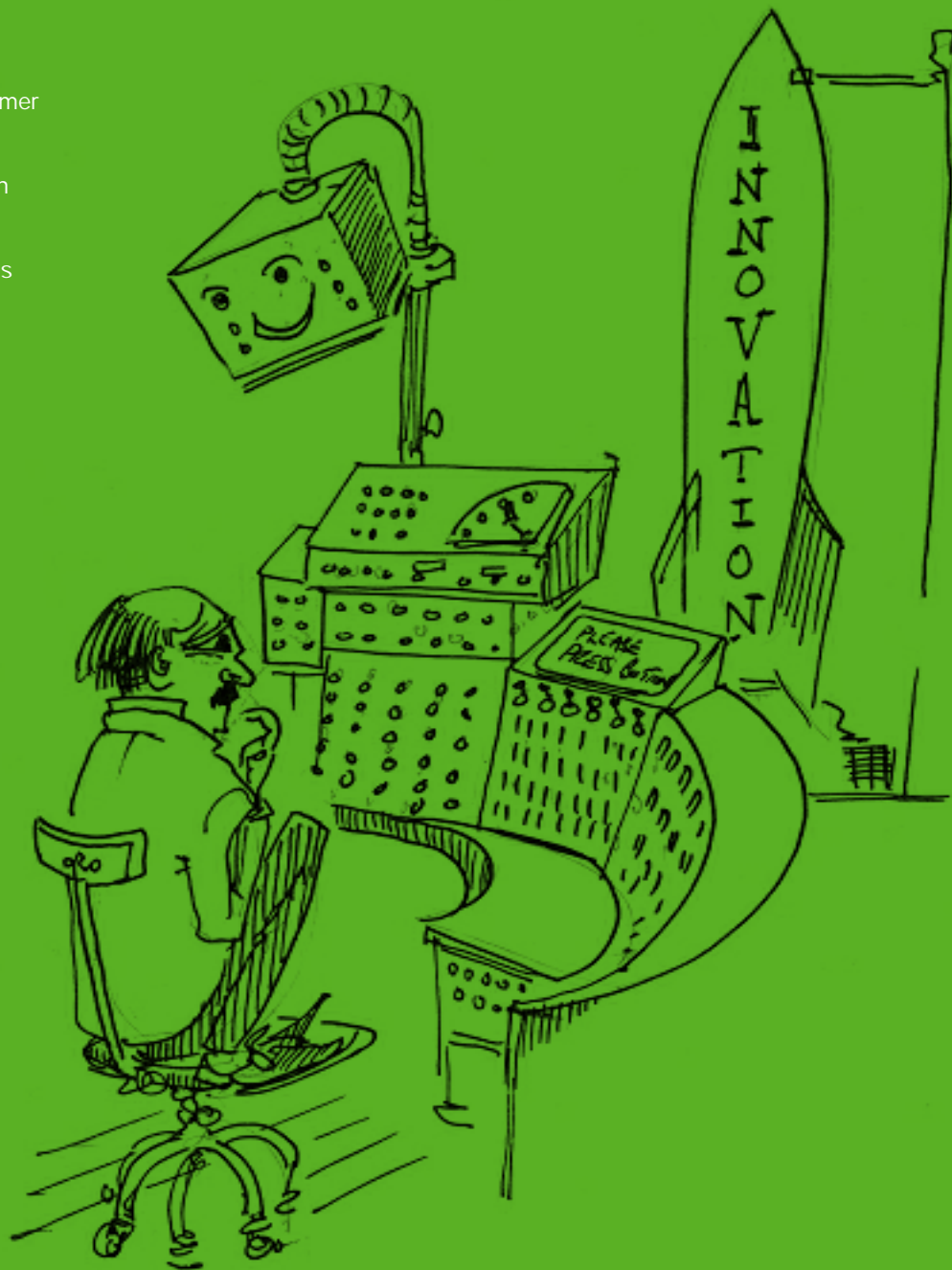


insights



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Which Button Is For Innovation?

Once the dust of a merger or acquisition starts to settle, organisations face the daunting task of delivering the promised payback to shareholders and the market

Single image or multi-branded - change takes time and a toll on money, effort & organisational energy. Coming out of this black hole often leaves individuals and the organisation exhausted and battle weary.

So how can the organisation inject new ways of doing business, and escape from just doing more of the same on a bigger tread mill?

An innovation culture is not created through pressing a single button. Many factors work together to create evolution - or, if mishandled - to sap the organisation's energy. Here we explore just a few experiences of success.



Leading the Customer Experience

What's new here?

The leading strategist within its own national banking community decided to export their experience and beliefs to another country and to build a new retail bank from scratch.

They thought customer - not bank

The Chief Executive described the intended customer experience: *"One Single Statement. By this I mean that, wherever the customer meets one of our people, he or she must receive the same, consistently high standard of advice. In all branches and remote channels we will work from the same real-time customer data. But we must also create a consistent service culture within a technically innovative framework."*

Senior management built on this in designing how clients should be taught to use many of the distribution channels straight away. All staff could demonstrate call centre & internet access, plus working working with client on-line conferencing. Every branch got card embossing equipment. In this way clients learned to make their own first initial deposit and withdrawals via the ATM. This was all just part of the initial signing-up.

They built a bank - not remote channels

A detailed, customer-facing choreography allowed Area and Branch Managers to train their teams personally. In parallel, Contact Centre teams and videoconferencing experts were learning their own choreographies - but from a very early point scripting was aligned with the branch teams. Frequent joint phone and video sessions and a careful design of incentives ensured that they worked in concert. The whole bank learned to behave as a single team - and how to help customers make the most of the bank

The outcome? - a single statement

Although many staff had no previous banking experience - the teams were highly competent and motivated by Opening Day.

10,000 customers signed up with 3 or more products within two months. Acquisition rates and service standards have been maintained, with further branches opening to schedule. Each client receives a single, simply presented month-end statement of all their accounts - but the true *'Single Statement'* is consistently high personal service. The parent group is exporting this success to several new environments.



Building Innovation Networks

What's new here?

Institutions that cannot innovate or find getting consensus takes forever may be doomed to become the *target* rather than the *archer*. We work in alliance with a market-leading creator of online *Virtual Communities*.

Think global - act local

Local markets need to own product and customer strategies. Local teams must also master the best of what is globally available. A *'Think global, act local'* strategy adopted by Xerox has created copier marketing and design teams around the world. Linking the members in a single, on-line community teams *'gather'* to coordinate their activities, share technical information and best practices, improve customer service and build ideas in a global forum.

Brainstorming sessions promote synergies. Travel costs are vastly reduced and lost time virtually eliminated. Best of all: nobody in the Xerox world reinvents a wheel.

Virtual mining for new product ideas

Hallmark Cards is putting their own customers into action to develop new products, using an Internet based community. Last year, the greeting-card giant launched an Internet based project, within which a group of 200 consumers engage in regular, wide ranging on line discussions, share ideas and provide specific input to products, services and prototypes. Hallmark *'mines'* these online conversations for child focused product ideas and asks for advice on Hallmark's own product and promotion ideas. They are so pleased with the results they have recently launched two more product communities.

Outcomes? - banking on innovation

Other industry leaders who have deployed virtual communities are IBM, BP, Otis, Transora, Conoco and the World Bank. Are there parallels in retail banking from the Xerox and the Hallmark stories? Could internet based virtual communities within your Bank provide imaginative, change focused *'archery practice'*?



Measuring Success

What's new here?

Neither Bank nor Supermarket was convinced of the merits of in-store banking. The Director of Accounting said: *"Frankly I will be delighted if we even start recovering our investment within four years."* The task was to demonstrate whether pilot in-store branches could make real profits.

Simply measuring operating profit

Line management agreed that each pilot branch should demonstrate its profitability.

Based on high-street banking experience:

- Each branch's operating and investment recovery cost was calculated.
- Each product was assessed for its mean profit contribution.
- The sale of any product credited the branch with a specific number of compensation points.
- The initial pilot sales team's target was to get enough points every week for the shop to break even.
- Pilot in-store teams tracked and reported their own daily and weekly performance - initially using nothing more technical than

a sheet of flip chart in the tiny services cupboard.

- At weekly sales meetings each branch studied the outcomes and agreed adjustments.
- Management stayed in daily communication, providing coaching and encouragement.
- The points values of products were updated as experience grew in the new sales environment.

Although very simple, teams understood the objective. Close working relationships were forged with supermarket staff and management. Great enthusiasm was generated - and new ideas for generating sales were tried out locally and then shared.

The outcome? - consistent profitability

It didn't take four years - but just four months for each pilot branch to break even and generate profits. Accountants initially doubted the claims - but later were able to fully confirm them.

There are now nearly forty in-store branches. New and more adventurous banking channels have been introduced. The Bank has become a recognised leader in the field of innovation.

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