Our Agenda

• Changing circumstances
• Example
• Evolution to a dramatically different place
• The results
• How to (best practice)
• Resources (places to get this stuff)
One helluva pile

128,000
Business books published since 2005

10.8 billion words

81 years to read

101 storeys tall
Outside-In process – what is it?

An **outside in process** is one which has been created to successfully deliver a customer outcome and has been designed from the customer's perspective.

This process is likely to reduce the number of moments of truth or interactions with the organisation and is "doing the right things", in terms of delivering the process as part of an overall customer success strategy.

An **inside out** process may be thought of as one which also provides the goods or services to the customer, but the process to provide these are viewed from the organisation's perspective. It may be "doing things right" but not necessarily "doing the right things".

It may seek to improve the customer's experience, but not necessarily aligned with delivering a successful customer outcome, or what the customer really wants.

David Mottershead,
Certified Process Professional - Creative Digital Technology (Australia)
Drivers towards Outside-In – A Call to Action

Confluence of THREE major factors

• People
  – Rebellion and Customer Promiscuity

• Technology
  – 81% Americans Online, 73% Australians (2008)

• Online Economics
  – US$19.6 Bn online advertising sales (2007)

These three trends have created a new era.
Examples

- Virgin Mobile
- Tesco
- Best Buy
- Nordstrom
- Zara
- Southwest Airlines
- FedEx
- Hallmark Cards
- easyJet
- Prudential
- Capital One Bank
- Allied Pickfords: The Careful Movers

BPGroup.org
80% of CEO’s believe their brand provides a superior customer experience

Only 8% of their customers agree

(Bain & Company)
The World was a simpler place...

1975
Complexity – how did it go so bad?
It isn’t simple anymore
Think about...

- All those rules
- Those procedures
- The standards
- The systems
- The hierarchy

“.. You know things got so complicated we actually decided to structure ourselves along the line of our enterprise software system, so things might work better”

CIO, Global Telco, 2008.

(Source BPGroup IQPC 08 Survey)
We now have a bewildering array of choice in almost every product and service.
Customers – we don’t take **it anymore
Let’s review...
One customer relationship with us

And thinking Inside-Out makes things very complex.

We need to Rethink things from the Customers Perspective, that is OUTSIDE-IN
Complexity causes is to do the wrong things

- Over 100,000 possible interactions
- Every interaction must be designed, implemented, codified, trained, maintained, controlled, audited, reported, managed, changed, evolved against a backdrop of legislation, control, competition, market forces, technology, strategy, skills, capability at the same time trying to make money.
- Key Question - Where is the Customer in all this?

and then we say we need to manage variance?!?
We need to manage variance??

• Is it any wonder that many organisations are drowning in a sea of complexity and ‘impossible’ demands on structures created with out of date thinking more appropriate to the Victorian era?
We need to manage variance??

• Complexity is the reason why things fail, why stuff is expensive and often why businesses fail.

• Complexity results when products and services become convoluted AND organisations do NOT understand the ultimate Successful Customer Outcomes (SCO’s)
And how do we eradicate complexity?

• Make sure we really do have the customers we want
• Articulate the Successful Outcomes for these customers
• Ensure all our processes are aligned with the Successful Outcomes
• Eradicate the Causes of Work - Use Process diagnostics
The World was a simpler place...

1975
Moving to a new perspective

• Evolution of business
• Doctor Analogy
• The Tools & Techniques to achieve success
90% of businesses are unable to execute the strategy they have on paper.

70% of businesses project performance they will never attain.

Source: Axon, L.  Learning to lead: How Companies Grow Profits by Growing Leaders, Sept 22, 2004
Source: Norton, D. Aligning your Strategy to the Customer Value Proposition, 13/9/2005
And...

“We can’t solve problems using the same kind of thinking we used when we created them”
Waves of Benefits from Business Process Evolution

based on Towers Associates & BPGroup Research 2006-7 (800+ organisations)

1. Total Quality Management
2. Business Process Improvement
3. Six Sigma
4. Customer Expectation Management

(c) 1992-2009 BP Group

Outside-In process – what is it?

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Waves of Benefits from Business Process Evolution

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CUSTOMER SENSITIVE

CUSTOMER CONSIDERATE

CUSTOMER DRIVEN

1. Total Quality Management
2. Business Process Improvement
3. Six Sigma
4. Learning and Process Management

Service & Cost & Revenue

The TRIPLE CROWN

TRIPLE CROWN plus

(c) 1992-2009 BP Group

In fact, The Customer Experience Is the Process!

- Enquire about a trip
- Navigate to the airport
- Experiencing hospitality
- Baggage transportation
- Ticket - Carousel
- Enjoying the trip
- Relaxing in the hotel
- Returning Home
- Enjoying a Coffee at Home

OUTSIDE-IN

Inside-Out
The Scores on the Doors

- Milward Optimor
- J D Power
- Standard & Poors
- Wall Street
Who is Outside-In and how does that change company value?

<table>
<thead>
<tr>
<th>Company</th>
<th>Value $M 2009</th>
<th>Value $M 2008</th>
<th>YoY % Change</th>
</tr>
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<tbody>
<tr>
<td>Google</td>
<td>100,039</td>
<td>86,057</td>
<td>16</td>
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<tr>
<td>Microsoft</td>
<td>76,249</td>
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<td>8</td>
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<tr>
<td>Coca-Cola</td>
<td>67,625</td>
<td>58,208</td>
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<tr>
<td>IBM</td>
<td>66,622</td>
<td>55,335</td>
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<tr>
<td>McDonalds</td>
<td>66,575</td>
<td>49,499</td>
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<tr>
<td>Apple</td>
<td>63,113</td>
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<tr>
<td>China Mobile</td>
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<td>GE</td>
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<td>71,379</td>
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<tr>
<td>Vodafone</td>
<td>53,727</td>
<td>36,962</td>
<td>45</td>
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<tr>
<td>Marlboro</td>
<td>49,460</td>
<td>37,324</td>
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<tr>
<td>WalMart</td>
<td>41,083</td>
<td>34,547</td>
<td>19</td>
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<tr>
<td>ICBC</td>
<td>38,056</td>
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<td>36</td>
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<tr>
<td>Nokia</td>
<td>35,163</td>
<td>43,975</td>
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<tr>
<td>Toyota</td>
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<tr>
<td>UPS</td>
<td>27,842</td>
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</table>

Data: Millward Brown Optimor 2009

Source: www.successfuloutcomes.blogspot.com
Who is Outside-In and how does that change customer satisfaction?

<table>
<thead>
<tr>
<th></th>
<th>Alaska</th>
<th>Continental</th>
<th>JetBlue</th>
<th>Southwest</th>
<th>WestJet</th>
<th>Delta</th>
<th>American</th>
<th>Air Canada</th>
<th>Northwest</th>
<th>Frontier</th>
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<th>US Airways</th>
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<td>4</td>
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<tr>
<td>Costs &amp; Fees Experience</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>5</td>
<td>2</td>
<td>4</td>
<td>3</td>
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<tr>
<td>In-Flight Services Experience</td>
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<td>Flight Crew Experience</td>
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<td>Aircraft Experience</td>
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<td>5</td>
<td>3</td>
<td>4</td>
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<td>3</td>
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<tr>
<td>Boarding/Deplaning/Baggage Experience</td>
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<td>4</td>
<td>2</td>
<td>4</td>
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<td>2.1</td>
<td>2.1</td>
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JDP Award
JDP Award

Analysis: www.BPGroup.org

JD Powers Consumer Rankings
5=Among the Best
4=Better than Most
3=About Average
2=The rest

Data Source: JD Power
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**Analysis:** [www.BPGroup.org](http://www.BPGroup.org)

**J D Powers Consumer Rankings**

5 = Among the Best
4 = Better than Most
3 = About Average
2 = The rest

**Data Source:** J D Power
Who is Outside-In and how does that impact the bottom line?

Why should we bother? Outside-In is winning in terms of Revenue, Profitability & Customer Service

$6.4 Bn First Quarter LOSS
$537 M First Quarter LOSS

$34 M First Quarter PROFIT

Apr. 18--Southwest Airlines Co. said Thursday it earned $34 million in the first quarter. Southwest now plans to take delivery of 14 new Boeing 737-700 aircraft next year.

Apr. 23--United Airlines said Tuesday that it would eliminate 1,100 jobs. It would reduce capacity by shedding 30 airplanes, UAL shares plummeted 37 percent to $13.55.

$80 M First Quarter LOSS

Houston-based Continental Airlines Inc. reported Apr 17 that it lost $80 million.

$4.1 Bn First Quarter LOSS

58 Successive Quarters of PROFIT
Airline losses 'hit $1bn a month'

Airlines are likely to have lost more than $6bn (£3.7bn) in the first half of 2009, according to the International Air Transport Association (Iata).

This figure - an average of $1bn a month - is double the amount Iata said in December that airlines would lose during the whole of 2009.

Airlines made losses between April and June, when they would usually make 50% of their annual profits, Iata said.

Meanwhile, budget airline SkyEurope has filed for bankruptcy.

The loss-making Slovakian airline, which was set up in 2001, has suspended all flights with immediate effect.

And American Airlines has said it is cutting 921 flight attendant jobs as it deals with a downturn in passengers, and lower revenue.

Bigger losses

Iata said passenger and freight volumes are starting to improve.

Both rose more than 3% in July from the previous month, although they remain well below levels seen at the same time last year.

"There was a material improvement in July, but the future path is likely to be volatile and weaker than normal recoveries," Iata said.
Sony's profits continue to fall

Sony's woes are continuing as the electronics giant reported another quarterly loss due to falling sales.

The Japanese company made a net loss of 37.1bn yen ($390m; £237m) between April and June, compared with a profit of 35bn yen for the same period last year.

The loss was, however, not as large as market expectations, thanks to Sony's continuing efforts to cut costs.

In May, Sony reported the first annual loss in its history. It also expects a loss this financial year.

Sony's revenues for the April-to-June period, its fiscal first quarter, were down 19% from a year earlier to 1.6 trillion yen.

In addition to continuing falls in global sales, the firm said it was also being hit by the high value of the yen, which had sharply reduced its overseas earnings.

The firm is now continuing with 16,000 job cuts as it sheds 10% of its global manufacturing capacity.
iPhone sales boost Apple results

Apple's quarterly results were better than forecast, thanks to strong iPhone sales, including its new 3GS model.

Net profits hit $1.23bn (£953m), or $1.35 a share, in the fiscal third quarter to 27 June, from $1.07bn, or $1.19 a share, a year earlier.

The US technology giant sold more than 5.2 million iPhones in the quarter, seven times more than a year earlier.

Analysts reacted positively to the profits news and shares rose in after-hours trade.

Shares in Apple ended at $151.60 before rising to $157.02 in after-hours trade.

'Advantages'

Andy Hargreaves, an analyst at Pacific Crest Securities described the numbers as "great".

"Their gross profits continue to surprise people and there is a return to product momentum...a return to growth in the Mac business, and then the iPhone is doing tremendously well and that is a potent combination."

Revenue for the period climbed 12% to $8.3bn, ahead of expectations of $8.2bn. Every region in the world saw revenue increase.

The number of Macs sold by Apple rose 47% to 3.6m, and revenues for its PC business climbed 40%.

Apple's iPhone sales were 10.2m, up 80% on the same period last year.
Abbey and A&L enjoy revenue rise

The UK operations of Spanish banking group Santander - which includes Abbey and Alliance & Leicester - saw revenues up 20% in the first six months of 2009.

Santander said a growing range of investments, credit cards and insurance had helped the UK business, which also includes Bradford & Bingley.

Earlier this year, Santander said it was to rebrand all 1,300 of its UK High Street brands by the end of 2010.

Santander's global group net profit fell 4.5% in the period.

It made a profit of 4.51bn euros (£3.9bn), but beat analysts' forecasts as the rate of growth in bad loans slowed.

Industry analysts said that Santander had avoided the worst of the banking crisis through its policy of conservative lending and buying assets when they were cheap.

Repossessions fall
Outside-In led Examples

- Gilead
  Advancing Therapeutics. Improving Lives.
- Virgin Mobile
- Tesco
- Best Buy
- Nordstrom
- Zara
- Otis
  1853-2003
- Capital One
  Bank
- Southwest Airlines
- FedEx
- Hallmark Cards
- easyJet
- Prudential
- Allied Pickfords
  The Careful Movers
Outside-In simply wins.
CEMMethod™

1. Understand & Develop Successful Customer Outcomes
2. Create Process Activity List
3. Identify Moments of Truth
4. Identify Breakpoints
5. Identify Business Rules
6. Perform Risk Assessment
7. Develop Action Plan
8. Manage Delivery

Discovery
Assessment
Review
Execute
Performance. Agility & Quality are driven by...

The Causes of Work

Moments of Truth

Break Points

Business Rules

Here's some Outside-In Techniques that Work immediately!
Jan Carlzon

"We have 50,000 moments of truth every day."
Any interaction with the CUSTOMER is a MOMENT OF TRUTH
And every 

MOMENT OF TRUTH

Ripples and reverberates through the organisation
And

MOMENTS OF TRUTH

Create complexity, cost, wastefulness and failure
Moments of Truth
It’s all about **Customer Experience and the Moment of Truth**. Remove or Improve!

Steve Jobs

**Ten Moments of Truth**

1. When we talk on the phone
2. When a customer walks through the door
3. When a salesperson meets a customer
4. When a customer asks a question
5. When a customer makes a purchase
6. When a customer returns a product
7. When one of our products fails to perform
8. When a promised improvement doesn’t occur
9. When we deliver a purchase
10. When a customer enters or exits the parking lot
Moments of Truth

What are Moments of Truth (MOT)?

1) Moments of Truth are a Process Diagnostic
2) They occur ANYWHERE a customer “touches” a process
3) They can be people-to-people, people-to-system, systems-to-people, system-to-system, and people-to-product
4) ANY interaction with a customer is a Moment of Truth
5) Moments of Truth are both process Points of Failure and Causes of Work
4) Do you capture every internal interaction?
5) Which of your business rules are really relevant?
The number of Process Diagnostics that exist in the organisation

Process diagnostics include:
- Moments of Truth
- Break Points
- Business Rules

It’s simple math…

Process Points of Failure
Some elements that change ...  

<table>
<thead>
<tr>
<th></th>
<th>Inside-Out</th>
<th>Outside-In</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processes</td>
<td>Complex</td>
<td>Simple</td>
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<tr>
<td>People</td>
<td>Controlled</td>
<td>Empowered</td>
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<tr>
<td>Structure</td>
<td>Hierarchy/Functional</td>
<td>Team</td>
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<tr>
<td>Systems</td>
<td>Prescriptive</td>
<td>Adaptive</td>
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<tr>
<td>Measurement</td>
<td>Activities</td>
<td>Results</td>
</tr>
<tr>
<td>Customer</td>
<td>End of chain</td>
<td>Inclusive Individual</td>
</tr>
</tbody>
</table>

Segmented

Individual
In summary,
How to go Outside-in (best practice)

- B P Group – Join – there’s 34,000 of us!
- Become a Certified Process Professionals (CPP)
  7,000+ in 4 years (www.bp2009.com)
- Coaching & Mentoring Support
- New Book – Get a copy – business card
COMMUNITY
- Global – 34,700
- LinkedIn – 2,660

TRAINING
- Certification (7 Levels)
- Open & In house Learning
- Online Support

BUSINESS PROCESS PROFESSIONAL
- Support Groups
- Mentoring & Coaching

INFORMATION & RESEARCH
- Articles, News
- Discussion
- Conferences & Seminars

www.bpcommunity.org
www.bp2009.com
www.bpgroup.org
www.successfuloutcomes.blogspot.com
## Business Process Professional pathway

<table>
<thead>
<tr>
<th>Level</th>
<th>Objective</th>
<th>Attainment</th>
<th>Designation</th>
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<tbody>
<tr>
<td>7</td>
<td>Leadership</td>
<td>Master</td>
<td>CPP Master</td>
</tr>
<tr>
<td>6</td>
<td>Strategy</td>
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<td>5</td>
<td>Integrate</td>
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<td>Perform</td>
<td>Professional</td>
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<td>Optimise</td>
<td>Practitioner</td>
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### Community

- Everyone
- Business Analyst
- Process Managers
- Technologists
- Senior Managers
- Leaders

[www.bp2009.com](http://www.bp2009.com)

Q4 - 2009

Australia

India

US & Europe
To find out how this can work for you

• Business card for a complimentary copy of the Moments of Truth toolkit & FREE new book
• Join us at http://sn.im/rw7as
• Use a proven method and toolset to tackle the Causes of Work – here’s a link to explain one such approach www.cemmethod.com
  You’ll come across the concepts Moments of Truth, Breakpoints and Business Rules
• Review the articles at www.successfuloutcomes.blogspot
• Get in touch with me: steve.towers@bpgroup.org
OUTSIDE

THE SECRET
OF THE 21\textsuperscript{st}
CENTURY LEADING
COMPANIES

Moments of Truth
Perth, BAW Sep 09

STEVE TOWERS

BUSINESS ANALYST WORLD
WORK SMARTER. PLAN HARDER.
BPGroup.org
Steve Towers
steve.towers@bpgroup.org
www.bpgroup.org