customers, through using an empathic human touch and sustainable corporate responsibility. Ensuring that your company *does what it says* will earn trust, build a strong purpose, foster authenticity, and therefore ensure relevance.

> ***Technology.*** This pillar reasons the "how" – specifically how customer-centric companies use the necessary technologies as enablers for delivering their customer experiences. This pillar will explore how you can use product innovation, ease of use and hyper-personalisation to improve the buying experience and the lives of your consumers.

Culture. This pillar discusses the "who", and dives into how your company must transform its culture to become a customer-centric business of the future. Investing in this process fortifies your brand, and creates a place where employees feel motivated, valued and appreciated. To achieve this transformation, leaders must invest time and effort in changing the old-style mindset and silo structures.

Perhaps you're wondering why I'm so passionate about customer centricity. Before quitting corporate life, I worked as a marketer for various multinationals, in both business-to-consumer (B2C) and business-to-business (B2B) worlds. Every day, I would notice that the gaps between customers and companies, employees and customers, and employees and their leaders were far too wide. These gaps form naturally, because when we start working for organisations, we have to adhere to rules, processes and targets that force us to forget how human we are.

Over the past few years of my entrepreneurial journey, when talking to business leaders and C-level executives, I've noticed that the gaps don't seem to get any narrower. The more I travel, visit clients and speak at conferences packed with executives of all levels of seniority, the more I see where businesses actually stand in society today. The gaps remain, and solutions are needed to close them.

In my role as an international advisor, I am typically hired as an outsider by companies who want to see both internal and external perspectives, and to become *truly* customer-centric. This book is driven by a huge need to share my ideas with you, to prompt change in how companies do business, and consequently to prompt change in the world.

By the way, you'll read the word "change" quite a lot, because this is where any journey should start - with the desire to transform.

WHY AND HOW I WROTE THIS BOOK

Writing my first book felt like the hardest challenge ever. The amount of perseverance, discipline and focus required over the last year has been incredible. Not to mention the butterflies in my tummy and the emotions I feel by presenting to you the proudest piece of my professional and personal life so far.

What pushed me to finish the book is my passion for customer centricity, which ties into my strong mission. My mission is to see a better future, where companies:

- embrace a higher purpose;
- create value to all stakeholders;
- contribute to society by taking their social responsibility seriously; and
- show us all a better business world.

I started the research long before COVID-19, while on trains around Europe, in conference centres in London, in boardrooms in Singapore, and in various coworking spaces around Southeast Asia. I have been inspired in Bali, enlightened in New York, and, finally, saddened in Italy seeing the world crumbling due to an apparently innocuous virus. I am now writing this book in my lovely homeland, Sardinia where as a child, my deepest wish was to write a book, and where I have rarely spent time over the last 18 years.

Throughout this book, I have tried to remain balanced when presenting issues that we face in the business world, their consequences, and the solutions I see for creating a better way of doing business. The views that I present are my own, based on my working experience, opinions as a customer, and my advisory role in the customer centricity field. They are inevitably coloured by my childhood memories, travel experiences and professional life as a young adult.

The main research in this book is qualitative and supplemented by desk research. I have included studies of academic excellence associated with internationally renowned university professors. I have been honoured to interview senior executives from world-class organisations, which I share with pleasure with you. Anything wise in these pages, you should credit to the experts I have interviewed and to those that I have mentioned. Anything foolish, assume it's my error.

All the examples that I have covered are of business-to-consumer (B2C) companies, because I wanted to delve deep into this category. I plan to provide you with a business-to-business (B2B) version of *Journey to Centricity* in the future. This doesn't mean that the principles of this book are not also applicable for the B2B world. The fundamentals of customer relationships are the same, because B2B companies consist of people – and sell to other companies also consisting of people.

I hope I've achieved my aim to cover enough material to make the topic useful, insightful and interesting for you.

The interviewees of this book, listed alphabetically below by first name, have made it much richer than it would otherwise have been. Thank you for your time, insights and contributions.

Alan Zorfas
Co-founder and Chief Intelligence Officer at Motista

Alex Allwood
Customer experience authority and author of *Customer Empathy: A Radical Intervention in Customer Experience Management and Design*

Andrea Isola
General Manager at N26 Italy & Southeast Europe

Daniel Araya
Senior Fellow at the Centre for International Governance Innovation (CIGI)

Denise Lee Yohn
Brand leadership expert and author of *Fusion: How Integrating Brand and Culture Powers the World's Greatest Companies*

Don Peppers
Customer centricity authority and author of *Customer Experience: What, How and Why Now*

Joana de Quintanilha
Vice President and Principal Analyst at Forrester

Marco Gazzino
Head of Innovability® at Enel X

Massimiliano Pogliani
CEO at illycaffè

Peter Fader
Professor of Marketing at The Wharton School of the University of Pennsylvania and co-founder of Theta

Rob Markey
Senior partner at Bain & Company and co-creator of the Net Promoter System®

Steven Van Belleghem
Customer-centricity expert and author of *The Offer You Can't Refuse: What If Customers Ask for More Than an Excellent Service?*

Steve Spiro
Chief Executive Officer at Halotherapy Solutions and Chairman of the Global Wellness Institute

Thimon De Jong
Lecturer on Social Influence at Utrecht University and Founder of Whetston

Tim Heldmann
Former Chief Marketing Officer at Polestar

Victoria Roos Olsson
Senior Leadership Consultant at FranklinCovey

Zachery Anderson
Chief Data and Analytics Officer at NatWest

At the end of this book, you'll be encouraged to take a temperature check on how customer-centric your business actually is. I recommend you do this quick survey after you finish the book, but feel free to do it at any time. You can find the customer-centric barometer at www.ileniavidili.com/barometer.

As with anything, I'd love to hear your thoughts. Please feel free to send me your feedback, comments and questions at ilenia@ileniavidili.com.

I hope that this book will spark ideas, cover potential solutions, inspire you to think differently, and ultimately, to become more *customer-centric*.

Are you ready to follow me on this journey? If so, read on!

CHAPTER 1

WHEN THE LAND CHANGES

"Change is the law of life, and those who look only to the past or present are certain to miss the future." – John F. Kennedy[1]

On August 5, 2018, I was having dinner with a friend at a terrace restaurant in the "Island of Gods", Bali, when the lights went out, the walls started cracking, plates and glasses smashed on the floor, tables and chairs collided, electricity poles swayed and people screamed, cried and ran, desperately trying to hold onto something. I ran as fast as I could to get myself to a safe place; and then, after about 40 seconds, the ground gradually stopped moving. The longest 40 seconds of my life had caused no deaths that I could see, just fear – a lot of it.

A magnitude 7.0 earthquake had just triggered a deadly tsunami in Bali's neighbouring island of Lombok, Indonesia. While I hadn't witnessed any deaths, it had killed more than 560 people, injured more than 1,000 and displaced nearly half a million.[2] Indonesia sits on the Ring of Fire, the string of frequent tremors and volcanic eruptions that circles virtually the entire Pacific Ocean,[3] making it one of the most disaster-prone countries in the world. Entire buildings were flattened; schools and hospitals were completely demolished. Many homes collapsed, and many others were seriously damaged; locals were forced to stay in tents for months. Lombok needed to be rebuilt from the ground up.

The neighbouring island of Bali is not just a popular tourist destination, as we know it; it is also home to thousands of expats and location-independent workers. Remote freelancers, employees and entrepreneurs who live and work outside of traditional corporate infrastructure consider it their home. These individuals are typically Millennials and Gen Z workers who are part of this story. This was also the case for me for many months. Why am I telling you this?

In 1934, a British historian by the name of Arnold Toynbee, in his book, *A Study of History,* analysed the genesis, growth and fall of every human civilisation. He found that these change events followed a simple pattern or formula: *challenge* and *response*. The challenge was presented by a major force, say a tsunami; and the response was generated by the people – individuals and institutions. The quality of the response dictated whether the civilisations would grow or die.[4]

While Toynbee used this formula to explain the rise and fall of 28 great civilisations, this model can also be applied to the same extent to organisations and the challenges they face from the "digital tsunami" – the major force released by digital technologies. The digital revolution is the adoption and the proliferation of digital technologies, which began in the latter half of the 20th century, and is still affecting many different markets today.[5] It behaves like a tsunami, retracting and gathering strength out on the ocean, before hitting again. For decades, the digital revolution presented both an opportunity and a dilemma for many businesses. Some ignored the alerts and threats, while others embraced them and thrived. Although a major force, such as that of a digital tsunami, provided the opportunity for transformation, many businesses are still operating with practices that may not longer work in the 21st century.

Over the course of the last 10 years (2010–2020), the increasing challenges of our global society and the use of new digital applications have seen the arrival of new consumer behaviour. The collision of the physical and digital worlds has affected every dimension of business, individuals and society as a whole. The hyper-connectivity of our daily lives has shaped entire generations that are transforming the way businesses operate.

Additionally, multi-generational behaviour plays a more important role in businesses than it did in the past. The following generations are currently in the workplace and/or consumers in society:

- Baby Boomers were born post World War II. They saw previous generations sacrificing everything for the war, so they worked very hard for their livelihood. They grew up fighting to compete for resources.[6]
- Generation X followed and started to introduce the idea of a solid work-life balance into the workforce.[7]
- Millennials came of age in the new millennium and during a time of rapid technological change, forcing companies to examine how they do business for decades to come.[8] Anyone born between 1981 and 1996 is a Millennial.[9]
- Generation Z has come on the scene as the generation of influencers. Born after 1997, they have been exposed to the internet, social networks and mobile systems since their very early youth.[10] To put this into perspective, Gen Z comprises 32 per cent of the global population (2.47 billion of the 7.7 billion people on Earth),[11] surpassing Millennials, who account for 23 per cent.[12]

What younger generations – Millennials and Gen Z – have in common is the strong belief in their individual power to drive change. They direct their time and energies towards actions that can drive the change that they want to see in the world, but they expect businesses and governments to do more to achieve a better future. According to Deloitte these actions involve "increasing political involvement, aligning spending and career choices with their values, and driving change on societal issues."[13]

FULL CIRCLE

During the 1990s, I didn't have a smartphone or an iPad to keep myself entertained in the school summer holidays, so I used to spend my time helping my aunty, Marta, in her little newsstand shop for a couple of hours a day. I helped her open the shop, clipped the front pages of the daily newspapers to the metal covers, and prepared locally made biscuits and coffee for breakfast. One of my favourite things to do was to sit behind the counter, surrounded by piles of out-of-date magazines, and shadow my aunty as she served. Her shop was in the main street of our small town in the heart of Sardinia, where thousands of tourists passed to reach the beach, or stopped for a quick break. Besides the tourists, her daily customers included everyone from parents taking their children to the nearby school, to grandmothers going to daily mass, and children looking for the latest edition of "Topolino" (an Italian comic series of Disney cartoons). Regardless of who they were, they would spend a good 30 to 40 minutes chatting with aunty Marta. Many shared war memories; some the best way to make a lasagna; others football results.

I loved seeing my aunty connecting with people from all walks of life. When tourists came along to buy a map of Sardinia, she would venture a conversation in her broken English, as she tried to make them feel welcome. She was able to pivot the conversation with any customer, and she offered coffee and biscuits to make them feel comfortable enough to share their stories.

I loved watching her not only serve these people as customers, but as human beings. She remembered every customer's name, their most-read newspaper, their birthday, how much they had spent, how much they could afford to spend. She kept their tabs, and she'd bring up their previous conversations so that their stories were validated.

How did she remember all that? She used to keep a little journal next to the till, and when she saw a customer approaching, she would have a little sneak peek. This is what we call a *customer relationship management*

(CRM) software in today's business world, and that information about her customers is what, today, we call *data*. With customers she had never met, such as tourists, she wouldn't keep them for too long or spend much time and effort taking notes about them, but she still loved serving them – occasionally offering handmade biscuits and telling them the best route to the beach.

I watched this woman with little education caring so much about her customers, putting aside her stories to serve others and make them feel they belonged. My aunty was a very humble shopkeeper who taught me the very basics of customer relationships. She used to say to me, "If you want to do this job one day, you need to know every customer personally like I do, and you need to understand their needs almost implicitly and viscerally." She didn't just sell newspapers and magazines; she acted as an advisor. Her customers preferred to buy from her, because she connected with them.

If my aunty could create that sort of customer intimacy with very little budget and no tech resources, why can't businesses of the 21st century – which have all the tools – do the same? To help answer this, I interviewed Peter Fader, Professor of Marketing at The Wharton School of the University of Pennsylvania and co-founder of Theta. Peter told me, "The very basic idea of customer centricity goes all the way back from a small shop, where the owners run it day to day. They know the customers walking in, they understand what makes them different. They have a sense of which ones are going to stay with them through good times, as well as bad. The problem is that as you open up the second store, and more stores, you give up on all that, because it becomes all about scale, and it becomes about getting things moving as quickly and as cheaply as possible. You lose that intimacy."

The concept of customer centricity is very attractive in its elegance, but it hasn't been easy for companies to implement and stick to it. Many have tried to be customer-centric, failed, and remained sceptical about it. If, originally, a shop owner or business leader knew every customer personally, how and why have businesses lost this customer-centric touch? The reason is because the culture, systems, people and values aren't aligned to put the customers first.

There are three major eras that explain why and how customer centricity is being lost. In this chapter, I'd like to give you a brief understanding of the context and reason for being customer-centric, while providing you with the foundation for the concepts that I will share in the chapters ahead.

THE SHAREHOLDER PRIMACY ERA | 1970–1989

In this era, companies existed primarily to make profit for their shareholders. This perspective was popularised by Nobel Prize laureate and economist Milton Friedman in his ferocious article, *'The Social Responsibility of Business Is to Increase Its Profits.'*[14] What Friedman was effectively stating was that companies must focus on pursuing self-interest. To pursue this goal, they had to sell as many products or services as possible, to as many people as possible, in order to make as much profit as possible. The sole focus was on the product that needed to be sold, with the philosophy of mass production at scale and the faster the better. This created a hyper-focus on short-term results – which was a problem, because these companies were seen as pursuing profit at the expense of employees and consumers.

How did this happen? When companies hit a downturn, they faced a dramatic need to cut back spending on areas such as marketing, initiatives to create customer intimacy and then employees, whether in the contact centre or on the retail floor. On top of the cuts, they created other sources of revenue, such as new fees. These factors could balance the books in the near term and create greater profit, but at the expense of the relationship with customers and employees.

This was also the era of "command and control". Companies would physically disrupt other companies through innovations like cheaper, newer and more convenient products. But companies formed in this era had limitations. They had early technologies as their foundations, which quickly became obsolete. The world wide web was not yet widespread. With information only available on paper, companies needed a sufficient product and an advertising campaign a few times a year to gain attention. They communicated with their customers in a very linear way and had a level of control in terms of what their customers bought, read and listened to.

Over this era, companies built up a somewhat arrogant position in their market. The aforementioned strategy worked for centuries and, in many, many cases, companies continue to operate in this way, even in the 21st century. But cracks are starting to show. Today, businesses are under a lot of pressure for many different reasons, such as commoditisation of products, more empowered consumers and lack of relevance in highly saturated marketplaces.[15]

Senior executives worry whether they have the right business model and the right technologies to give their company a future, but they still put functional and financial priorities ahead of customer needs.

If your company was formed in this era, or operates like companies of this era, then you may be stuck in a time warp of product mindset, a hierarchical manner of managing people and obsolete ways of interacting with your customers. Your mission statement may still be something overly vague and inane like "Our mission is to continue to provide access to diverse services to stay relevant in tomorrow's world." Nonsense!

BUSINESS-AS-A-MACHINE ERA | 1990–2021

In 1995, when the internet started to be consumerised, entire households used it at scale to buy things. Most companies of the previous era were curious about digital technologies, but not curious enough to quickly adopt a digital mindset. They lacked an understanding of how emerging technologies could help both internal processes and their customer interactions.

But customers weren't as slow to adapt as companies. The birth of the internet and mobile technologies started influencing customers who had pervasive access to information and multiple channels to choose from.

Media also needed to adapt. Up to the early 2000s was the golden era for media, television, print and radio, as they dominated brand communication. Then the internet started controlling our attention, so consumer behaviour changed. Marketers started to fear the advent of social media, because they had a lot of control over the way they portrayed their business to the world. The dynamics of the market changed in this era. New technologies and new business models disrupted many of those companies born in the shareholder primacy era – those that thought they were untouchable. Kodak, Blockbuster, Maplin, Toys "R" Us, Debenhams and many others felt the challenge for years and eventually filed for bankruptcy.

Harvard Business School professor Clayton Christensen popularised the concept of *disruptive innovation* to thousands of business leaders with his book *The Innovator's Dilemma*. Incumbents born in the shareholder primacy era spotted, adopted and in some cases developed these technologies, but considered snubbing investing in them. Many thought new digital technologies were too weak for the mature and advanced way in which these companies operated.[16]

This increasing dominance of online channels combined with hesitancy by incumbents to adopt the necessary technology led to the rise of new disrupters, or *new entrants*. These companies were (and are) often led by Millennials – and in some cases Gen Z – who better understand the needs, frustrations and preferences of their own generations. New entrants are smaller, more agile, more digital, and bring products and services that offer better customer experiences. In short, they have a more customer-focussed business model and are often set up by frustrated ex-employees of incumbents. Automation and artificial intelligence are largely part of these companies.[17] An example of these new entrants is

N26, a completely virtual neo bank headquartered in Berlin. We will explore more on N26 later in this book.

Who's responsible for all this disruption? The digitalisation of things? Or business leaders who have fallen behind the evolution of technology and that of the consumer? If you lead a company that was formed in this era and operate by its premises, then it may appear that you are heading in the right direction. But the problem with business-as-a-machine companies is that they tend to focus too much on the brightest piece of technology, and their employees are taught to think and act pretty much like their algorithms. Often this leads to a shift in focus from the customer. Employing a team of data scientists and using the latest software is *not* enough.

THE CUSTOMER-CENTRIC COMPANY OF THE FUTURE | 2022 AND BEYOND

Today there are very few companies that are truly customer-centric. Most companies focus on volume – both volume of customers and of profits. The number of customers means nothing if the relationship with them is flat, and profit means nothing if it is not sustainable in the long term.

Peter Fader believes in *customer heterogeneity* – that not all customers are equal. They are all unique, and some customers are more valuable than others. Instead of focussing merely on the quantity of customers, he suggests finding the most valuable customers and creating a more meaningful relationship with them. This begs the question: how?

The technologies available today cannot, of course, exactly replicate that small-shop customer intimacy, but they can do a pretty good job at collecting a huge amount of information about customers and differentiating them. The use of customer insights can lead to strengthening customer relationships, if used wisely. For example, firms that are able to use digital technologies to enhance the customer experience can understand customers with information such as who's buying what and when, what they do, what they say, what their acquisition funnel is. This information basically allows companies to treat customers differently based on their individual needs – just like my aunty did, but at scale.

Even companies born in the business-as-a-machine era that have the tech capabilities to be customer-centric are only doing it to a small degree. Most of the time, this is because they lack the customer-centric mindset and culture, which ends up being a big weakness that is reflected in everything they do.

Another trend that I see among companies is that they still focus too much on the newest version of their product and its performance, rather than the relationship with their customers. When it comes to product focus, Peter shared with me that "most companies are born around a product that they can sell, a product that creates all the enthusiasm and earnings needed for customer-centric initiatives. But the problem is that too many companies lose touch with their customers as their growth plateaus. Of course, selling products remains extremely important because, let's be honest, you can't figure out who your best customers are before you know what you're selling them. So, you have to start with a product or service."

If companies want to move back to customer centricity after their growth plateaus, is it too late? Peter tells me that it's never too late, but "it's very important to start developing the infrastructure, collecting the data, getting the mindset, and even developing the customer-centric culture as early as possible". Too often the product-centric approach gets prioritised over the customer-centric approach, because it is short-term and brings return on investment (ROI) immediately.

In a product-centric world, the research and development (R&D) department would come up with a better version of an existing product, or a completely new one, and sell it in big retail stores without fully understanding who would buy that product. This strategy can work with great success – until the growth stalls.

Peter tells me the story of how Electronic Arts (EA), an American video game company, moved from product-centric to customer-centric with the help of Zachery Anderson, the former senior vice president and chief analytics officer, who led the transformation at that time (more of Zachery in Chapter 7). Peter uses Zachery's strategy at EA as a great example of the difference between product-centric and customer-centric companies.

Peter asked me, "Have you ever watched those cooking shows where they bring a bunch of chefs in?"

"Yes," I answered.

"So, instead of going to the chefs and saying, 'We want every one of you to come up with a great meal of your choice', the show gives each of them a fixed set of items to cook with – often some unusual ones – and says to each chef, 'Now come up with a delightful meal.' Providing the ingredients is a great way to inspire thinking in an 'outside-in' manner, which is key to customer centricity." A product-centric business creates a product or a service with the hope to sell that product to as many people as possible – like creating a meal with no clear parameters on what it should be or who it is for. A customer-centric business instead creates a product (meal) based on customers' needs (ingredients), and focusses on satisfying as many of those customers as possible over the course of an ongoing relationship.

By understanding customer behaviour, needs and expectations on an individual level, we can shape better products – and customer experiences – around them. This is how we can build deeper, long-term customer relationships and elevate the *customer lifetime value* (CLV). CLV is basically how much money a customer will bring your company throughout their entire time as a paying customer of your brand.

For decades, marketing departments used to look at past customer data: how much was spent, when, what was purchased, etc. Peter Fader has been working on predicting the lifetime value of every individual customer. This not only helps in making better business decisions and allocating resources but it also provides a clear picture of buy-in and ROI for customer-centric initiatives.

How do you elevate your CLV? By being customer-centric – which is what this book is all about. If the importance of customer relationships is your top business priority, the quality of your customers will improve tremendously and, consequently, the quality of their purchases will increase.

Peter ended our conversation by saying, "It's not just about the data, the models and the tech; it's more about the organisational transformation." Today there are very few companies that have fully shifted their focus from product to customer. To successfully transition requires a fundamentally different operating model and organisational design.

To give you a more technical definition of customer centricity, I also interviewed Rob Markey, senior partner at Bain & Company and co-creator of the Net Promoter System®. In Rob's view, a customer-centric company has a systematic way of developing insight and empathy so that it can identify unmet and under-met needs of customers, and design solutions and value propositions that address those needs better than anyone else in the world. Rob tells me that there are three dimensions of a customer-centric value proposition:

1. **Rational value:** This value derives from a product or service that you offer which meets some fundamental need of your customers at a reasonable price relative to your competition. Typically, rational value derives from characteristics like product features, benefits, pricing and functionality.

2. **Experiential value:** The value derived from the way a product or service is delivered. This is not only of the difference between the actual delivery of your products and services versus the promises you have made, but is also shaped by the expectations your customers have developed based on analogous experiences from competitors or even other industries.

3. **Emotional value:** The connection that the customer has with the brand and what their purchasing of that brand suggests about their values.

Rob continues that a customer-centric company attracts and acquires new customers largely by earning their trust. This is possible by delivering these three values in such a remarkable way that it not only transforms customers into promoters but provides experiences that are compelling enough to foster loyalty and receptivity to future offerings.

The operating model of this company places the needs of the customers ahead of the functionality of the products, and is built around the customer view rather than functional processes and operations. A customer-centric company is able to understand a longitudinal view of every individual customer, as they pass through the different functions, processes and experiences of the company. This view gives companies the ability to manage and measure the CLV. Rob says that "we are coming full circle" when it comes to customer centricity. We started as customer-centric small shops and, if we invest the time, effort and resources, we will slowly get back to that point with the help of the technology available today. We'll get back to Peter Fader and Rob Markey later in Chapter 13.

Over the past 50 years, companies have been viewed as a major cause of social, environmental and economic problems. This is because they continue to operate with a short-term mindset driven by financial performance in which customers, employees' needs and societal issues remain at the periphery, rather than at the core. Today shareholder primacy is under pressure in many different ways. Research has shown that, since 2000, 52 per cent of companies in the Fortune 500 of the command-and-control era no longer exist.[18] Everything has been changing very rapidly – from technologies to markets to customer expectations – and the speed of change is a very important driver.

The future will be different. The company of the future will be the one that delivers value to its people, whether inside or outside the organisation. With this book, I'd like to expand on what makes a customer-centric company of the future. I believe that companies are ready to enter a new era of business thinking – adopting practices based on human experiences and taking their social responsibility seriously. This is the era where why businesses do it, how they do it and who they do it for are intrinsically linked.

If you are an executive, you don't need charts and numbers to tell you that a new era is birthing; you naturally know and feel it.

Society has been driven by the capitalist system. Capitalism is a vehicle for meeting human needs, improving efficiency, creating jobs and building wealth – but this narrow view prevents companies from also looking at societal challenges.[19] Some 56 per cent of people say that capitalism as it exists today is doing more harm than good, and that democracy is losing its effectiveness.[20] We need a different version of capitalism – a newer version that involves companies playing a positive role in global governance, with a focus on stakeholder return.

Since 1997, Business Roundtable, a non-profit association that represents CEOs of leading US companies, has issued principles of corporate governance, which endorse those of the shareholder primacy era. In 2019, they announced the adoption of a new statement on the purpose of a corporation which moves away from shareholder primacy and includes commitment to all stakeholders.[21] Last year, the World Economic Forum released its 2020 Davos Manifesto, which, according to Klaus Schwab, the Forum's Founder and Executive Chairman, is a set of ethical principles to guide companies to a universal purpose towards its stakeholders.[22] Schwab mentions "stakeholder capitalism", a model that positions private corporations as trustees of society, which are better equipped for today's social and environmental challenges.[23]

In his book *Stakeholder Capitalism*, Schwab explains that stakeholder capitalism takes on board the interest of all stakeholders; companies optimise for more than short-term profits and governments are the guardians of equality and inclusivity of the system.[24]

If you are an executive, you may say, “Wait a minute. Why shouldn’t I have the dual goal of putting customers first while ensuring that the business earns an acceptable return on investment?” This is an absolutely fair assessment – and the objective of this book. Focussing on your customers also means that you’ll be forced to improve every aspect of your business, from the quality of your decisions, to your operations and the product and service that you provide. This doesn’t mean that the profit objective will vanish.[25]

Customer-centric companies of the future are those that are able to unlearn and relearn – and those that have a vision that propels their impact on their customers and the world as a whole.

If this describes your company, my congratulations to you! You seem to have the right components to be a customer-centric company of the future. The future is about having a higher purpose, it’s about having an empathic human touch, and it’s about creating shared value to improve the lives of your customers, employees, and the broader communities. But this era is still uncertain.

Some elements of previous eras will remain in place, while others will evolve. No matter how different, difficult, easy, digital and robotic it will be, one simple thing is certain: customer relationships will be crucial. Consumers want a relationship with companies that care about them, both as customers and as human beings.

As we have seen earlier in this chapter, companies tend to be resistant to change. The more technology that is out there, the more the market changes, the more consumer behaviour changes, and the more society changes. Those companies that are still in the mindsets of the shareholder primacy and business-as-a-machine eras will fall short because they lack customer focus, which becomes more visible as customer primacy becomes more and more evident.

You may be thinking that you are already customer-centric, and this is where most companies get it wrong – by assuming that change is not needed, when the walls may be slowly cracking, just like the walls of the houses in Lombok. Would you want to live in a tent after a tsunami, or would you want to rebuild a better house?

My mission with this book is to inspire you to take action. The business of businesses is changing again, and those that can't change with it are less likely to survive the next generation of disrupters. Being customer-centric in the 21st century requires change – operationally, yes, but mostly in mindset. As the world continues to rapidly evolve, it feels harder than ever to execute a strategy effectively and sustainably. My aim is to guide your future path on your *journey to centricity.*