

The Power Core.

Chief Customer Officer Toolkit:

Power Core

Customer Quicksand

Guerrilla Metrics

Tom Sawyer Formula

Do You Need a CCO?

The Power Core Represents:

- Your company's strength in the marketplace
- The root from which your business grew
- The most predominant or heralded skill set

Understanding your company's Power Core is a first crucial step in knowing how to proceed with your customer agenda.

This is because the Power Core emerges front and center to set the agenda and priorities of the corporation. The skills required of people to receive high marks from the Power Core are what motivate people today inside your company.

When you begin the customer work, you need to know how closely the reinforced and innate skills of your organization line up with those necessary to drive customer profitability, which are: driving wholesale change, leading cross-company, customer-based decisions and inspiring creativity for delivering experiences to differentiate you to your customers.

Companies typically forge ahead with the customer work without taking stock of these very real and very powerful determinants of how it will proceed. They simply begin, hit the inevitable road-blocks of the Power Core, and from there the work begins to falter and sputter.

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Take the Time to Know Your Company Power Core!

Through determining the chasm between inherent company skills, new skills needed to drive customer profitability, and (most importantly) the appetite and urgency of the Power Core for developing new skills, you will be able to know the scale of your work ahead. Then, you can create a meaningful, realistic and successful plan to tackle it.

The Six Common Power Cores

There are six common Power Cores. One of these most likely will emerge inside your organization to pull the direction, focus and motivation of your organization. You may also see another in a supporting second place of strength. Here are the six Power Cores that we've found to have the greatest impact on the difficulty or ease you will have in driving customer profitability inside your corporate machine:

1. When the Power Core Is the Product.

The product is the company to the marketplace. Product development groups get the most resources, the most "play" and have the most power. Just look at the organization chart. Metrics are about new products, size of products, getting products out and speed of product development and competitive progress of products in relation to competitors.

2. When the Power Core Is Marketing.

The marketing department defines the tenor and tone of the relationship with customers. Customer relationships may be collapsed to marketing campaigns and tactics. Brand at the advertising messaging level is emphasized, but the implications for how to tie that to the experience can fall short. I've literally seen companies take their strategic direction from their advertising agency! While focus and vision can be very strong here, I've seen two pitfalls that sometimes occur when Marketing is the Power Core. All eyes look up to the president or chief marketer calling the shots because he/she is so strong on the vision that people stop trusting their instincts in exchange for predicting how the "chief marketer" wants it done. In addition, marketing strength doesn't necessarily beget the patience or skills to translate the vision into an operating plan that's executable.

3. When the Power Core Is Sales

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The quest for the sale pulls the weight in the company. In these organizations, people are motivated to make the numbers. Performance is frequently measured in short-term sales goals and targets. Sales targets are the strongest and most tracked corporate metrics. "Speed" sales are rewarded, which don't necessarily result in long-term customer profitability. Frequently, the organization hasn't worked together to ensure that the "after the sale" experience delivers on the promise of the sale.

4. When the Power Core Is a Vertical Business.

This Power Core is based on a particular competency related to an industry or function. The term "vertical" Power Core is used because deliverables to customers is akin to a vertical line of business highly focused on one particular area. Banking is an industry where many businesses grew strong through the detailed execution of the functions of the account, the loan, and identifying the risk. In these types of deep competency businesses, there's a risk for customers to become anonymous. The process becomes the description for what the person is working on, i.e., "Big loan opportunity coming in at noon today." The financial services revolution, for example, has been the realization and incorporation of the human process into the execution process. We've all experienced the strong vertical disposition of the medical industry. Doctors still define their work by procedure rather than customer name. "I've got an appendectomy at eight, then a bypass at three." This makes sense given the ways medical practitioners have been classically trained; livers, hearts, the circulatory system, etc. "Bedside Manner 101" didn't show up on many curriculums. And so where a vertical business is the Power Core, it is frequently because the foundation of the business and its growth are based on the execution of that function.

5. When the Power Core Is Information Technology (IT).

The technology tail wags the dog of the corporation. What I've come to call the "CRM hallucination" has created a strange forcing function where IT has become the Power Core in many organizations. Sometimes without the desire to be...they inadvertently emerge as the center of the corporate universe. As the bulk of spending related to IT projects far exceeds other financial requirements, IT has been given an inordinate amount of power in determining the priorities of the organization. Not just in computer resources, but by having a large say in representing, selecting and enabling IT-dependent projects across the organization. Typically, these spending requests come through annual planning, and lack a strategic plan relative to overall advancement for improving customer profitability or the customer experience. In its quest to serve the company, IT too has fallen into the well-intentioned trap

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of allocating resources by silo. This compromises what should be a strategic IT strategy into a bunch of silo driven pieces that may not cumulatively have the most potent impact.

6. When the Power Core Is the Customer.

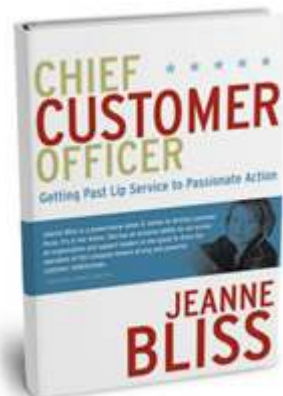
Passion for customers prevails. Leaders are close to the customer and it is often that leaders' passion that built the business. Employees feel that the hand-off of that passion from founder through the ranks of the company is an inheritance that is theirs to pass on and nurture. That's certainly how it is at Lands' End. Company decisions emanate from understanding what will drive greatest value to customers in the short-term and long-term. The company's long-term desire is to deliver a differentiated customer experience to drive the greatest amount of profitable customers. This is still surprisingly rare after all these years of effort. Corporate machines with the customer as their Power Core are not surprisingly the companies known in the marketplace to be best for customers. These companies began with the customer at their core. In a company with a customer Power Core, customer needs drive the overall plan for what's developed and delivered.

Other Possible Power Cores:

It's likely that the Power Core in your company may not be one of the six most common identified. For example, Operations may emerge as your organization's most predominant skill set for running the business. You are a well-oiled machine driven by the mechanics of execution. This is sometimes seen in the hospitality business or distribution businesses. Your Power Core may be Finance. The point is to identify your Power Core and to use that understanding to frame the scale of the work to integrate customer leadership and customer profitability management. The six Power Cores listed above are simply the most predominant out there. Regardless of what your Power Core is, it will have an impact on how you strategically address the work.

Want to Know More about Your Company Power Core?

The Power Core.



Read *Chief Customer Officer*:

The Power Core is fully flushed out and explained, with exercises to identify your company power core and its impact. Or, Contact us. We offer consulting services to work with you to identify your company's Power Core. From there, we help you to create a reality-based plan for driving customer profitability based on what will actually work inside your organization. (Imagine that!)

Jeanne also gives rousing keynote speech and workshops to engage company members in understanding their Power Core, helping them to use that understanding to weave managing customer profitability into how they do business today.