



Practical Leadership:

Inspiring Action, Achieving Results

Jim Clemmer's Leader Letter

November 2004, Issue 20

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Customer Focus is Finally Returning

When I wrote my second book, *Firing on All Cylinders: The Service/Quality System for High-Powered Corporate Performance* in the early nineties, customer service and quality improvement was becoming a key focal point for both the public and private sectors. Movements like Total Quality Management, Continuous Quality Improvement, and related customer service initiatives were helping many organizations toward dramatically higher levels of performance. Rigorous quality award frameworks and processes in Canada, the U.S., Japan, and Europe highlighted what outstanding organizations were doing and how dramatically they were pulling ahead of their peers.

Unfortunately, those were the exceptions. Most attempts to improve customer service were too narrow and superficial. They failed to focus the organization's culture and core processes on serving customers. They suffered from a real lack of strong leadership to back up all the marketing hype and rhetoric.

So the re-engineering movement took over and eventually fuelled the high bubble of the late nineties. Just as the "dot com" companies thought they were rewriting the laws of economics, these expensive new tools promised to enable average organizations to leap over their industry and competitors toward new heights of service and quality. All that was needed were big capital investments and even bigger consulting contracts to have outside experts slam-dunk "change management" programs on the organization.

But new technology such as automated phone systems, CRM (customer relationship management), call centers, and e-commerce alienated many customers. That's often because they were designed to increase organizational efficiencies, not serve customers the way they wanted to be served (e.g. CRM too often looks like an exercise solely designed as Cost Reduction Management). Walls between these technologies and the rest of the organization compounded the problem. When front-line producers and servers also felt alienated and poorly supported by their organization, the customer was served a lethal service/quality cocktail. A culture of "if we don't take care of the customer, maybe they'll stop bugging us" can easily seep insidiously into the front-lines.

High-performing organizations are highly customer-centered. Since 1994, an ongoing University of Michigan study has found "the statistical relationship between customer satisfaction and market valuation is very strong." Other research has shown that improving customer retention by just five percent doubles the profit margin.



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I am delighted to see plenty of signs that the pendulum is swinging back again. Many organizations are rediscovering their customers. Whether they are running internal staff support organizations or line operations, leaders are recognizing that they have drifted into planning, priority setting, and change from the inside out. They are now moving their organizations back toward changing from the outside (customers) in.

Customer-Centered Planning

Recently a Client asked me to deliver a strategic planning workshop for their top executive team. They wanted to provide them with a framework and process that the team could use for their own planning. Each executive could then take this process back to use with the division he or she was leading. We explored various approaches that started with the organization's vision and goals and cascaded throughout the organization. I asked where their customers factored into their current planning process. It became clear this company was pushing their priorities and view of the world out to their customers. That's one of the key reasons the company was blindsided by a shift in customer expectations, trust, and this company's reputation in the marketplace. We agreed to use the customer-centered assessment and planning process of The CLEMMER Group's "compass model" below.

The compass model provides direction and a strategic planning framework for the many "Transformation Pathways" needed to move an organization to its next performance level. The model combines both the Management and Leadership elements needed for balanced improvement (see www.clemmer.net/models/hperflship.shtml for a look at the foundational piece to most of my work). The three burgundy sections of the model represent work that is primarily in the Leadership realm. The three blue sections of the model show what are mostly Management activities. Customers and internal and external partners needed to serve them are deliberately placed in the "north star" position. Effective strategic planning takes its direction by checking the organization's position relative to the "true north" of customers and partners.

Go to www.clemmer.net/oassess/tranpath.shtml for a look at all sixteen pathways in this model. You can also complete a gap analysis model to assess your own organization's strengths and weaknesses across these key organization effectiveness areas.



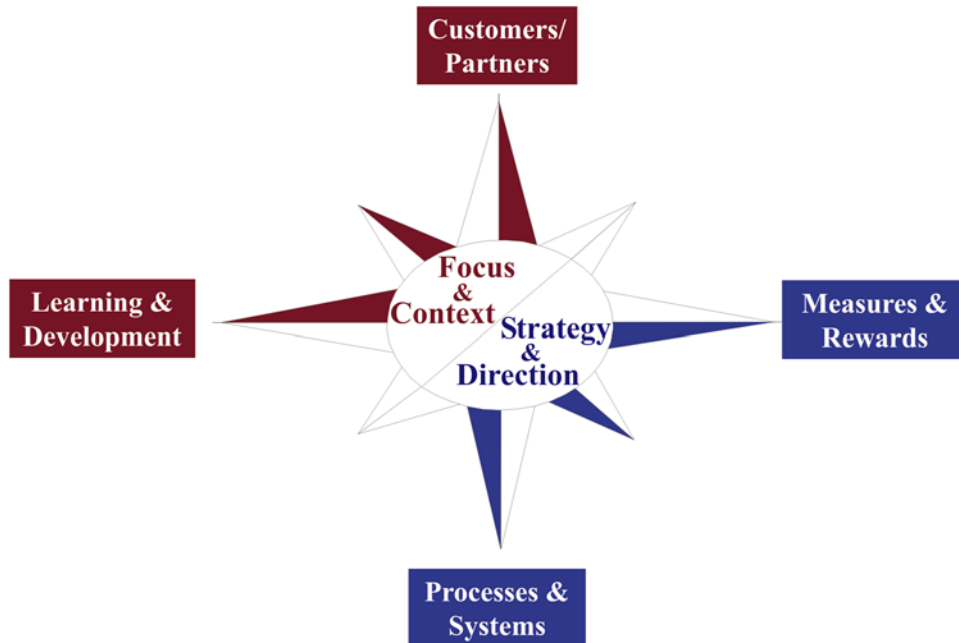
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During my 15 years of working with management teams on moving their organizations to higher customer service levels, I have evolved a series of practical tools and applications around the Pathways model. I have also developed practical tools and approaches for personal and leadership development. All of this is now condensed into an intense two-day workshop. Please go to www.clemmer.net/events/lcco/lcco.shtml for more information.

Thoughts That Make You Go Hmmm... On Customer Service

In industries around the world, from cars to chemicals to computers, overcapacity threatens to commoditize just about everything. How do you compete in a world like this? Not on price if you can help it, but rather through innovation and service, both of them nearly magical results of human interactions...

- Geoffrey Colvin, "The Changing Art of Becoming Unbeatable," Fortune Magazine

Raising customer retention rates by five percentage points could increase the value of an average customer by 25 to 100 percent.

- Frederick F. Reichheld with Thomas Teal, The Loyalty Effect: The Hidden Force Behind Growth, Profits, and Lasting Value

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Research suggests that there's a high correlation between levels of customer satisfaction and financial performance indicators like return on assets and equity. In fact, the connection between satisfaction and revenues is so close that we believe customer satisfaction will vault past customer acquisition and market share as the primary indicator of profitability. Product, price, place, and promotion no longer affect the competitive barriers of differentiation they once did.

- Tom Siebel, CEO of Siebel Systems

In a Yankelovich Monitor study of 2,500 consumers, 68% of those surveyed agreed with the statement that "most of the time, the service people I deal with for the products and services that I buy don't care much about me or my needs.

A woman walked up to the manager of a department store. "Are you hiring any help?" she asked.

"No," he said. "We already have all the staff we need."

"Then would you mind getting someone to wait on me?" she asked.

More Moose Hunting

As generally happens whenever I use the Moose-on-the-Table approach, last month's *Leader Letter* focus on this topic (see www.clemmer.net/news/oct2004.html) generated lots of feedback and questions.

One reader asked, *"How would you, or can you, change the leadership style of individuals who have come to believe that this is normal behavior?"* Here's my response:

Changing the leadership style of anyone is very difficult. I have not found any one formula that applies to everyone. Each situation is so different. Here are a few thoughts:

- ❖ The first and key part of any change is the wish to change. The individual that you may be trying to change needs to feel the need for change him or herself. Unfortunately, like unhealthy lifestyles that led to a serious health problem, most people only change leadership style to escape pain. So the challenge is to show that the pain or problems that person is experiencing could be improved by using a different approach.
- ❖ The vicious cycle of denial or avoidance leading to ignoring the moose is what shuts down conversation about the problem. Some people will delude themselves into thinking there can't be a Moose-on-the-Table because no one is talking about it. Finding a way to open the conversation about the moose and get everyone to acknowledge it's there is the big challenge. That may involve biding your time and waiting until the pain is great enough, the problem becomes obvious enough, or receptivity seems to be opening up.

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- ❖ Organizational or team surveys can be a good way to see if others are seeing a moose. If so, you can then talk more reflectively or objectively about why those perceptions exist and what can be done to address the issues. That's one of the reasons I developed a confidential on-line management team assessment tool (details are at www.clemmer.net/books/tldsurvey.shtml).
- ❖ Regular reflection exercises (such as after meetings) or offsite retreats should include gathering everyone's input to questions like what should our team keep doing, stop doing, and start doing. Make input open and safe (such as through an anonymous survey or third party run focus groups or personal interviews) to ensure all voices and perspectives are being heard.

Another reader asked, "What if you think you are an 'almost moose?'"

If you think you're an "almost moose" and want to know whether others see you as a full moose, you need a safe process to allow people on your team to give you honest feedback on your behavior. That's usually an anonymous process like a survey or interviews and/or focus groups facilitated by an objective third party consultant or expert. Soliciting this kind of unvarnished and open feedback is one of the most difficult and courageous things a leader can do in his or her personal growth.

Here's a Moose-on-the-Table comment from another reader:

Somebody e-mailed your newsletter to me. It hit very close to a comment said about me at the close of a very intense meeting involving much changing of roles and responsibilities in our organization. Being a truthful and outspoken person by nature, I had become the only person in a group of close to forty who questioned certain plans and assumptions put forth by our management team. At the close of the seminar I was thanked by the management team for being outspoken in this way:

"Mike comes upon a dead moose in the office. While others also see the dead moose lying there, they remain silent pretending or hoping it will go away. Before long it will fester and make the air become foul. Mike prefers to just grab that moose as soon as he sees it and throws it on the desk announcing, 'there's a dead moose – what are we going to do about it?'"

I'm wondering if they've been exposed to your concepts and teachings or can this be just too coincidental! I read your newsletter and found it fascinating. The same group of forty is meeting in two weeks and I'm going to try some of your moose hunting ideas there.

Thanks,
"Mike"

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How Effective Leaders Use Rules and Policies

After the following Improvement Point (see www.clemmer.net/improvement.shtml) was sent out, a reader sent me the question that follows. My response follows that.

Improvement Point ..on Authenticity

"Replace rules and policies with values and trust. Effective leaders treat team members as responsible adults who want to do the right thing for the team or organization. They know that with good support, training, and examples to follow, most people will exercise good judgment."

- From Jim Clemmer's article, "Bringing Values to Life." Read the full article at www.clemmer.net/excerpts/bringing_values.shtml

I agree 100%, Jim. But if they are not in place, how do you deal with the 1% who abuses this trust? These rules set the expectations don't you think?

There is a place for rules. And there is a need to enforce them occasionally. Managers start with values that (often unconsciously) treat people like children and need rules to keep them in line. They see themselves as enforcers and often hide behind legalistic, bureaucratic approaches to "treat everyone fairly." They use position power to cover up their weak people skills and manage to the lowest common denominator.

Leaders start with trust and assume people are responsible adults. They enforce rules and policies as a last resort when persuasion power has failed to bring the individual onside. They continue to expect the best from people even when they see the worst from a few. They would rather be occasionally taken advantage of than bring everyone down to a rule bound, restrictive, and bureaucratic mediocrity.

Like everything else in life, this issue is all about balance. We need both management and leadership. But the greatest results clearly come from starting with leadership and falling back to management when needed.



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Top Improvement Points from October

Of the short quotes with links to full articles that were e-mailed out as complimentary **Improvement Points** last month, the most popular with subscribers were:

"Leaders look beyond the current situation – beyond what is to what could be. That's why leadership is all about change. It's why leadership is action, not a position."

- from *Steering Our Leadership Wheel*

http://www.clemmer.net/excerpts/steering_leadership.shtml

"A leader typically has a clear mental picture of what success looks like for a particular project or, more generally, for a successful team or the organization as a whole. He or she is able to 'emotionalize' that picture and bring it alive for people."

- from *More Change Demands More Leadership*

http://www.clemmer.net/excerpts/more_change.shtml

"My files continue to fill with studies that show the benefits of values-based leadership. One Boston College study, for example, examined the eight-year performance of 30 "socially conscious" companies. Those companies performed 106% better than their peer group."

- from *Strong Leadership Builds on a Bedrock of Strong Values*

http://www.clemmer.net/excerpts/strong_leadership.shtml

Subscribe or view the archives by topic area here: www.clemmer.net/improvement.shtml

Rare Public Upcoming Workshops in Ontario, Alberta, and British Columbia

If your organization has been striving to improve customer service levels but not quite pulling it together, you may want to attend my two-day **Leading a Customer-Centered Organization** workshop in Vancouver or Mississauga. I have distilled 20 years of research, experiences, best practices, and leadership/personal development into this intensive session. Check it out at www.clemmer.net/events/lcco/lcco.shtml.

Vancouver, BC - January 11-12, 2005

Mississauga, ON - February 7-8, 2005



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Leadership is clearly THE key to success. That's why it's such a popular topic. But despite all the talk about leadership and change, many "change fatigued" people are still struggling with how to strengthen their leadership and how to help their team/organization successfully navigate change. Join me in Calgary or Kitchener for two intensive days at my **Leading @ the Speed of Change** workshop. Check it out at www.clemmer.net/events/lsc/lsc.shtml.

Calgary, AB - January 13-14, 2005

Kitchener, ON - May 31 - June 1, 2005

Feedback and Follow-Up

I am always delighted to hear from readers of the *Leader Letter* with feedback, reflections, suggestions, or differing points of view. I am also happy to explore customized, in-house adaptations of any of my material for your team or organization. Drop me an e-mail at Jim.Clemmer@Clemmer.net.

I hope to connect with you again next month!

Jim

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