

Linking Business Strategy and Customer Information

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When attempting to link customer information to the business strategy, organizations need a clear process that integrates the flow of key business and customer information with the creation of the strategic plan. It is entirely possible to build a repeatable process that provides course corrections to the strategy so it is never far from what is happening in the marketplace. In such cases, it is essential to enact processes that consistently feed the operation with relevant customer information. We have established five critical steps to follow and we will share three success stories that demonstrate the principles. When companies follow these steps, they are able to successfully link their business strategy and their stream of customer information.

1. **Create a measurable way of assessing customer value.** This step requires a process of reviewing product and service offerings against the needs of the customers (as expressed by the customers). This customer value assessment improves our understanding of the customer and drives greater intimacy.
2. **Complete a value map of the core components of your business.** This provides a clear view of where customer value is created and indicates where measurement is most appropriate. Combining this with a process mapping exercise also grounds the entire organization in the fundamentals of what makes the business work.
3. **Link customer information to the strategic planning process.** By clarifying strategic choices and linking them to customer imperatives (across markets and segments) we increase our competitiveness. Not only do we better understand customer needs but we begin to plan our operations (and metrics) around delivering them.
4. **Align the organization around the strategic choices.** A disciplined process ensures that a top-down set of priorities is created, and the work of the organization is aligned to it. This becomes the foundation for refreshing the company strategy on a more regular basis and without extra effort.
5. **Build an effective and balanced scorecard.** We need to see how our business is operating with enough clarity for leaders to plan work and manage resources over the long term. The scorecard is anchored to our understanding of what matters most to the customer, and how we deliver that value. Monthly and even daily progress becomes a part of the leadership routine. Visibility increases for all the members of the organization.

An “outside-in” approach of this type relies upon understanding your customer’s needs and then connecting that information to how your operations work. As a result, everyone in the organization understands how their work affects the customer. Everyone in the organization becomes empowered to deliver greater value. Only then can we say the customer truly has a “seat at the table”.

In our work, we have helped a number of organizations implement strategic planning solutions including the automation of customer information flows. We always start with the customer and define what is

valuable to them. Then, the application of information technology makes more sense and is better utilized. Below are three examples of applying customer data to the strategy.

- **Implementation of a customer driven trade management system for a \$2B food company –** This initiative connected customer data to the trade management processes allowing the client to allocate trade funds strategically. First, we needed to understand the end use customers and distributors in order to segment those customers into those that would respond positively to the incentives. Once this segmentation was established, we created a system that allocated funds to the targeted strategic consumers rather than spreading trade funds evenly throughout the channel. The resulting segmentation allowed the company to obtain the biggest bang for the buck. In the end, new processes were built for strategically managing trade funds and a software system was implemented to manage it. This taught the organization how to plan and execute trade spend at all levels and from service to sales.
- **Implementation of a robust category management approach for a \$1B food manufacturer –** Understanding the data needed to manage a product category is important but it can't stop there. The insights we learn about the category also need to be effectively communicated to the sales team. This is so they can present recommendations to retailers grounded in consumer data. When the sales team is able to bring this valuable data to the retailers, they are able to establish themselves as consumer experts and strategic partners of the retailer. By connecting consumer data to the way products are sold at retail, bottom line results were increased for both the manufacturer and retailer.
- **Implementation of customer satisfaction and strategic planning for a B2B manufacturer –** The collection and analysis of customer satisfaction data led to the segmentation of strategic vs. tactical customers, which allowed us to develop a targeted strategy for each identified segment. Segmenting customers by type and region helped the client understand how to target the different types of customers and how to structure their internal organization around customer groups. This understanding drove a strategic plan for the next three years centered on who the customer was, where they were, and what they needed from the manufacturer. By targeting each customer segment based on their identified requirements, customer satisfaction increased.

These examples show that it is eminently possible to turn otherwise hollow value statements related to serving the customer into meaningful and measured daily results that deliver profitable growth. Our experience shows that there is a disciplined five step process that can be quickly implemented to deliver meaningful business results.

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