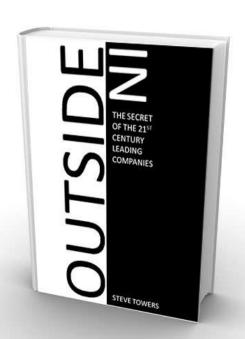




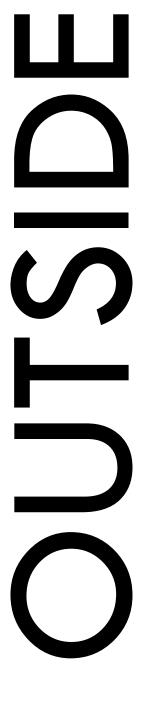
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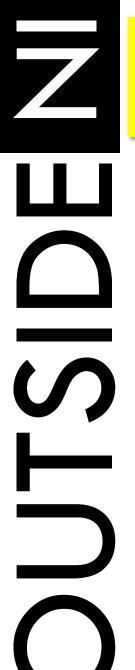
# Moments of Truth Perth, BAW Sep 09



Thursday September 17 2009

STEVE TOWERS





# 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

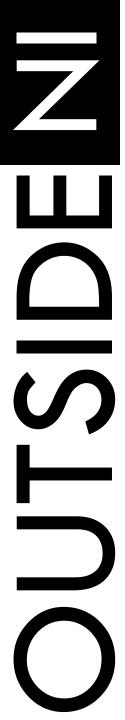
Business books published since 2005

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.

ve Digital Technology (Australia)



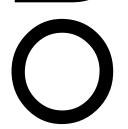
# **Drivers towards Outside-In**

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**























easyJet









# Perception

80% of CEO's believe their brand provides a superior customer experience

Only 8% of their customers agree

(Bain & Company)

# Ш



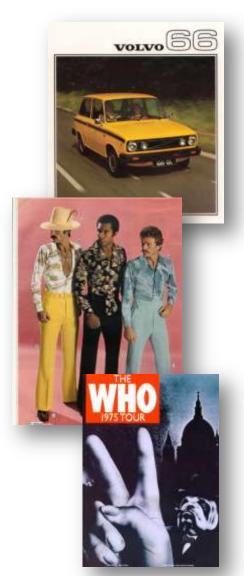
# The World was a simpler place...



1975

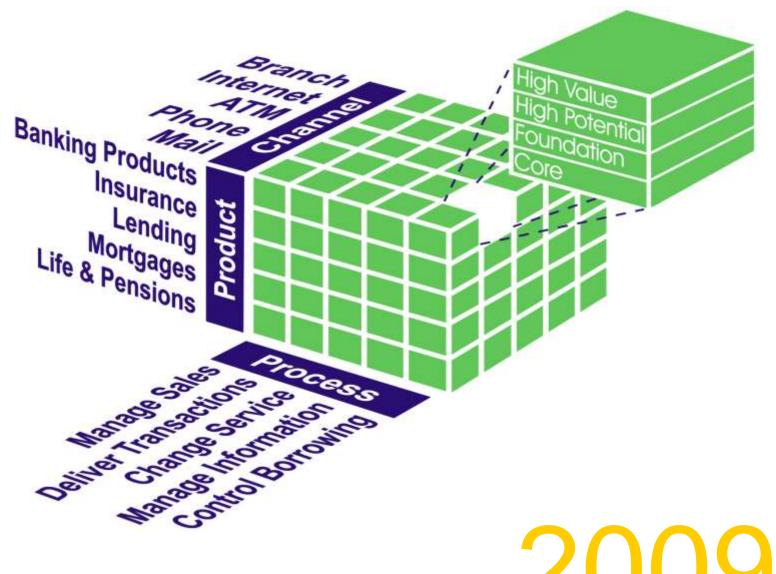
# Complexity – how did it go so bad?







# It isn't simple anymore



# Think about...

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

"... 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)







One customer relationship with us Banking Products Insurance / Lending ' Mortgages Life & Pension Delinet Fransacions Change Service Marade Information Control Bottowing And thinking Inside-Out makes things very complex. We need to Rethink things from the Customers Perspective, that is **OUTSIDE-IN** Group.org



# Complexity causes is to do the wrong things

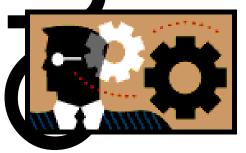
- Over 100,000 possible interactions
- Every interaction must be designed, implemented, codified, trained, maintained, controlled, audited, reported, managed, changed, evolved against a backdrop of legislation, control, competition, market forces, technology, strategy, skills, capability at the same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

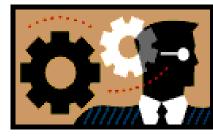
and then we say we need to manage variance?!?

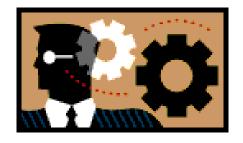


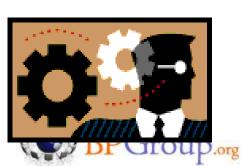
# We need to manage variance??

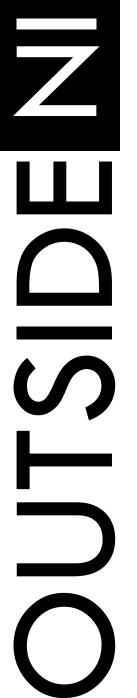
• Is it any wonder that many organisations are drowning in a sea of complexity and 'impossible' demands on structures created with out of date thinking more appropriate to the Victorian era?







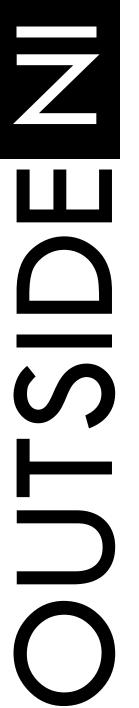




# We need to manage variance??

- 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



# Щ **S**







1975



# Moving to a new perspective

- Evolution of business
- Doctor Analogy
- The Tools & Techniques to achieve success

# Houston, we have a problem

90% of businesses are unable to execute the strategy they have on paper

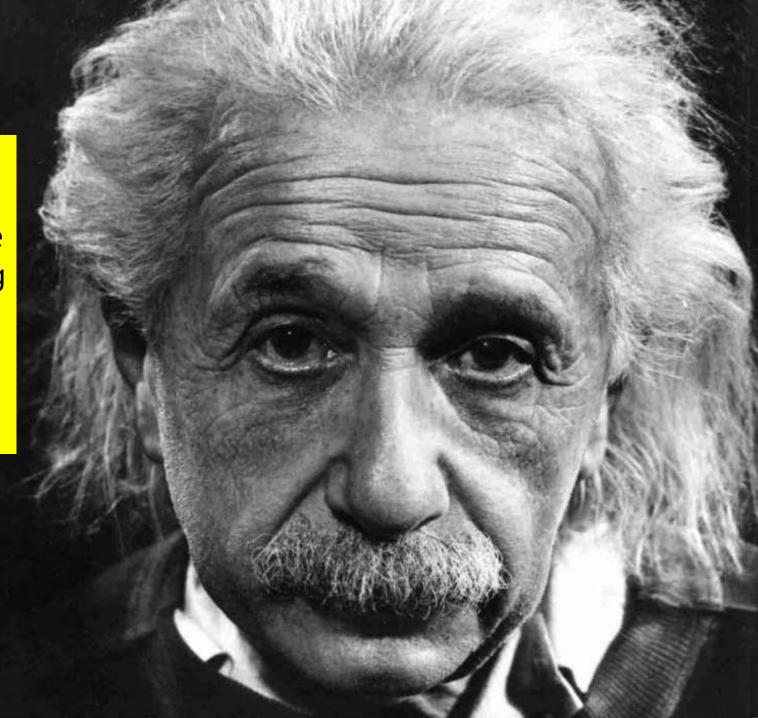
70% of businesses project performance they will never attain

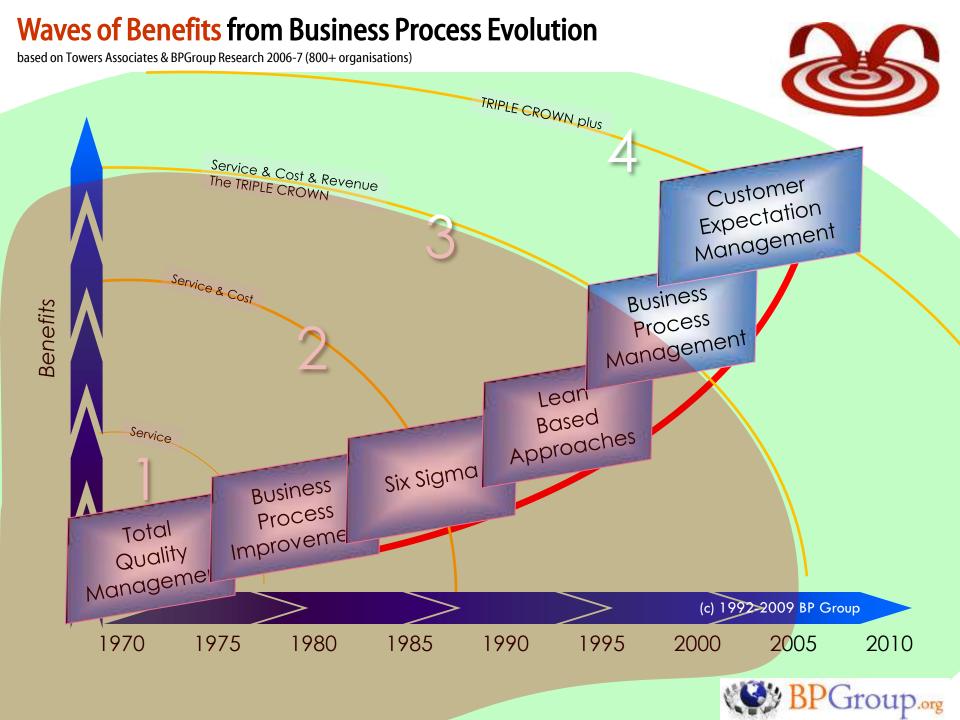


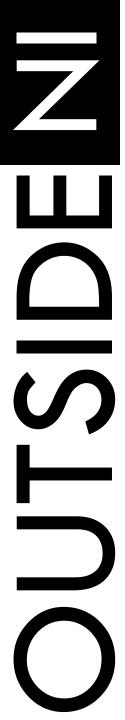
Source: Axon, L. Learning to lead: How Compo<mark>nies Grow Profits by Growing Leaders.</mark> Source: Norton, D. Aligning your Strategy to the Customer Value Proposition,

And...

"We can't solve problems using the same kind of thinking we used when we created them"







# Outside-In process – what is it?



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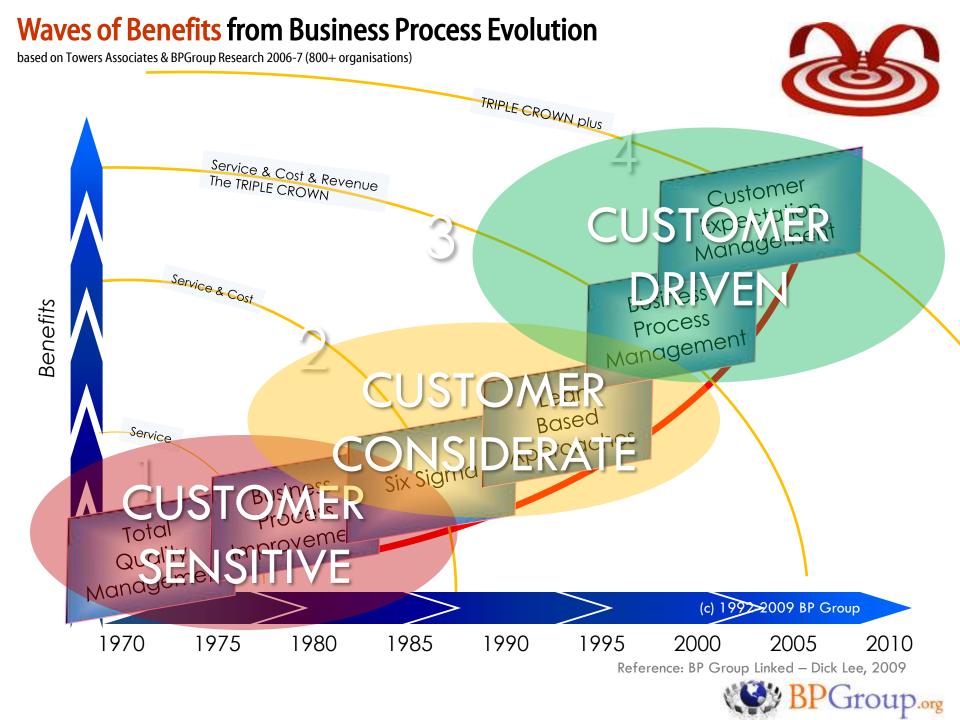
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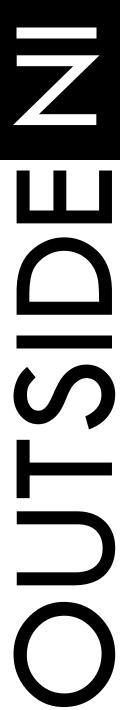
It may seek to improve the customer's experience, but not necessarily aligned with delivering a successful customer outcome, or what the customer really wants.

David Mottershead, Certified Process Professional - Creative Digital Technology (Australia)









# 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?

	Value \$M		YoY	
	2009	2008	% Change	
Google	100,039	86,057	16	
Microsoft	76,249	70,887	8	
Cocal-Cola	67,625	58,208	16	
IBM	66,622	55,335	20	
McDonalds	66,575	49,499	34	
Apple	63,113	55,206	14	
China Mobile	61,283	57,225	7	
GE	59,793	71,379	-16	
Vodafone	53,727	36,962	45	
Marlboro	49,460	37,324	33	
WalMart	41,083	34,547	19	
ICBC	38,056	28,004	36	
Nokia	35,163	43,975	-20	
Toyota	29,907	35,134	-15	
UPS	27,842	30,492	-9	

Data: Millward Brown Optimor 2009

Source:

www.successfuloutcomes.blogspot.com http://bit.ly/uAyVW





# Who is Outside-In and how does that change customer satisfaction?

	Alaska	Continental	Jet Blue	Southwest	WestJet	Delta	American	Air Canada	North west	Frontier	United	US Airways	Air Tran
Overall Satisfaction	5	5	5	4	4	4	3	3	3	2	2	2	2
Costs & Fees Experience	4	4	3	5	2	4	3	2	2	2	2	2	2
In-Flight Services Experience	4	4	5	3	4	4	3	4	2	3	3	2	3
Flight Crew Experience	5	4	3	4	5	4	3	3	3	2	2	2	2
Aircraft Experience	5	4	5	3	4	4	3	4	2	3	2	2	2
Boarding/Deplaning/Baggage Experience	5	4	2	4	5	3	3	3	3	2	2	3	2
Check-In Experience	5	4	3	4	5	4	3	2	3	2	2	2	2
Reservation Experience	5	4	2	5	3	3	3	2	3	2	2	2	2
Average	4.8	4.1	3.5	4.0	4.0	3.8	3.0	2.9	2.6	2.3	2.1	2.1	2.1
	JDP Award		JDP Award										

Analysis: 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





Overall Satisfaction	5	5	5	4	4
Costs & Fees Experience	4	4	3	5	2
In-Flight Services Experience	4	4	5	3	4
Flight Crew Experience	5	4	3	4	5
Aircraft Experience	5	4	5	3	4
Boarding/Deplaning/Baggage Experience	5	4	2	4	5
Check-In Experience	5	4	3	4	5
Reservation Experience	5	4	2	5	3
Average	4.8	4.1	3.5	4.0	4.0

Alaska

JDP Award

Continental

Jet Blue

JDP Award

Southwest

West

Analysis: www.BPGroup.org J D Powers Consumer Rankings

4=Better than Most 3=About Average 2=The rest Data Source: J D Power

5=Among the Best

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



# \$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

\$6.4 Bn First Quarter LOSS

\$537 M First Quarter LOSS

WUNITED

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



58 Successive Quarters of PROFIT

\$4.1 Bn First Quarter LOSS





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# 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.



Fewer people are flying during the economic downturn

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.

Smarter busine smarter pla

# ► AIRLINES' WOES

# LATEST NEWS

- · Airline collapse hits pass
- Airline losses 'hit \$1bn a
- SAS to cut more than 1
- Japan Airlines records \$

ANALYSIS



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# 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.



Sony has seen weak demand for its products in the downturn

# ▶ GLOBAL RECESSION

# KEY STORIES

- EU sets new bank bail-
- Japan's export slide slo
- UK recovery 'to take five US interest rates to 're
- US 'exposure to crisis \$



# **NEWS**





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# 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 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.



Sales of iPhones grew seven times in the quarter

# SEE ALSO

- Apple admits iPhone suppl 22 Jul 09 | Business
- Apple sued over iPhone te 17 Feb 09 | Glasgow, Lanark
- iPhone helps Apple profit of 22 Apr 09 | Business
- Steve Jobs a 'national trea 15 Jan 09 | Technology
- Apple spoils iPhone forger 07 Jan 09 | Technology
- Looking back to Apple's fu 23 Jan 09 | Technology

# RELATED INTERNET LINKS

Apple UK

The BBC is not responsible for t internet sites

# FROM OTHER NEWS SITE

- Reuters Apple smashes forecasts - 1 hr ago
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- Reuters India Apple's sr forecasts, iPhone shine
- CNBC via MSN Money A --- Et farrante inhama

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In fact it lets you write really, r





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#### 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 businesses 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



Santander will be rebranding all its UK

#### SEE ALSO

- Bowler hats off to change i 27 May 09 | Business
- Santander scraps UK bank 27 May 09 | Business
- Santander to shed 1,900 U 12 Dec 08 | Business

#### RELATED INTERNET LINKS

Santander

## Outside-In led Examples















**NORDSTROM** 















# Outside-In simply wins.



# CEMMethod™



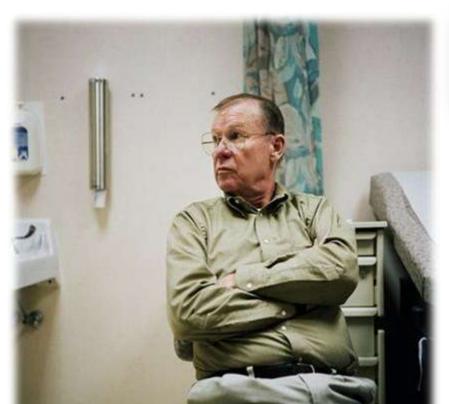
# Performance. Agility & Quality are driven by...

Here's some

Outside-In

Work immediately!

The Causes of Work





**Break Points** 



**Business Rules** 

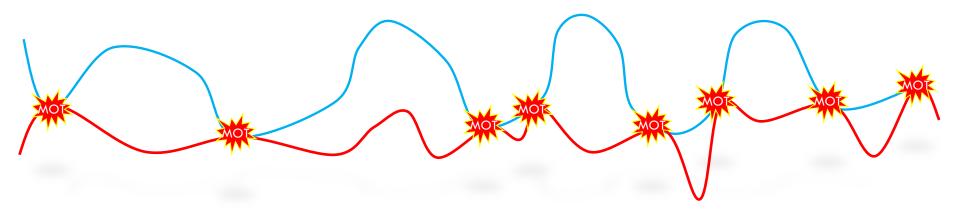




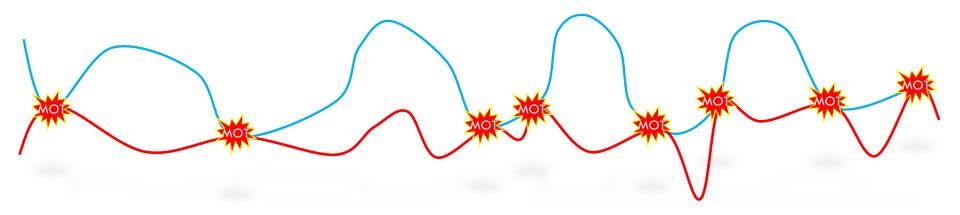
## Jan Carlzon

"We have 50,000 moments of truth every day."



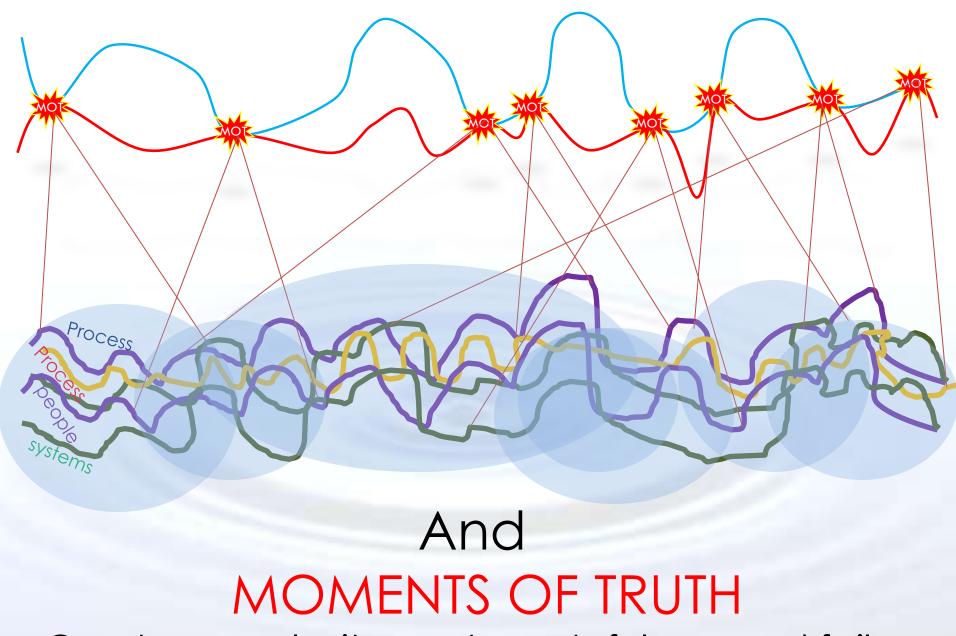


# Any interaction with the CUSTOMER is a MOMENT OF TRUTH



# And every MOMENT OF TRUTH

Ripples and reverberates through the organisation



Create complexity, cost, wastefulness and failure

## Moments of Truth













### **Ten Moments** of Truth

**Steve Jobs** 

- 1. When we talk on the phone
- When a customer walks through the door
- When a salesperson meets a customer
- When a customer asks a question
- 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

MOT 1

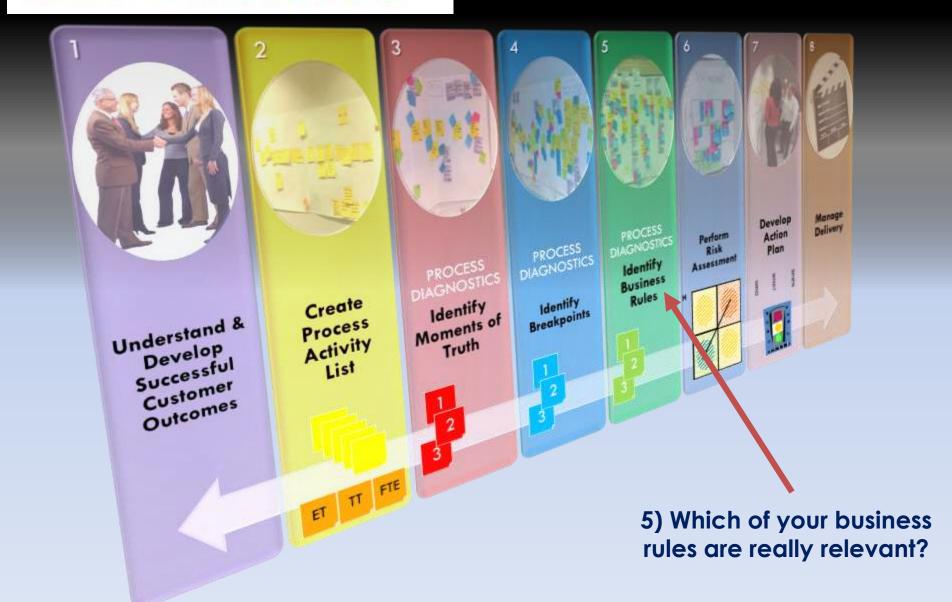
What are Moments of Truth (MOT)?

- 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-tosystem, 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

# CEMMethod™



# CEMMethod™



# PERFORMANCE, AGILITY, AND QUALITY ARE DRIVEN BY...

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 ...

	Inside-Out	Outside-In
Processes	Complex	Simple
People	Controlled	Empowered
Structure	Hierarchy/ Functional	Team
Systems	Prescriptive	Adaptive
Measurement	Activities	Results
Customer	End of chain Segmented	Inclusive Individual



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

- -B P Group Join there's 34,000 of us!
- Become aCertified Process Professionals (CPP)7,000+ in 4 years (www.bp2009.com)
- -Coaching & Mentoring Support
- -New Book Get a copy business card

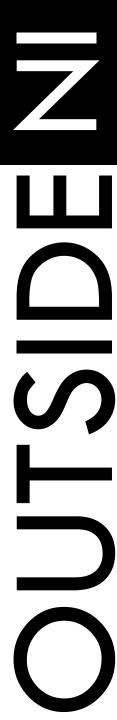


## **Business Process Professional pathway**



	Community								
	Everyone	✓	✓						www.bp2009.com
Ві	usiness Analyst	✓	✓	✓	✓				
	Process Managers	✓	✓	✓	✓	✓			Q4 - 2009 Australia India US & Europe
-	Technologists	✓	✓	✓	✓	✓			
Se	nior Managers	✓	✓	✓	✓	✓	✓		
	Leaders	✓	✓	<b>√</b>	<b>√</b>	✓	<b>√</b>		





# 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 <a href="http://sn.im/rw7as">http://sn.im/rw7as</a>
- Use a proven method and toolset to tackle the Causes of Work – here's a link to explain one such approach <u>www.cemmethod.com</u> You'll come across the concepts Moments of Truth, Breakpoints and Business Rules
- Review the articles at <u>www.successfuloutcomes.blogspot</u>
- Get in touch with me: steve.towers@bpgroup.org

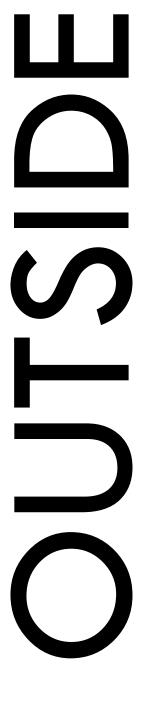


# Ш











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COMPANIES

## Moments of Truth Perth, BAW Sep 09

BUSINESS ANALYST WORLD WORK SMARTER. PLAN HARDER.

STEVE TOWERS



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