



How focusing on customers first and foremost can improve profitability

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A radical commitment to deeper customer centricity and employee engagement can translate into real competitive advantage.

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he age-old business mantra “the customer is always right” stresses the importance of good customer service. Now technology is amplifying this principle: customers today not only have higher expectations, but also a much wider range of products, services, companies and brands to choose from. For businesses, this means that good customer service is no longer just a business differentiator but a business fundamental. This radical customer centricity is a core element of our humans@center approach.

So it's perhaps no surprise that meeting customers' changing demands is the number-one objective for corporates that are transforming – even before other critical factors such as increasing revenue and meeting profit goals. It's one of six habits of leaders in digital transformation.

Leading companies take this a step further: they are customer obsessed. In a study conducted by EY with more than 500 businesses, **Six habits of digital transformation leaders**, almost half (48%) of the leaders identified in our research say meeting customers' changing demands is driving them to transform their business models. In addition, they're more focused than most on addressing internal and customer-related issues and less focused than most on external issues, such as shareholder pressure or moving to adjacent sectors (figure 1). In short, leaders drive financial performance by being focused on customers and their own performance to the point where external issues are secondary.

Figure 1: Leaders focus on customers, first and foremost

In today's consumer-centric world, it's essential that businesses focus intently on customer needs. Customers dictate the speed at which organizations must move, and the customer journey must always prevail over established business processes. This is the definition of a human-centric approach, and leading companies put customer demands at the top of their list of priorities.

“There is a real focus on having much more of an experience mindset,” says **Jim P. Little**, EY's Global Microsoft Alliance Lead and Americas Technology Strategy Lead. “It's really about thinking through the customer experience and then applying your digital technologies against that. But the critical element of it is what I will call the ‘human center of design.’ In the old days, where you would just take the package and implement it to the best of your ability, you wouldn't care about what the customer thinks. Now, it's more centered around the experience that you're trying to drive and the brand that you're trying to be known for as a company.”

Which industry comes first for a customer-first mindset?

Actions for the boardroom

A commitment to radical customer centricity is essential for companies that want to thrive within today's increasingly complex market dynamics. Among the actions leaders can take:

- Embed a focus on customer centricity across the entire company, not just in customer-facing roles. Make it a declared value of your organization or pillar of your strategy. Make everybody – at every level, in every division – regularly read or listen to customer feedback.
- Create a continuous, closed feedback loop between the customer and the company. That allows you to address customer comments in real-time and involve them early in research and development efforts so that future products, services and experiences are more likely to exceed their changing demands.

We're not suggesting either action is easy. But developing a customer-centric culture is possible with strong leadership.

Summary

In today's customer-centric world, it is essential that businesses focus intently on the needs of their customers. They must move at the speed their customers demand, not simply at the pace they always have done, and the customer journey must prevail over established business processes every time. EY research shows that companies who are transformation leaders are obsessed about meeting customers' changing demands, to the point that external issues are secondary. This laser focus sets these companies apart from the rest and contributes to improved financial performance.

About this article

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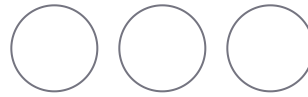
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