

STEPHEN BLANCHETTE: WHAT DO COMPANIES “SAY” AND WHAT THEY ACTUALLY “DO” – HOW TO CLOSE THE GAP IN BETWEEN?

Stephen Blanchette, Founder and Coach at LeapQ Consulting came to Prague to share the inspiration in his lecture for a mentoring programme for Czech business women. In our interview he talks about the necessity to change marketing, about gap between saying and doing and about customer - centricity. He also opened up his best personal experience as a customer.

It is always really hard to catch you as you seem to be at many places at the same moment ... where do you actually live? And where do you work?

Yes, it feels a lot like life in the fast lane. I have been living and working in Munich for six years now and I enjoy it very much. Beyond the very good quality of life here, one of the favourite things about Munich is that it is so close to Prague, a city that is still very special to me as I lived there for almost four years. But work does keep me travelling so Munich is also great because of its airport which offers so many convenient non-stop connections throughout Europe and beyond.

You help companies to build love brands, you help companies their customers to be happy and you do it for many years... Why did you chose you will do particularly this job?

Here is how I would answer your question ... to be a bit provocative: I started my career in the advertising agency business. But I got tired of lying for a living. (I'm only half joking!) I became increasingly interested in the potential of building brands by means of actions instead of words because, ultimately, this is far more powerful and sustainable. At LeapQ, we talk a lot about the gap between what companies “say” and what they actually “do”. The contention that brands can be built on advertising alone is no longer valid today. In some way, helping companies enhance the value they deliver to customers through the experiences they provide is my way of bringing integrity back to brand-building. After all, the first aim of brand-building should be trust-building.

You talk about companies enhancing the value they deliver to customers – in your view should this still be the role of a marketing department?

Let me provocative once again. If you ask the average person on the street, “do you want to be ‘marketing to’?”, the answer would most certainly be “no”. I believe that the concept marketing as a function in most companies is largely outdated, especially if defined within the scope of the traditional 4Ps (product, price, promotion and place). This is limiting and under-estimates the contribution that all parts of a company can and should be making in creating and delivering preference-driving value for its priority customer segments. To be successful, all parts of a company must be engaged and challenged to create customer value. This is the philosophy behind customer-centricity.

So should customer-centricity replace marketing?

From a strategic point of view, marketing *should* be all about customer-centricity but many marketing departments don't operate that way. Still, if you agree with my assertion, then all parts of the company should think and operate like marketers.

What do you exactly do if a company general manager comes to you saying “remake our brand into the loved one”. How does it work?

Well, the first thing I would do is clarify that it won't be me or LeapQ to do that - rather it will be up to the general manager and his or her people to make that happen. Then I would ask a few questions.

The first question I would ask is about expectations both in terms of business impacts and timing. Transforming an organisation into one that is loved by its customers is not something that can be achieved overnight. It will require a strong and long-standing commitment. And once the “love” begins to be felt, the business impacts will take some time to achieve once as well.

My second question would be about the readiness of the general manager to take on a business transformation like this. Interestingly, once a company starts on a path toward customer-centricity, its employees suddenly get very engaged and motivated. So one can build up a lot of very high expectations very quickly internally with such a programme. The problem is that most general managers don't usually fully understand the effort that is really required. Furthermore, in the initial stages of execution, customer metrics around satisfaction and loyalty can start to improve while commercial metrics - which always lag customer metrics - have a tendency to remain stable or even worsen. That can cause a panic at the top of an organisation and an abrupt change in strategy. This sudden abandonment of the strategy can be very demoralising to the people of an organisation. So it's best for general managers to embrace customer-centricity with their eyes wide open.

At LeapQ, we usually recommend general managers and their direct reports go through a one- to two-day readiness assessment workshop. This helps to create an awareness of the organisation's current level of customer-centricity and what will be required to achieve the desired future state. It's an enlightening process that we use to make sure potential clients know the extent of the challenge they will have before them. After that, they can decide whether this is a challenge they're really willing to embrace.

As you explained how comprehensive is the way how you in LeapQ help companies to deliver what their brand promise to the customers, wouldn't it be easier to close the gap btw companies saying and doing just by making their advertising less over-promising/exaggerating?

May I be also provocative? Isn't a necessary role of advertising - to exaggerate and over-promise a bit? I mean, we as consumers count on it (that advertising does not reflect reality, but is more aspiring, exaggerating, more dreamy...) don't we?

I should make it clear that our consultancy is focused on working with service brands. So while the role of advertising in enhancing the emotional appeal of FMCG products like beer and shampoo may be important, it has a diminished role in making service brands successful. With these brands, it's critical to align the “saying” and the



“doing”. Certainly they have to do both. They have to make promises that are relevant and compelling to the segments of customers they have chosen to serve - but they must deliver on the promises they make.

Do you think that somewhere could be even brands those doing is stronger than saying? I mean a brand or brands which over-deliver against their promises. What do you mean?

There certainly are brands that don't do any conventional advertising at all and are extremely successful because they are focused on delivering solid value to their most valued customer segments.

Zara is a great example. They have a deep understanding of their customers and their emotional and functional needs and have built their entire business model on serving those needs better than anyone else. Today, they are the world's fast growing major fashion retailer and they spend 0 on advertising.

Simply said, word of mouth works for Zara?

It's actually much more than that. With Zara, their whole approach to production and distribution makes it possible for them to refresh the inventory of clothing in their stores at least twice a week - and that keeps their clientele coming back often. In fact their customers visit their shops as much as 4 to 5 times as often as the customers of H&M. And they sell a much smaller percentage of their merchandise at a discount than H&M as well.

If it is not a matter of highly confidential information, can you mention a brand/brands which came through a change into „the loved one“ successfully? What was a starting position and what they achieved finally... and how long did the process take?

Without mentioning specific brands, I can say that it depends on the level of commitment and priority of the organisation. One telecoms company that I have been working with since 2013 started to see a positive impact on its commercial performance within about eight months of the start of the implementation process. That has encouraged the management team to move even faster and they are now seeing steady gains in market share. For others, it takes longer because the commitment is not fully there so they are moving more cautiously.

To be a consultant is a dreamy job for many managers who are overwrought with everyday routine in corporations. You come to a company, get the brief and create a set of good advices of what to be changed to reach the goals... Is it like that?

I do really enjoy what I do but the reality is a bit different than your description. When you talk to CEOs in companies across industries and geographies, you begin to realise that most have a common challenge: they face tremendous difficulty in transitioning from strategy to execution. In fact, one recent report I read showed that only 3% of executives think their companies do a great job at executing.

When we developed our methodology for working with clients years ago, we sought to re-invent the strategy development process to effectively close as much of the gap between strategy and execution as possible. One of the ways we do this is by not taking a brief and developing the strategic recommendations ourselves. After all, most people resist being told what to do – especially by an outsider – and no amount of detail in a briefing can replace the years of detailed knowledge and understanding that people working

inside the company have. So we see our role as tapping into the collective intelligence of the people who work for a company to solve strategic problems. We facilitate the strategic planning process by engaging and aligning cross-functional teams with our proprietary tools and frameworks, asking the right questions and helping them to make the most appropriate strategic choices for their company – ensuring that they end up with strategies that they feel confident in supporting because they defined them themselves, and because they can actually be implemented.

You show the companies how to make customers love their brand. Would you say the companies are basically the same across the borders? I mean in terms of their aims... I suppose no matter if settled in Oslo, Munich or Prague, the companies try to maximise their profit and raise their value for the shareholders. Do you see any difference?

Not all companies are at the same level of maturity when it comes to understanding the value that customer-centricity can bring to their businesses. Certainly, the companies that choose to work with LeapQ are more ready to embrace this concept but it's much more of a challenge for others. In the end, the aim with all for-profit companies is just that: to maximise profits and create value for their shareholders. The trouble is that so many companies are too short-term focused and run their businesses in a way that put their medium and long-term profits at risk.

And what about the customers? Could we say the customers e.g. in western countries are usually „more advanced” or more demanding in terms of what they expect as a standard service and what they require from the companies?

In general, I would say that consumers in western countries tend to be more savvy and demanding but it's not always the case.

In my experience the most demanding consumers are North Americans, the British and the Dutch. But one could argue that Czechs are more demanding consumers than Germans, who seem happy to put up with things like shorter opening hours and lack of shopping on Sundays, a lack of WiFi in restaurants and low acceptance of credit cards. These signs of customer-orientation are very normal in the Czech Republic and in many former socialist countries.

What kind of a customer are yourself? I would expect you must be influenced by your profession. Do you just enjoy a lunch in the restaurant or are you getting disappointed once they forget to wish you to enjoy your meal or to recommend the daily offer?

Well, let's just say that once you train yourself to become aware of what's happening in the customer experience, it's difficult to just turn that ability off and just enjoy. What I find myself doing in restaurants and in shops and on the phone with customer service agents is not only observing what is going on - the good and the bad - but running diagnostics in my head to understand what must be going on behind the scenes. For instance, when I feel rushed by a customer care agent, I know it's very likely that agent is being measured very heavily on the time they spend with customers.

Would you tell me about the best customer experience you've ever had?

One time I had rushed to return a rental car to Avis because I was running late to catch a plane. After turning in the car, I took the shuttle to the airport and remember standing in the security queue when I realised I had left my own personal home and car keys

in the ignition of the rental car. I quickly ran outside to catch the next Avis bus coming round to go back to the rental car office. When I was picked up, I explained what had happened to the driver. He took the initiative to take me straight to Avis without making the rest of his usual stops on the way. As he was driving, he called the office to let them know what had happened and when we arrived, someone was waiting outside with my keys so I didn't even have to get out of the bus. The driver then took me straight back to my terminal and I was able to make it to my flight.

It was a perfect example that proves that "We try harder" - an advertising tagline that Avis has been using for over 50 years - really is true and is engrained into the Avis culture. Now I try to rent from Avis whenever I can.

Which people you have met (or you have read/heard about them) inspire you in your business?

The list is quite long but here are a few business leaders who inspire my thinking: Rob Fyfe, former CEO of Air New Zealand; Ray Davis, CEO of a relatively small U.S. bank called Umpqua; Amancio Ortega, founder of Zara; Herb Kelleher, founder of Southwest Airlines; Gav Thompson, the creative mind behind the UK mobile operator called Giffgaff; Larry Page, co-founder of Google. They all have a few things in common: they have exceptionally clear visions for the businesses they've created, understand that the way to sustainable marketplace success is to put the customer at the centre of their businesses, and are unafraid to try new things and fail.

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