Change Management for Customer Centricity

CGAP Customer-Centricity Series:
SAM19 Ouagadougou
Oct 22, 2019
CGAP is a global partnership of more than 30 organizations that seeks to advance financial inclusion. We are housed at the World Bank. CGAP develops innovative solutions through practical research and active engagement with financial service providers, policy makers, and funders to enable approaches at scale.

Who are we?

YOUR FACILITATORS

Gerhard Coetzee
Customer Value Team Lead

Antonique Koning
Senior Financial Sector Specialist – Customer Value
Goals

1. High level introduction to the customer-centric business model
2. Learn the basic foundation for starting a customer-centric change process
3. Assess the organizational shifts your organization needs to make to be more customer-centric
4. Identify a business and customer challenge that your organization might use as the foundation for customer centered change
5. Use the Customer-Centric Change Canvas to map your course on the Change Journey
6. Journey through the customer-centric guide and the main toolkits
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<thead>
<tr>
<th>Duration</th>
<th>Component</th>
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<tbody>
<tr>
<td>15 minutes</td>
<td><strong>INTRO and CUSTOMER-CENTRIC BUSINESS MODEL</strong></td>
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<td>45 minutes</td>
<td><strong>WHAT IS CUSTOMER-CENTRIC CHANGE?</strong></td>
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<td>• What is it? How does it work?</td>
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<td>• How ready is my organization for change?</td>
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<td><strong>ACTIVITY: IDENTIFYING OUR CHALLENGES (15 MINUTES)</strong></td>
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<td><strong>SELF-ASSESSMENT: THE ORGANIZATIONAL SHIFT (20 MINUTES)</strong></td>
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<td>20 minutes</td>
<td><strong>WHAT DOES THE CHANGE PROCESS LOOK LIKE? – high level walk through</strong></td>
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<td>1. Sound the Alarm</td>
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<td>2. Lay the Foundation</td>
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<td>3. Catalyze the Change Process</td>
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<td>4. Begin Experimenting Cross Functionally:</td>
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<td><strong>ACTIVITY: CUSTOMER-CENTRIC CHANGE CANVAS (OVERVIEW)</strong></td>
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<td>10 minutes</td>
<td><strong>Reflection</strong></td>
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The ‘Business Case’ for Financial Inclusion, why is change needed?

Good progress with access and uptake, but use lagging behind

1.2b accounts opened (2011-17)
- 150m mobile accounts
- 1.05b financial institution accounts or ‘Bank’ accounts

$21.75b account opening cost
- At $5 per mobile account
- At $20 per ‘Bank’ account

Use of accounts as a driver of revenue
- Mobile: 63% used less than once in 90 days
- ‘Bank’: 50% used less than once per month
- Majority used as ‘mailbox’ accounts

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

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

Customer views

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

**Lack of experiential value**
- They lack confidence to engage with FSPs
- Do not trust FSPs, do not feel valued or respected
What is a customer-centric business model?

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

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

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

Strategy

Culture

Structure

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

Customer Centricity Results

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

- Customer journey maps
- Partnerships + direct customer service
- 2014-2017
  - Premiums ≈ 2X
  - Enrollments up > 3X
- Focus on customer needs, agent training, pricing, customer empowerment
- From 40,000 mobile money clients in 2015 to 807,000 in 2017
No organization has ever changed without a reason.

“What if we don’t change at all ... and something magical just happens?”
What’s a good reason for a financial service provider to change?
Most businesses start here...

**BUSINESS CHALLENGE**

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

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

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

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

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

What **aspirations** do they have?
Taken together, these two perspectives set up an organization to rally around an opportunity for change.

**BUSINESS CHALLENGE**

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

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

**CUSTOMER CHALLENGE**

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

What **aspirations** do they have?
What is a Customer Challenge and how does it relate to a Business Challenge

1. At your tables, share business challenges that you face in your organisations, or FSPs that you know

2. Choose the common one – the one that was mentioned most at the table

3. Translate that business challenge into a customer challenge

4. Define the customer challenge in detail – in the words of a customer, start the sentence with I...

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

Work together as a group, and you may be asked to report out
Why is change capacity critical for customer-centricity?

Change is hard.

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

Financial Inclusion leaders must develop the hard and soft skills to lead and organize for that change.
ACTIVITY: WHAT’S OUR CHANGE CAPACITY?

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

Less CUSTOMER CENTRIC  More CUSTOMER CENTRIC
ACTIVITY: WHAT’S OUR CHANGE CAPACITY? WHERE ARE WE IN THE SHIFT?

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

What do you want to leverage? (strengths)

What do you want to shift? (weaknesses)

This organizational awareness will help you better understand where to start in your customer-centric change.
# The Change Management Toolkit

## PART A: IGNITE, CATALYZE, AND SET IN MOTION

1. **Sound the Alarm and signal the need for change**

2. **Lay the Foundation for an organizational “reset” by aligning vision, values, and strategy**

3. **Catalyze the Change Process and plan for change**

4. **Begin Experimenting with change and prepare employees for a long-term change process**

## PART B: BUILD YOUR CUSTOMER-CENTRIC ARCHITECTURE AND CAPABILITY

### Workstream 1

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

### Workstream 2

- **Build the Four Systems that will enable your organization to deliver and evolve superior customer experience and value propositions:**
  1. Innovation Management System
  2. Talent Management System
  3. Performance Measurement System
  4. Partner Engagement System

### Workstream 3

- **Embed Key Enablers that accelerate and sustain your customer-centric transformation:**
  - Supportive Corporate Culture
  - Effective Storytelling
  - Employee Rewards and Incentives
  - Digital Technology
Change Management

Ignite, Catalyze, and Set In Motion

- Sound the Alarm
- Lay the Foundation
- Catalyze the Change Process
- Take First Steps
STEP 1:

*Sound the Alarm*

WHAT IT MEANS

Assemble the supporting evidence to start your customer-centric journey.
Why should you Sound the Alarm?

Decisions to change are often triggered by...

A pressing problem or external threat
Negative public opinion
Digital transformation requirements
Deteriorating performance
Other causes?
CASE STUDY

Metropolitan: Momentum Metropolitan Insurance (MMI) South Africa

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

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

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

ENJOY
You’ve come a long way in building and growing your wealth. Now is the time to enjoy all your hard work.
An African Insurance Provider:

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

"a business slowly going out of business."
CASE STUDY: METROPOLITAN

The Awakening

An African Insurance Provider:

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

The Metrics:

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

THE DEEPER STORY

Claims ratios were also alarmingly low

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

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

Berniece Hieckmann
Metropolitan’s Rapid Application Design and Delivery group
In response to this alarm, Metropolitan redesigned processes to ensure that policy holders appointed a “trusted one” who would give voice to their requests.

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

That was a part of our awakening – the responsibility of who we serve placed great onus on us.”
How did they do it?

They made the ‘Heart and Mind Connection.’
‘Make the Heart and Mind Connection’

Connect with the need for change on:

1. a rational, analytical level and
2. an emotional, empathy-based level
LEVEL ONE
Rational & Analytical

1. “A 2% increase in customer retention leads to a 10% decrease in costs.”

2. “A 1% increase in customer satisfaction leads to a 2.3% increase in return on investment.”

3. “Conversely, a 1% decrease in satisfaction leads to a 5% decrease in ROI.”

Which would help you make the case for customer centric change in your organization?
According to the *Gallup 2014 State of the American Consumer* report, **firms demonstrate better performance when managers engage directly with customer experience:**

- 30% higher customer retention
- 55% increase in revenue
- 96% improvement in response to queries
‘Make the Heart and Mind Connection’

IN SHORT, USE...

stats

AND

stories
How did METROPOLITAN shift mindsets and motivate people?

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

- Customer Journey Maps
- Personas
- Storytelling
- Immersion
TOOLS TO LEARN FROM YOUR CUSTOMERS
HTTP://CUSTOMERSGUIDE.CGAP.ORG

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

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

**Toolkits:** Complete guides for specific business challenges + goals

**Case Studies:** Real-world experience + lessons learned

**Tips + Templates:** How-to exercises + practical tools for a quick win

**References:** In-depth wisdom from CGAP + other organizations
TOOLKITS YOU CAN USE IN THE CHANGE PROCESS
HTTP://CUSTOMERSGUIDE.CGAP.ORG

Toolkits:
Complete guides for specific business challenges + goals

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YOUR CHALLENGE

Has an alarm bell already been sounded?

How are you currently listening to your customers?

What is one takeaway from this session?