Creating Customer Delight

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These slides:

http://www.stevedenning.com/slides/SaltLakeCityDelightAug9-2011.pdf
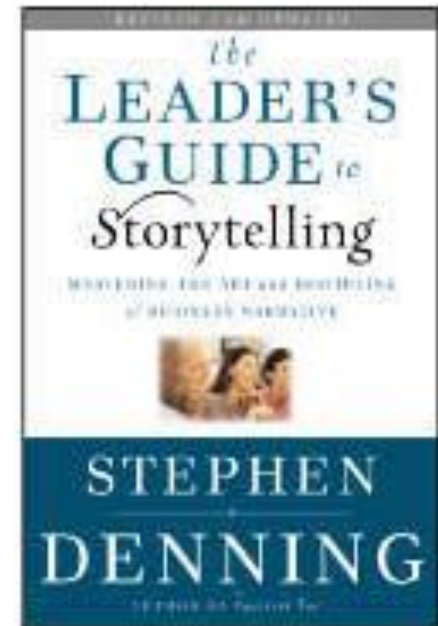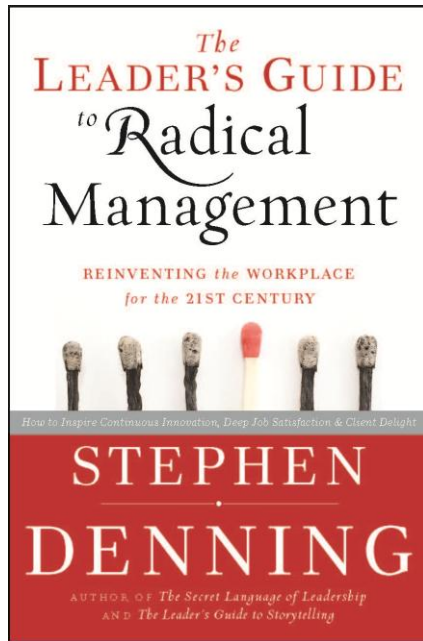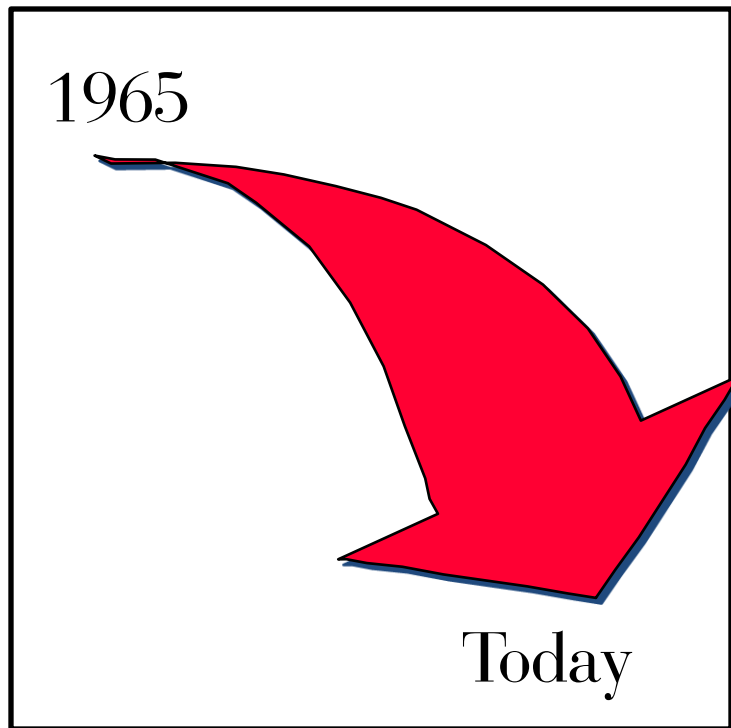
Creating Customer Delight

A. Why?

B. What is it?

C. How do we do it?

D. How do we measure it?

Creating Customer Delight

Why?

2009: Conclusive proof of the failure of traditional management

1965

Today

- The *rate of return on assets* has fallen by 75% since 1965
- The *life expectancy* of Fortune 500 firms down to 15 years, and is heading towards 5 years.
- Only *1 in 5* workers *fully engaged*

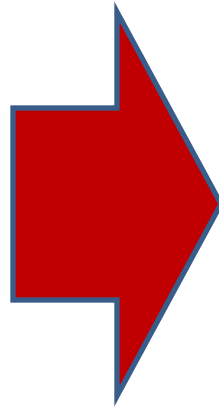*Source: Deloitte's Center for the Edge: The Shift Index*

Five big shifts…

1. **Goal:** From making money for shareholders to delighting the customer
2. **Managers**: from controllers to enablers
3. **Coordination**: from bureaucracy to Scrum/Agile mechanisms
4. **Values**: from efficiency to transparency and continuous improvement
5. **Communications:** from top-down to horizontal: peer-to-peer conversations

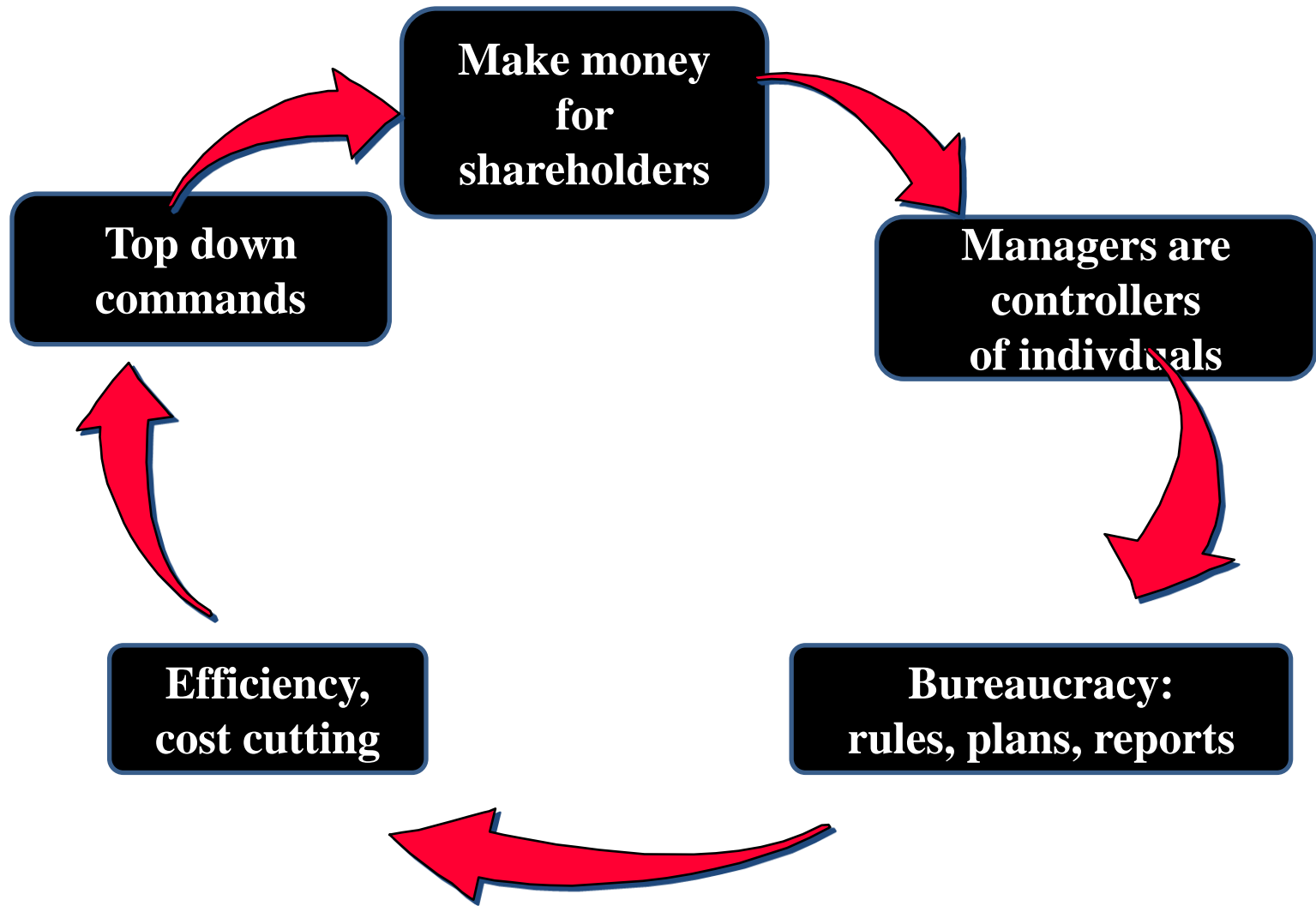# NEW BOTTOM LINE: delight the customer
from outputs to outcomes

Make money for
shareholders

Delight the
customer

Traditional management: 5 interlocking principles

Make money for shareholders

Managers are controllers of indivduals

Bureaucracy: rules, plans, reports
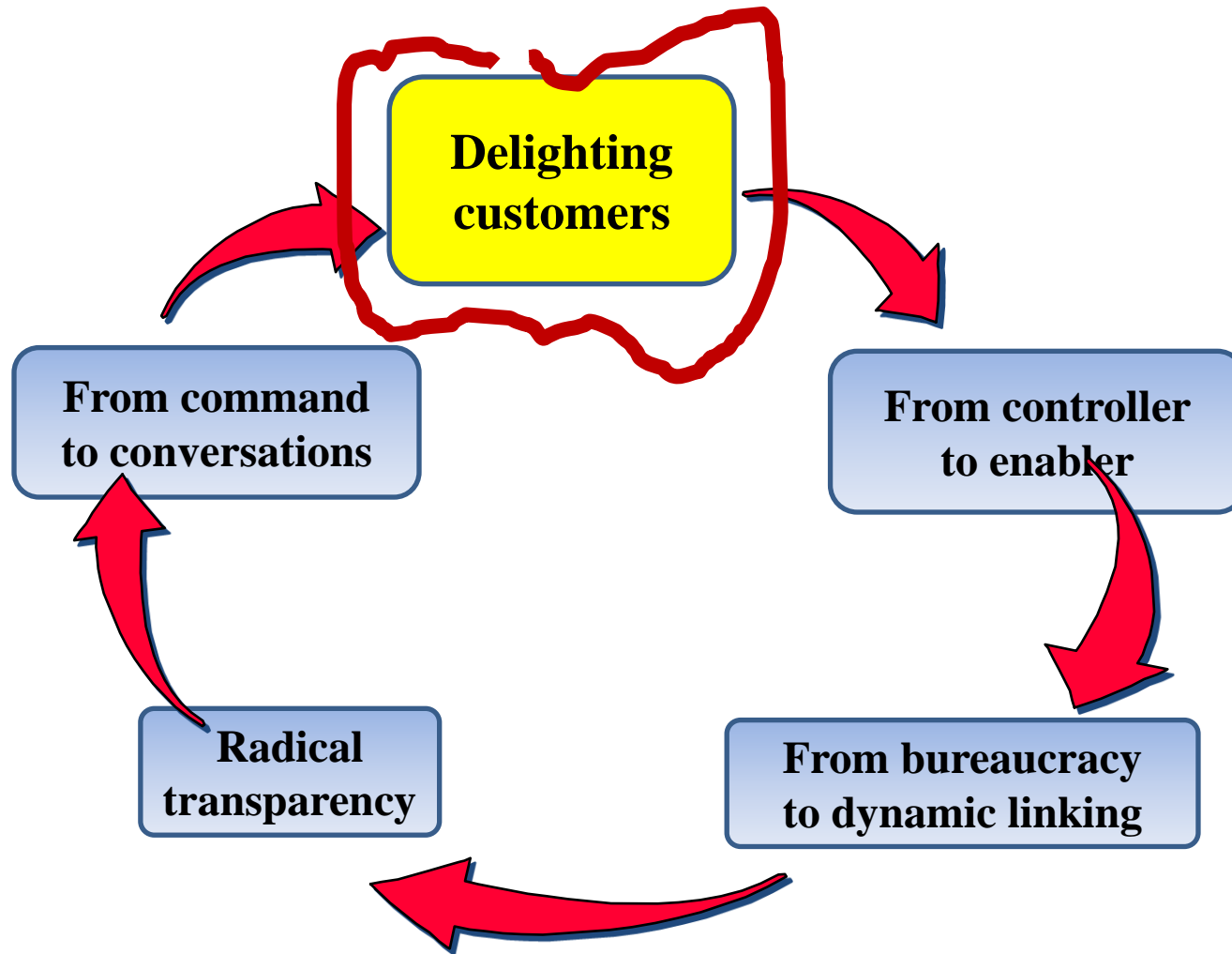
Efficiency, cost cutting

Top down commands

"Single fix" improvements make no impact

Radical management: 5 interlocking principles
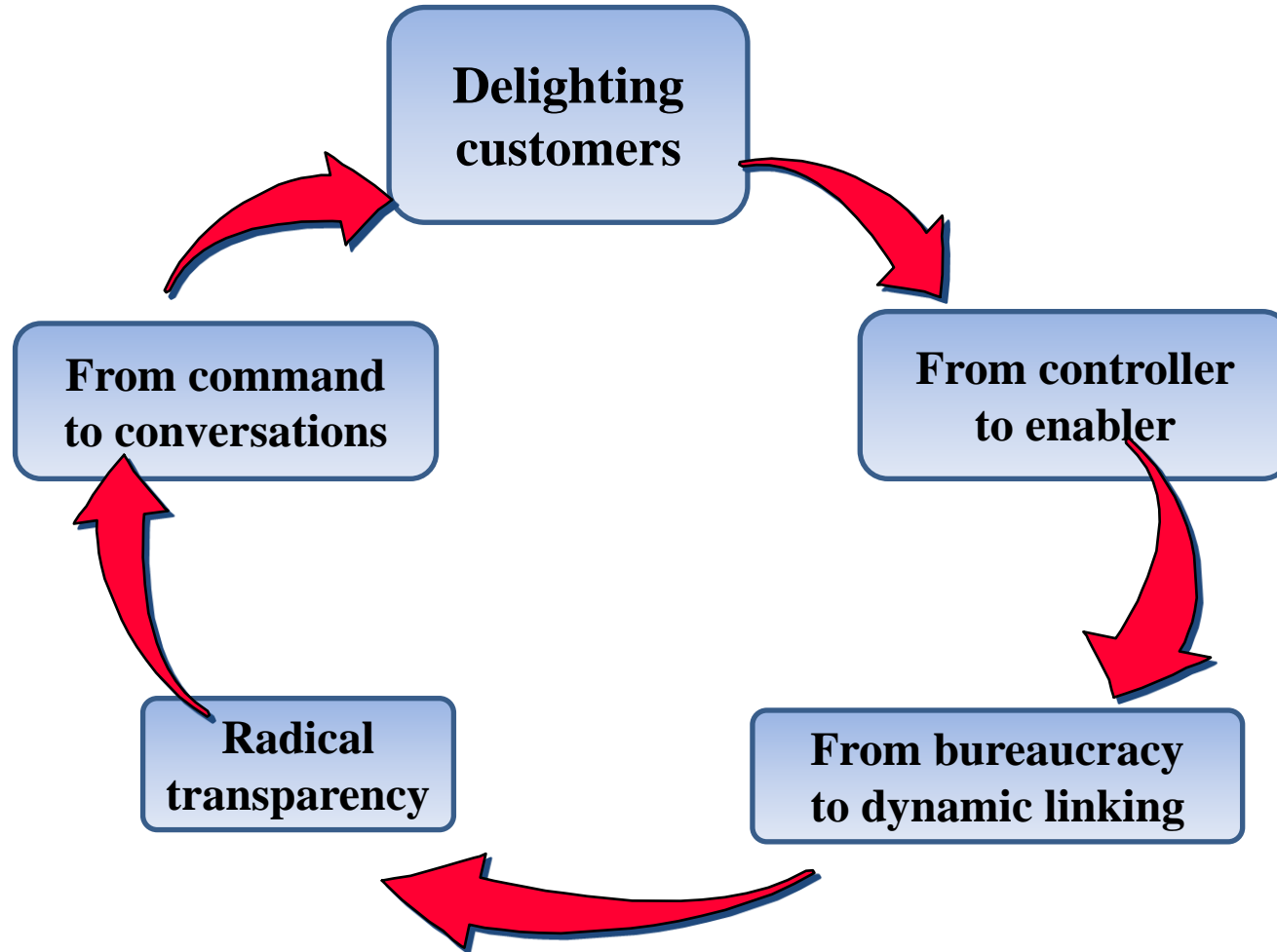
This session focuses on the first principle

Delighting customers

From command to conversations

From controller to enabler

Radical transparency

From bureaucracy to dynamic linking

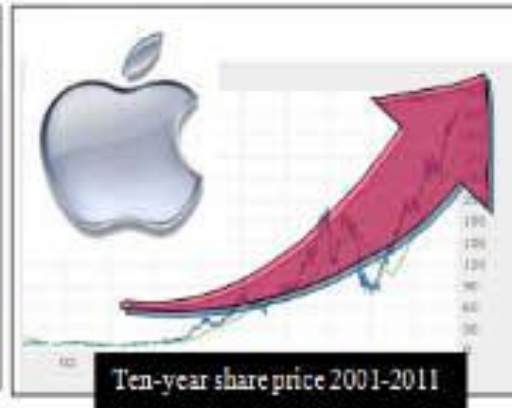## You also have to do the other four principles!

Customer delight is the firm's new bottom line

Making money is
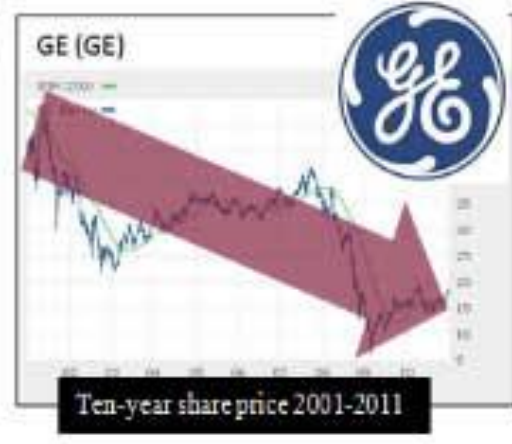the ***result*** of the firm's actions,
not the ***goal***.

By focusing on delighting the customer,
the firm makes a lot more money than
they would if they set out to make money.

Delighting the customer makes <u>a lot</u> of money

The customer is now the boss!

An epochal shift in the balance
of power in the marketplace:

Sorry
about
that!

ultimate

The customer is now the boss!

An epochal shift in the balance
of power in the marketplace:

Sorry about that!

ultimate
The customer is now the boss!

Delighting the internal customer may not help!
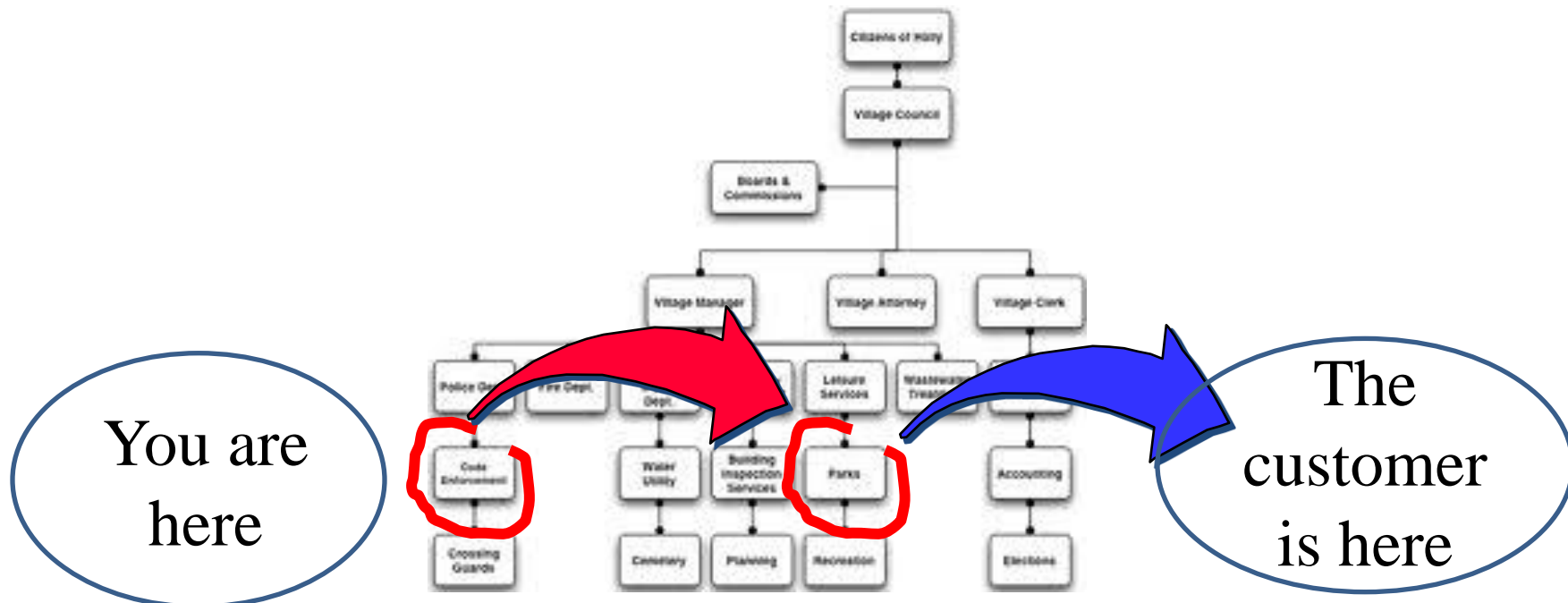
You are here

The customer is here

ultimate
The customer is now the boss!

Does the product owner reflect the ultimate customer!
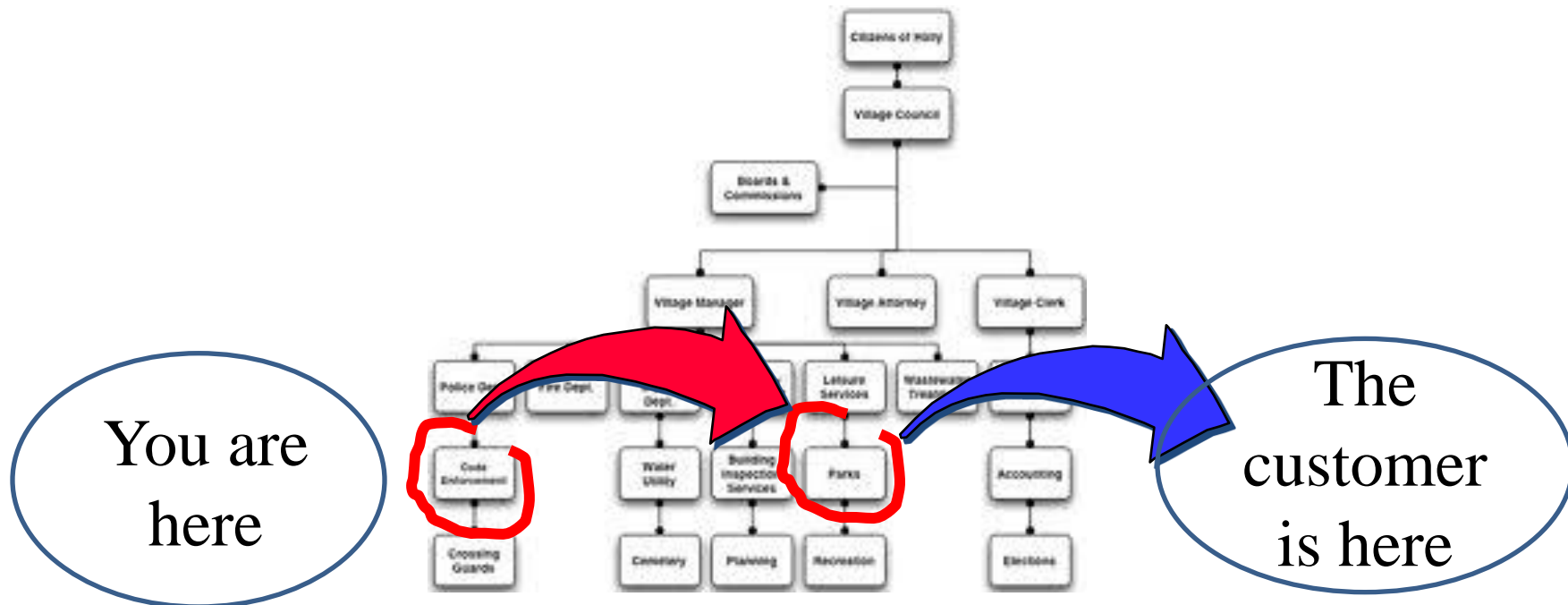
You are here

The customer is here

ultimate

The customer is now the boss!

In B2B situations, the customer is even further away!

business success

You are here

The customer is here
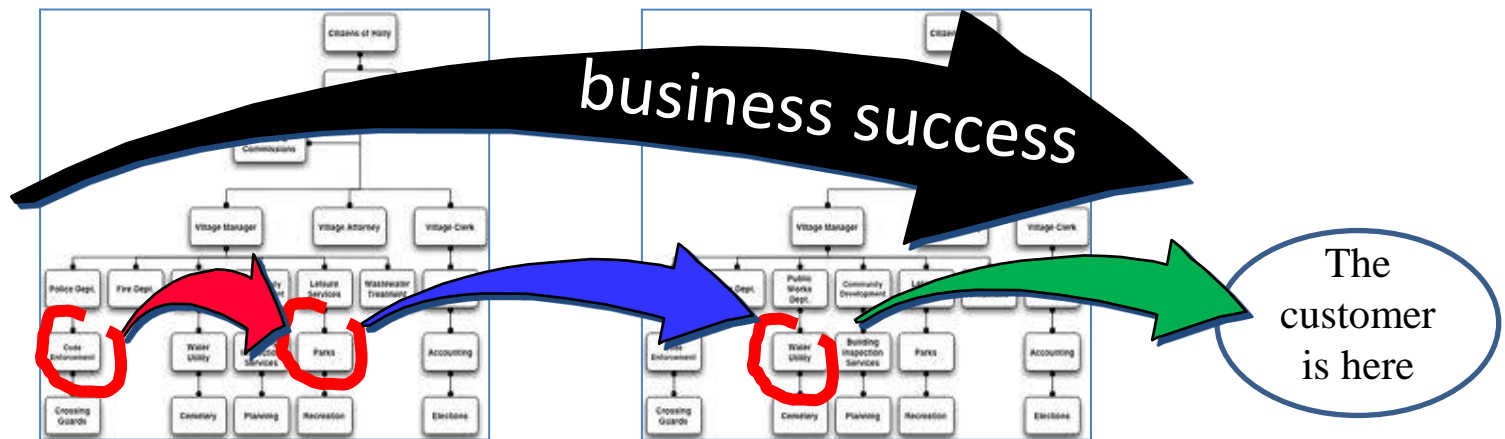
ultimate

The goal is: **delighting the customer**
                              ∧

• "**Being agile**" is **<u>not</u>** the goal.

• "**Working software**" is **<u>not</u>** the goal.

• **Agile & Scrum** & **working software**
   are **<u>means</u> to achieving the goal**.

• "**Do what the product owner says**"
   is **<u>not</u>** the goal.

Delight the customers: Not your "same old Agile"

Seven ways in which delighting customers goes "beyond Agile"

1. **Shift from an <u>output</u> to an <u>outcome</u>**

   The goal is ***not*** "working software" or "deliver a story".

2. **Shift from customer <u>satisfaction</u> to customer <u>delight</u>**

   The customer must be positively surprised and excited!

3. **Shift from an implicit goal to an <u>explicit goal</u>**

   Making it explicit locks it in place *(Cf. Zappo's, Toyota)*

4. **Customer delight is a <u>new dimension of "done" in Scrum</u>**

5. **The "product owner" in Scrum offers <u>contingent value</u>.**

6. **It's the bottom line for <u>the whole organization</u>**

   Not just the team

7. **Customer delight is <u>measured</u>.** e.g. Net Promoter Score

> This is a revolution!

What is customer delight?

Practices for creating customer delight

Is "**customer delight**" a serious business proposition?

"**Customer delight**" =

> "**Providing a continuous stream of additional value to customers and delivering it sooner**"

Practices for creating customer delight

Is "**customer delight**" a serious business proposition?
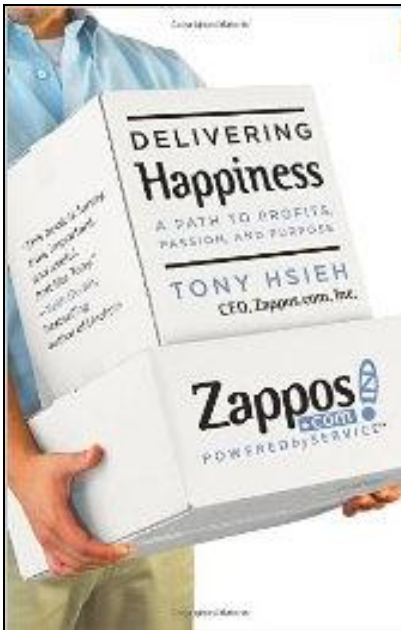
"happiness"
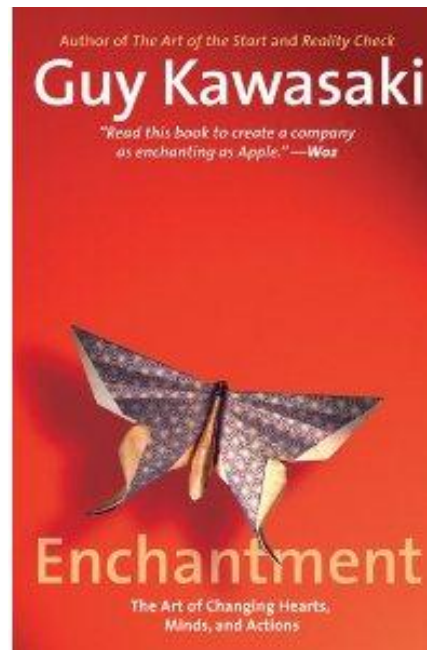
"enchantment"
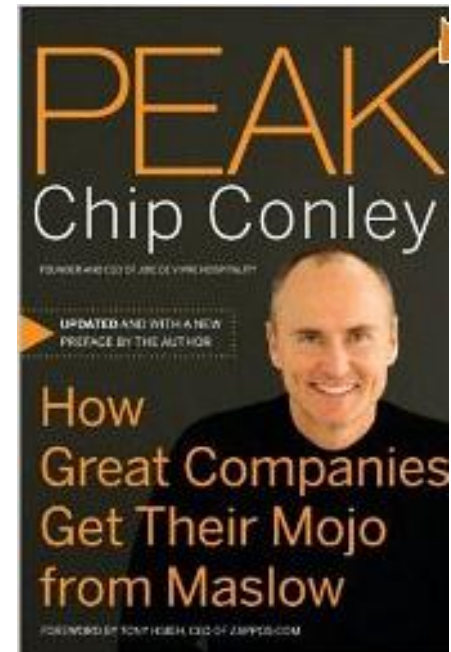
"joy"

Practices for creating customer delight

Practice: understand customer delight

Exercise #1:

Find a partner

and
tell them a 60-second story
about a time when you were truly
delighted (enchanted or thrilled) by
a product or service.

Then listen to their story

Practices for creating customer delight

Practice: Get focused on your goal

Exercise #2:

Think of:

- **A product**

- **A service**

- **A software feature**

- **An entire organization**

- **A social activity (e.g. daughter's birthday party)**

- **An individual activity (e.g. writing a book)**

Jot down on a piece of paper what your project is.

Practices for creating customer delight

Practice: who is your core customer?

Exercise #3:

Jot down on a piece of paper:
for your project
who is the core customer that you
intend to delight?

Practices for creating customer delight

Practice: what do your core customers <u>say</u> they want?

Exercise #4:

Jot down on a piece of paper

and
what you know about what your
core customers <u>say</u> they want

Beware!

e.g. New Coke

e.g. Eric Ries and lean startups

Practices for creating customer delight

**Practice: what is that your core customers'
might not like about your project?**

Exercise #5:

Jot down on a piece of paper

**and
what is (or might be) bugging your core
customers with the way things have
happened so far (or in the past)
or may happen (in the future)**

Practice: role play the disgruntled customer

Exercise #6:

Get into groups of three and pick one of the projects

First member of the trio tells the story of the disgruntled customer in the third person ending "That's why he/she doesn't like my project."

Second member tells the story in the first person "That's why I don't like this project."

Third member tells the story in the second person "That's why you don't like this project."

Practices for creating customer delight

Practice: how could you delight your customer more?

Exercise #7:

In your group of three, pick one of the projects and discuss how you could delight your core customer
<u>more</u>
and/or
<u>sooner</u>

Practices for creating customer delight

Practice: could you delight them by doing less?

Practices for creating customer delight

Practice: could you delight them by doing less?

LESS IS MORE!

20ᵗʰ Century

54 buttons
Complicated
Hard to use

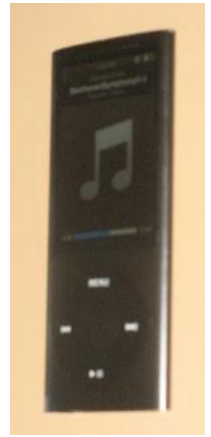**DVD controller**

21ˢᵗ Century

4 buttons
Simple
Easy to use

iPod

Practices for creating customer delight

Practice: could you delight them by doing less?

Exercise #8:

In your group of three, discuss how you could delight your core customer more by <u>doing less</u>.

Is there something you could stop doing that they wouldn't miss or might even make your customers happier?

Practices for creating customer delight

Practice: could you delight them by customizing?

Exercise #9:

Discuss

In your group of three, discuss how you could delight your core customer more by <u>personalizing</u> your project.

e.g. Harley Davidson

Practices for creating customer delight

Practice: build a new business model

Exercise #10:

In your group of three, discuss how you could solve your core customers problem by developing a new business model

i.e. a new way of interacting with you

e.g. iTunes or Nespresso coffee capsules

Practices for creating customer delight

Practice: build a platform

Exercise #11:

**In your group of three, discuss how you could
solve your core customers problem
by developing a platform
that enlists the energies of new partners**

e.g. iTunes, apps, Amazon's third party selling

Practices for creating customer delight

Practice: evaluate the cost of delight: is it worth it?

Practices for creating customer delight
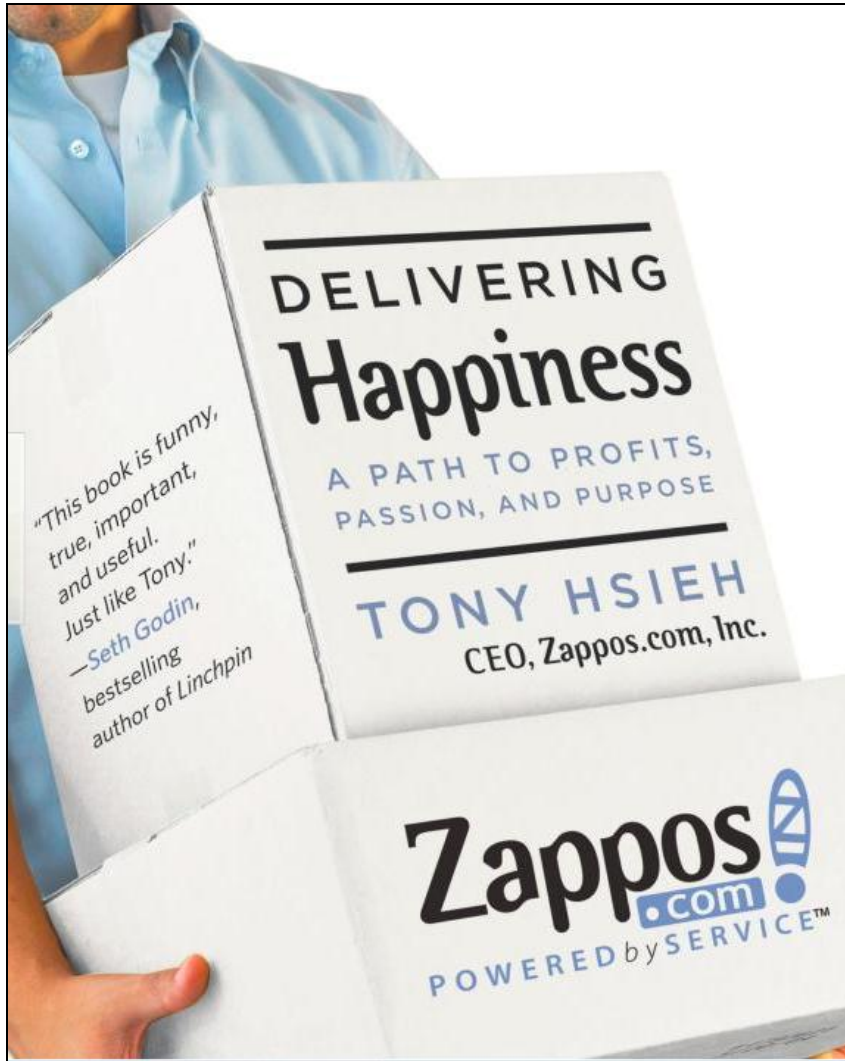
Zappos runs its warehouse 24/7

This is not an efficient way to run a warehouse

Customers are **happy** to get free shipping.

They are **delighted** when a customer orders by midnight EST, and gets the delivery eight hours later.

Practices for creating customer delight

Practice: evaluate the cost of delight: is it worth it?

Exercise #12:

In your group of three, discuss the tradeoffs in delighting your core customers

e.g. what delights one may annoy another:
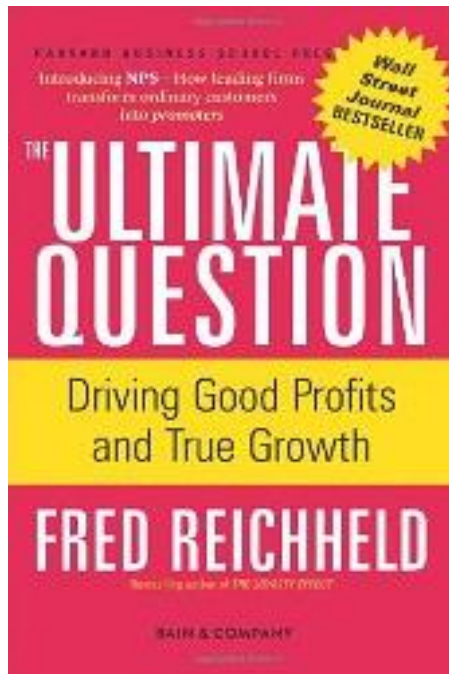is the smaller market worth it?

e.g. if delighting the customer costs more,
are the returns worth it?

e.g. can you find a way of delighting the customer
by doing less?

Practices for creating customer delight

Practice: measure!

"Customer delight" is measurable.

Fred Reichheld: *The Ultimate Question:*

"How likely is that you will recommend this firm or service or product to a colleague or friend?"

0	1	2	3	4	5	6	7	8	9	10
Unlikely						Somewhat likely		Likely		Highly likely

Practice: measure!

Exercise #13: How likely is it on a scale of 0 to 10 that you would recommend this conference?

Fred Reichheld: *The Ultimate Question:*

"How likely is that you will recommend this firm or service or product to a colleague or friend?"

0	1	2	3	4	5	6	7	8	9	10
Unlikely						Somewhat likely		Likely		Highly likely
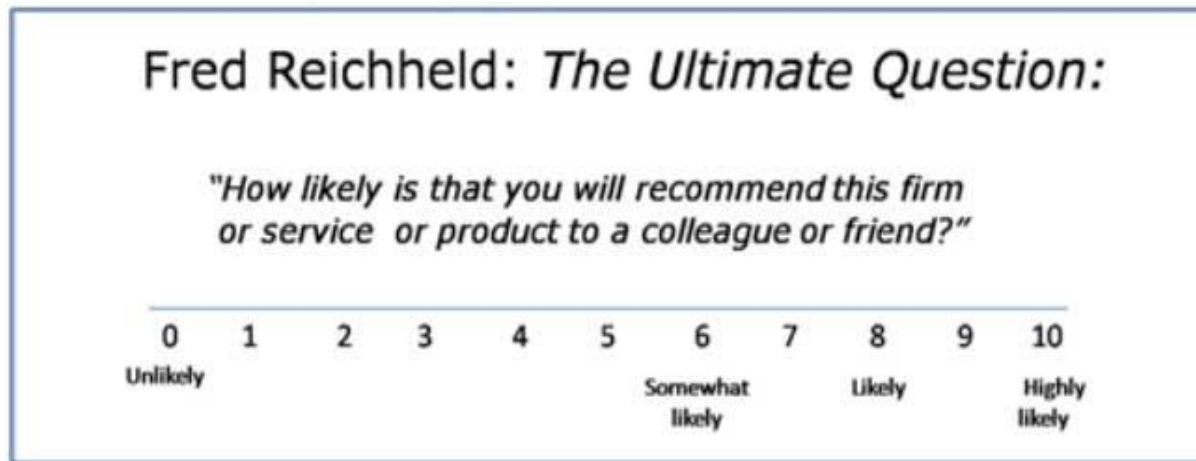
Net promoter score $=$ [Promoters (9 or 10) $-$ Detractors (0 - 6)] %

Discussion:

1. Is the goal of your firm:
      - to make money for shareholders?
      - to delight the customers?

2.   Can you conceive of your firm adopting "delight the customers" as its bottom line?

NEW GOAL: delight the customers
     i.e. from outputs to outcomes

1. **New goal**: "Delighting the customer" means ….

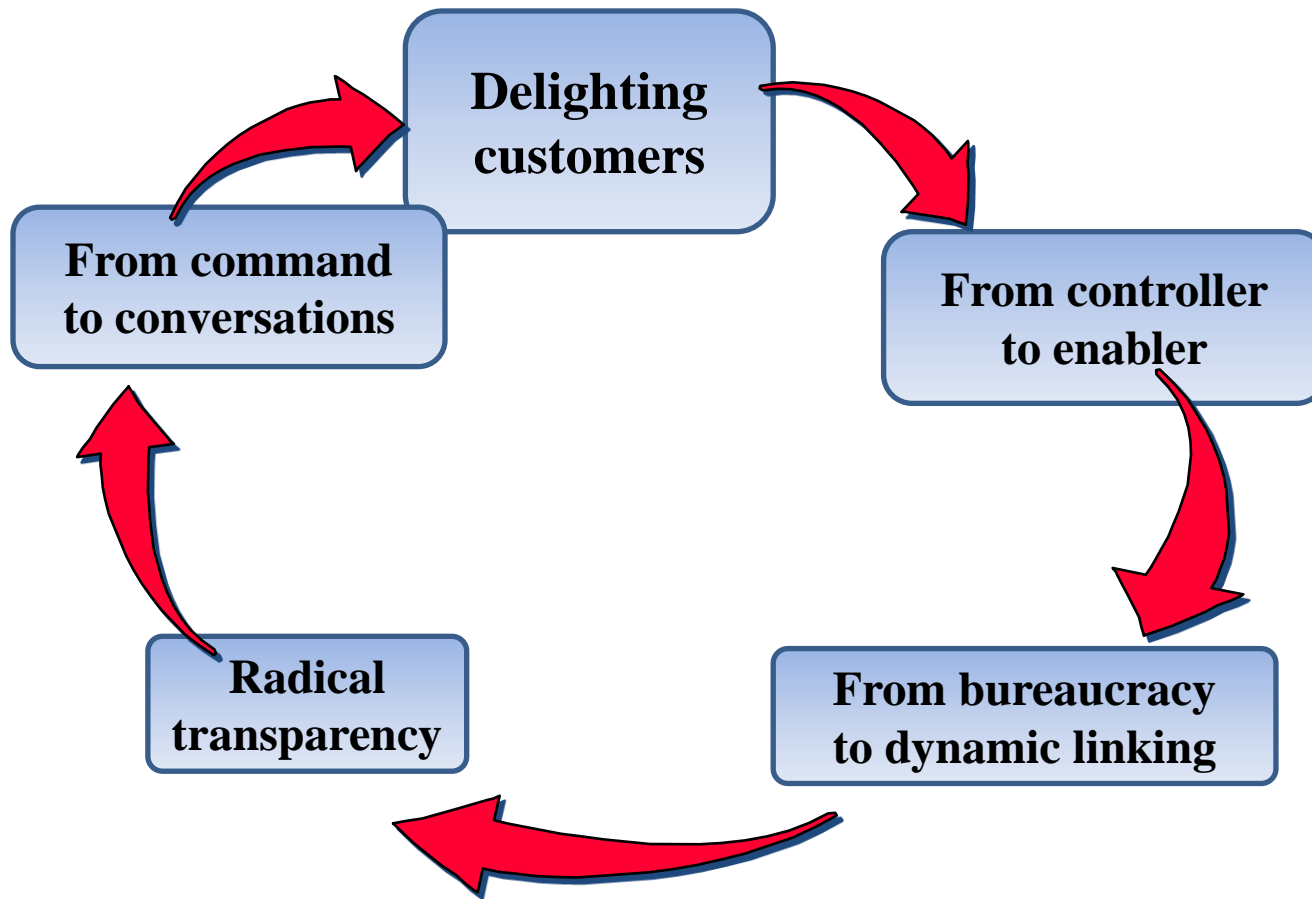   a different way of running the organization.

   2. New role for managers
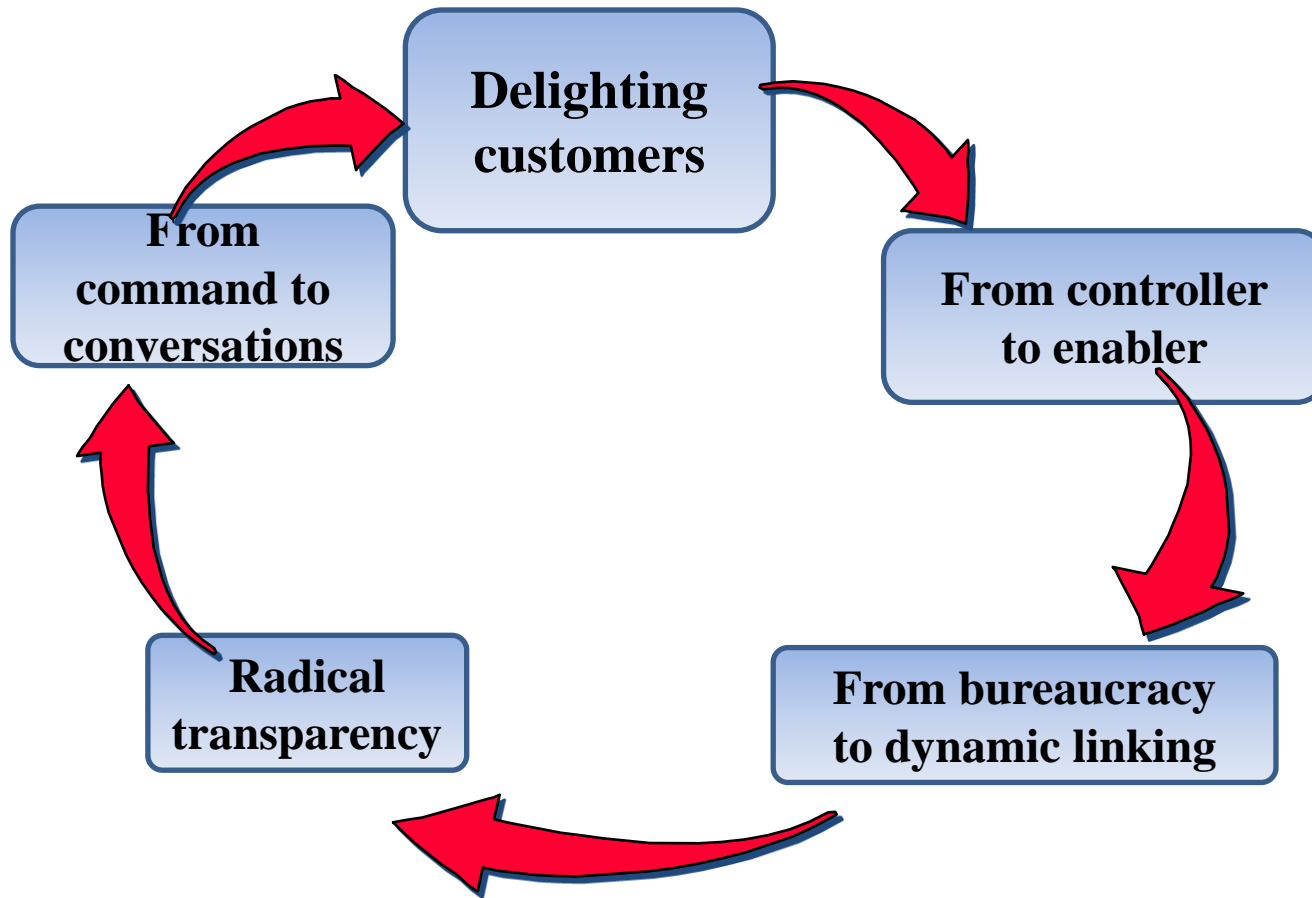   **3. New coordination** mechanisms
   4. Shift **from value to values**
   5. New way to **communicate**

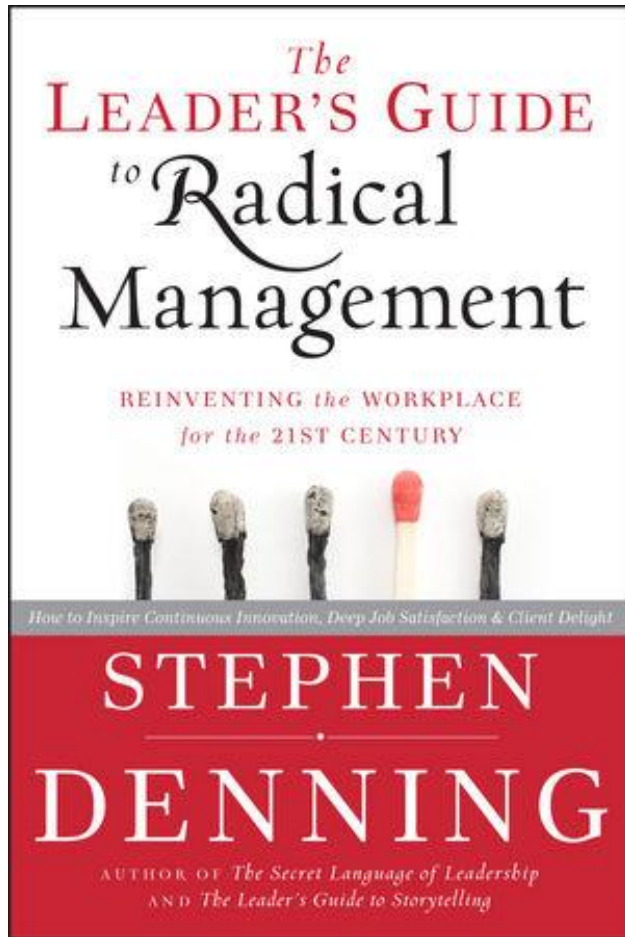# The shifts are interlocking & self-reinforcing

WHAT'S NEW: doing all at once

Individually, none of the shifts is new

Reinventing management requires systemic change

The LEADER'S GUIDE to Radical Management

REINVENTING the WORKPLACE for the 21ST CENTURY

How to Inspire Continuous Innovation, Deep Job Satisfaction & Client Delight

STEPHEN DENNING

AUTHOR OF *The Secret Language of Leadership* AND *The Leader's Guide to Storytelling*

"Once you introduce this, it affects everything in the organization—the way you plan, the way you manage, the way you work. Everything is different. It changes the game radically."
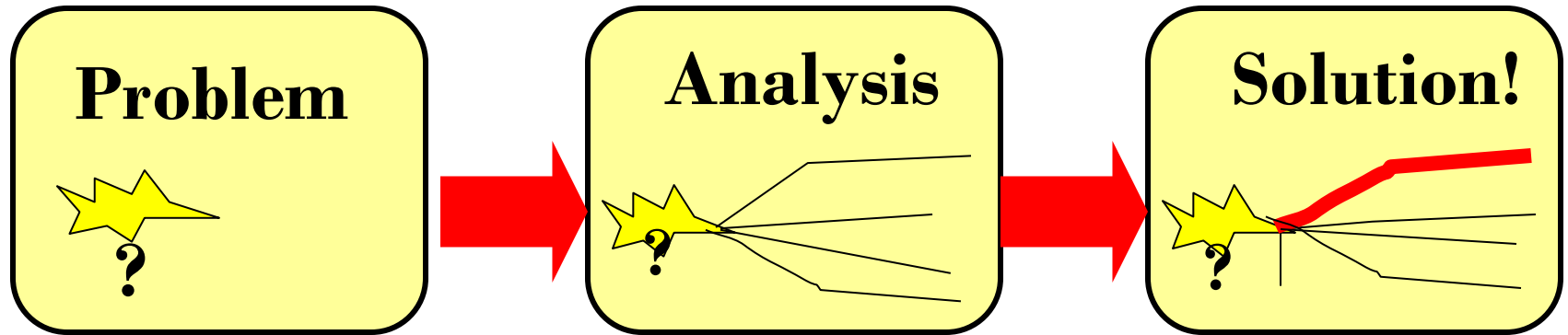
Mikkel Harbo
VP, Systematic Software (Denmark)

More than a new set of management tools!

Using storytelling to inspire change

The Western intellectual tradition

Problem	**Analysis**	**Solution!**

Effective presentation to get action

Get their attention	**Elicit desire**	**Reinforce with reasons**

What's the scientific proof for all this?

"In physics there may one day be a Theory of Everything; in finance and the social sciences, you're lucky if there is a usable theory of anything."
Emanuel Derman

If we wait for scientific proof, the firm will be out of business.