

Motivation

Innovation or Inertia – the Eternal Dilemma



Customer apathy is relied upon by a wide range of financial services institutions. Ian Buckingham believes that a profit-from-inertia strategy is flawed. He argues that employee engagement in the interest of customer focus leads to more fulfilling customer interactions which may ultimately be a source of sustainable competitive advantage.

The financial services industry has had more than its fair share of high profile appeals to the Competition Commission and the Office of Fair Trading – witness the recent super complaint against the Northern Irish Big Four, launched by Which? the consumers' association.

A cornerstone of their argument concerns perceived uncompetitive behaviour, which they claim is partly customer-inertia led. What cases like these highlight is a bizarre coincidence of wants – customers largely want to be left alone and financial institutions want to make money.

Back in my days as a strategy executive within the banking world it was an unwritten fact that inertia was our sleeping partner – our best friend! You won't see it stated in any strategy document available to an audience outside the hallowed management suite but I can say with some confidence that a sizeable slug of the annual profits of all financial services organisations can be attributed to customer inertia aligned to less than pro-active customer service. In this environment, innovation is often a threatening, dirty word.

When the financial sophistication of your average customer is still remarkably low (as testified to in a range of reports including Sandler), coupled with ever-decreasing time and generally an instinctive lack of interest in 'dour' financial matters, it comes as little surprise that everyone, from credit card companies through to mortgage providers, silently preys on customers with slumbering credit balances or debts lashed to dated products.

Faced with this bizarre symbiosis, is it really shocking that financial services firms seldom top the customer service charts? More to the point, does the managing director really care, when board members are under increasing stakeholder pressure to significantly impact their cost/income ratio in a matter of months rather than years?

But what about the growing negative reaction to call centre outsourcing and customer demands for a return to more discretionary power at the front line? There has certainly been an increase in off-setting, switching and surfing – costing credit card companies an estimated £3 billion a year according to a Money.net press release in September of last year.

But does the rise of the 'rate tart' phenomenon really signal that the industry has been rumbled? Are we witnessing a customer backlash or are the proactive minority simply clambering all over the tip of the inertia iceberg while the inert majority still have their heads under the water?

There are more than an enlightened few within financial services organisations who insist on the opposite, namely that a profit-from-inertia strategy is a flawed strategy. There are those who argue that employee engagement in the interest of customer focus should be a passion that can and does lead to more fulfilling customer interactions which may ultimately be a

source of sustainable competitive advantage. I know – I've worked with them.

Engagement advocates number amongst their ranks the CEO of the UK region of what is now arguably the leading global insurance brand, the CEO of the financial services arm of what has become Europe's largest automobile retailer and the Head of Organisation Development for what is emerging as arguably the UK's most progressive online bank.

Inertia was our sleeping partner – our best friend!

What these three very different characters share is a belief that profitability borne primarily from inertia is ultimately unsustainable – not just because customers will eventually catch on, but more importantly because staff will catch on a lot quicker.

They recognise that, in a world where a relatively comfortable standard of living is the norm, a key employer differentiator has become the opportunity to offer a more fulfilling nine to five. This can't really be achieved without the authentic engagement of their

Profitability borne primarily from inertia is ultimately unsustainable

people with the goals of the business and how better to do this than to offer employees an opportunity to influence their fate, a chance to do things differently, an invitation to innovate?

Last year BY2W (Bring Yourself to Work) conducted a survey of nearly 2,000 CEOs (Chief Engagement Officers or those with responsibility for engaging their colleagues with the goals, aspirations and ambitions of their

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organisation). Perhaps our most significant finding was that there is an intrinsic disconnect between the 'work me' and 'home me' with some surprising results.

- A staggering 89% of respondents reporting that they are more effective in the workplace when they can be themselves
- a similar number reporting that they would be happier were this the case and yet
- only 60% believe that 'being themselves' at work would help and not hinder their career prospects.

Common to each of our leaders in question is an understanding of this disconnect. They see it in their board colleagues, like the finance director who has become his pinstripe suit or the human resources director who perpetually acts the ‘bleeding heart’ on demand.

The leaders in question share a belief that they need to address what is, in effect, an authenticity gap. They want to encourage their people to bring themselves to work and start by breaking down barriers and leading by example – because they remember what it was like to be on the receiving end of clever, but empty, corporate propaganda.

In each case the leaders made full use of their first 100 days in the job to really walk the floor, to reach down through the layers of hierarchy and to listen, particularly to their staff at the customer interface. They then set up regular feedback mechanisms and insisted that their peer-group made similar strides.

When my organisation became involved with these very different characters it became clear that they had a number of things in common, not least a belief in the innate ability of their staff to think outside the box. Coincidentally, they either failed to employ or had already sacked their ‘creative’ agencies, largely feeling that the communication solutions perpetuated were sustaining rather than challenging the status quo.

Around the time Abbey National tried to turn ‘banking on its head’ when it became Abbey, each leader believed that they could do a better job of their communication themselves and asked us to help facilitate the process behind the scenes.

The challenge we were set wasn’t to help diagnose the problem, but to bring about a more customer-

centric culture, to help the leaders unite their people behind a more pioneering spirit in pursuit of greater customer satisfaction.

Inertia became a dirty word – ‘corporate cholesterol’. The innovation process, however, clearly had to start at the top if they were to unravel years of cultural neglect. Innovation and involvement became the rallying call with the customer at the forefront of the collective mind. It’s so much easier to catalyse change when the motive is creative rather than reductive and hypercritical, as so many change programmes quickly become.

Engage with people by letting them play

As this diagram illustrates, engagement and ownership comes from providing people with opportunities to work through issues and develop possibilities themselves. Empowerment is a great compliment and the ultimate aphrodisiac.

Working with in-house teams of advocates, we adopted three very different approaches for our respective Top Teams, playing to their cultural preferences:

Approach 1 – a business simulation exercise called Predator which enabled the board of the insurance company to drop their workaday personas in pursuit of new ideas for defeating the opposition. Focusing on the ‘wolf at the door’ helped develop a sense of team spirit and entrepreneurship where infighting had previously been the norm.

Later, having scaled the process up by a factor of twenty at a customer service-focused two-day Predator event, the leadership team took on the energy of a hive as the Top 200 managers rolled up their sleeves and generated concept after idea after innovation. We had a room full of creatives and not a Hawaiian shirt, tantrum or pair of thick-rimmed Armani glasses in sight!

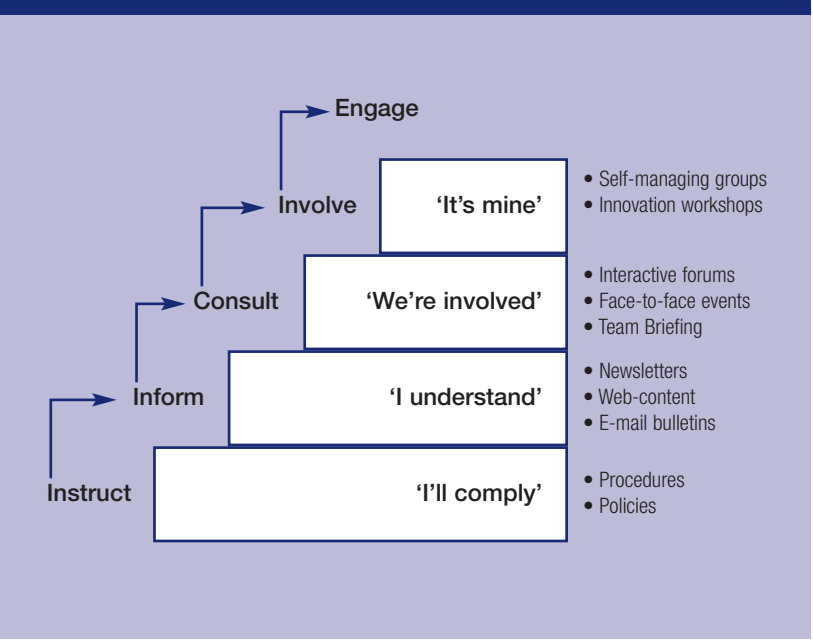
Approach 2 – the creation of an innovation Hot House. This was a deliberately provocative, permanent physical space in which the organisation’s products were analysed by cross-functional groups and the workings tested in a live customer environment. Facilitators used forum theatre techniques to enact customer service scenarios, pausing the action to enable participants to re-invent outcomes, explore and test alternatives.

Approach 3 – representation of the organisation’s change story using the Hero’s Journey as a dramatic device coupled with skills development training for middle managers (the key engagement leaders), including the art of storytelling and improvisation.

The board kick-started the process. In each case they were the first to work with the facilitators and helped to adapt our approaches and methodologies to fit yet provoke the existing culture.

Outputs included the crystallisation of one organisation’s top level strategy into simple bite-size

FIGURE 1: ENGAGE WITH PEOPLE BY LETTING THEM PLAY



chunks, the creation of the Change Story which was later re-enacted using actors and staff at a series of Leadership events and the generation of a series of business development ideas which kick-started the organisation's innovation lab.

A favourite analogy to describe the difference between this 'leader-first' approach and previous ways of working is summed up by one of the participating middle managers.

"Leadership events had come to resemble celebrity charity-drives, you know, millionaires like Robbie Williams pleading with the man in the street to donate his last pound to Africa when Williams et al could make so much more of an impact if they reached for their own platinum Amex and bought a school or a well themselves".

Needless to say this 'after you' strategy worked and the range of innovations stemming from the Top Team workshops alone was extensive. Subsequent engagement innovations which later formed part of a more comprehensive engagement programme included:

Staff as customers

Staff should have been the primary consumers of at least one of the organisation's products, but they just weren't buying. When consulted staff answered that they wouldn't trust the customer service they would receive!

Very quickly a series of internal customer forums were set up. These, in turn, gave rise to a host of product and process improvements. This approach also allowed the organisation to measure the impact of the customer service changes made by tracking staff buying behaviour and advocacy levels. "Surely this is the only way to develop true brand ambassadors in a retail environment? It just baffles me that we were so blinkered that we didn't think of it before," (Marketing Director)

Customer arena

Recognising that significant or totemic communication events had steadily become more and more introspective, we adopted the bold move of inviting and then equipping key customers to chair a vital strategic conference on customer satisfaction. Not only was this a real leap of faith but it had an amazing impact on the quality of the outputs from syndicate activity and keynote sessions.

Live experience

Appreciating that most management events alienate many and motivate relatively few, the board of one of our organisations co-designed a strategy roadshow that literally went on tour. We helped them develop a live, walk-through, experience stacked with interactive tools and facilitated by senior managers which was packed on the back of an articulated lorry and toured all key offices around the country.

Results

Despite compelling evidence that an innovation through staff engagement route pays handsome dividends in terms of business climate and culture, it's very lazy to claim improvements based on 'gut feel.' The approaches detailed had very significant impacts on the

“With proper direction, a platoon of marines should out-innovate a team of artists every time” (Larry Keeley, Innovation Guru)

bottom line. In each case we were careful to track all major initiatives back to the key business goals and the CEOs in question point to:

- significant improvements in staff feedback results
- shifts in employee retention figures
- major customer satisfaction developments, market share gains and income from innovations that can be counted in millions

So if you're tempted to rise from the corporate couch to chase the innovation bug, here are a few points to consider:

1. Senior leaders need to show the way and take a passionate and ongoing interest in the process.
2. People are constantly told that innovation comes from being free-forming, what they see as creative. Our approach proves that liberated, boundary-less creative thinking alone can be an irritating distraction, particularly within the financial services market, and that true innovation stems from a blend of discipline and freedom, process and behaviours, boundaries and space.
3. Thousands of ideas 'suggestion scheme' style can be a problem. Generating ideas in ways more grounded in the objectives and capabilities of the organisation is key.
4. Too often, in this market, the evaluation process stifles the creation of the innovation culture. People need to be given licence to innovate before imposing rigid rules and all critique must be appreciative in style and intent.

But if you still find yourself doubting what I'm saying and would frankly rather embrace inertia despite the threat of the OFT, ask yourself this one thing. If you can't be bothered, what will our featured CEOs focus on next? □

Ian Buckingham is founding managing director of Interbrand Inside and founder of Bring Yourself 2 Work.