



Gearing up for growth

How COOs are making their operations more customer-centric



IBM Center for Applied Insights

COOs are seeing their responsibilities expand beyond cost saving and efficiency to include a growing role in raising revenues. By transforming processes, they're providing customers with the faster, simpler and more relevant experiences they expect today.

Customers no longer buy a product or service solely on its own merits. They also base the decision on the quality of the entire experience of selecting, obtaining and using those offerings. In markets that are increasingly real time, mobile and personalized, research shows operations organizations becoming more customer-centric and growth-focused, reinventing processes to make the experience what it needs to be to gain and retain customers.

It makes sense. Customer preferences have turned into expectations—if not outright demands. As consumers, people have become accustomed to specifying, ordering, receiving, rating and modifying products of all types, and from just about anywhere with any type of device. And now the expectations they've developed in the consumer marketplace are carrying over into their workplaces.

About the study

To get a first-hand perspective on how Operations leaders are addressing the challenge of serving empowered, digitally savvy customers, the IBM Center for Applied Insights conducted extensive interviews with senior executives in Healthcare, Banking/Financial Services, Insurance, Energy and Utilities, Travel and Transportation, Telecommunications, and other industries across the United States, the United Kingdom, Germany, China, Australia and Brazil.⁵

This trend is capturing the attention of COOs and other operations executives, whose focus is expanding from the traditional areas of cost-saving and efficiency to actively supporting top-line growth, as well.¹ They're not only seeing, but also aggressively acting on opportunities to differentiate their companies by providing customers with experiences that are *instant*, *seamless* and *insightful*.

Differentiating in the financial markets industry

COOs are increasingly involved in strategic initiatives to meet top-line growth objectives:

- 73 percent of operations leaders in organizations where COOs drive change agree that their teams can differentiate their company in the minds of consumers.²
- 62 percent of operations leaders see the COO becoming a true business partner in driving strategic change³

“The better/more efficient our operations are, the more customized products can be offered. This will allow us to differentiate.”

– COO, financial services company, United States⁴

“ The perception of Operations has changed from being oriented around bottom-line efficiencies. Now when we discuss increasing top-line revenue, Operations is always at the table.”

– Director of Operations, financial markets, United Kingdom

Instant

Customers want information and service delivered at near real time or better. This means automating not only your processes, but also decisions, analytics, content, data and reporting.



Insightful

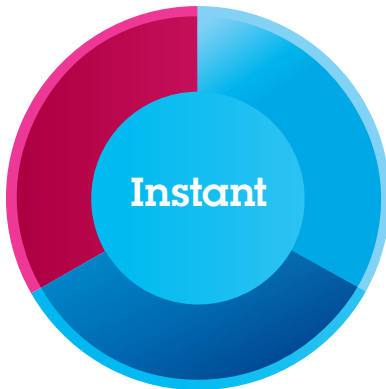
Customers expect to be served in more targeted, meaningful ways. By bolstering analytics capabilities, enterprises can churn massive amounts of big data in near real time and use both customer and contextual data to inform their processes.

Seamless

Systems, data and processes are interconnected so that each customer is served consistently across various touch points and at every interaction.

“ Putting the customer at the center of our operations is causing a cultural shift. We used to talk about ‘internal’ and ‘external’ customers, but now we all focus on the person with the wallet.”

– Manager, Quality Assurance, financial markets, Australia



“Customers expect every company to offer services like web retailers. They want to see everything in real time, putting pressure on our systems and operations.”

– Head of IT and Business Solutions, energy and utility company, United Kingdom

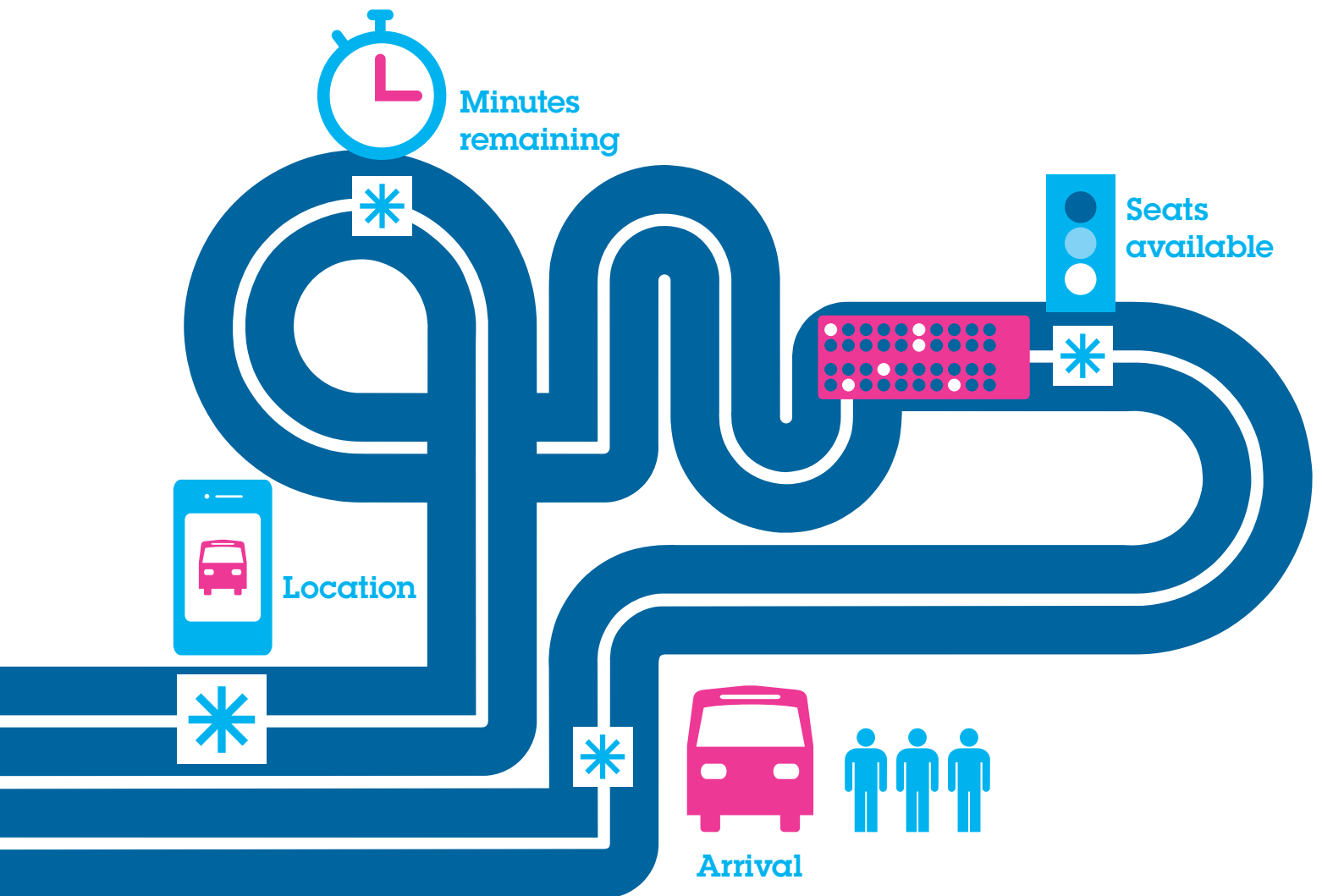
The need for speed

In 2014, companies will spend **US\$2.7 billion** on mobile process reinvention services – a **three-fold increase** over 2013.⁶

Like everyone, Operations executives are finding themselves in an increasingly impatient world. Customers of all types expect real-time information, intuitive service and dynamic products to be provided faster than ever – whenever and however they call for them.

In this context, process acceleration is essential to winning and keeping today’s empowered customers. Forward-looking Operations teams are responding, and in many cases, eliminating delays by making customers part of the new processes. Customers are now enabled to open accounts on their own and at their leisure. They can check real-time product and parts availabilities, and where their orders are at any given moment. They might even be allowed to modify products already in their hands, as some telecommunications companies now do with their mobile device upgrades.

Internally, processes must be built to offer company systems and personnel immediate and even automatic access to highly granular information they can act upon. When situations warrant, these same processes must also be designed for ease of upgrade or replacement. Even when glitches occur, speed can protect customer relationships by identifying and correcting problems long before they become more serious issues. For example, medical records systems can be built to analyze prescriptions as physicians are writing them. That way, they can immediately alert doctors to errors such as potentially dangerous drug interactions or inappropriate dosages.



“From their mobile phones, customers can check how many minutes are left before a bus arrives at the station and how many seats are still available on that bus.”

– Director of Operations, transportation company, China



“Our organization now tries to present a single face to the customer. That’s a huge area of improvement for us.”

– Senior VP/VP of Operations, telecommunications company, United States

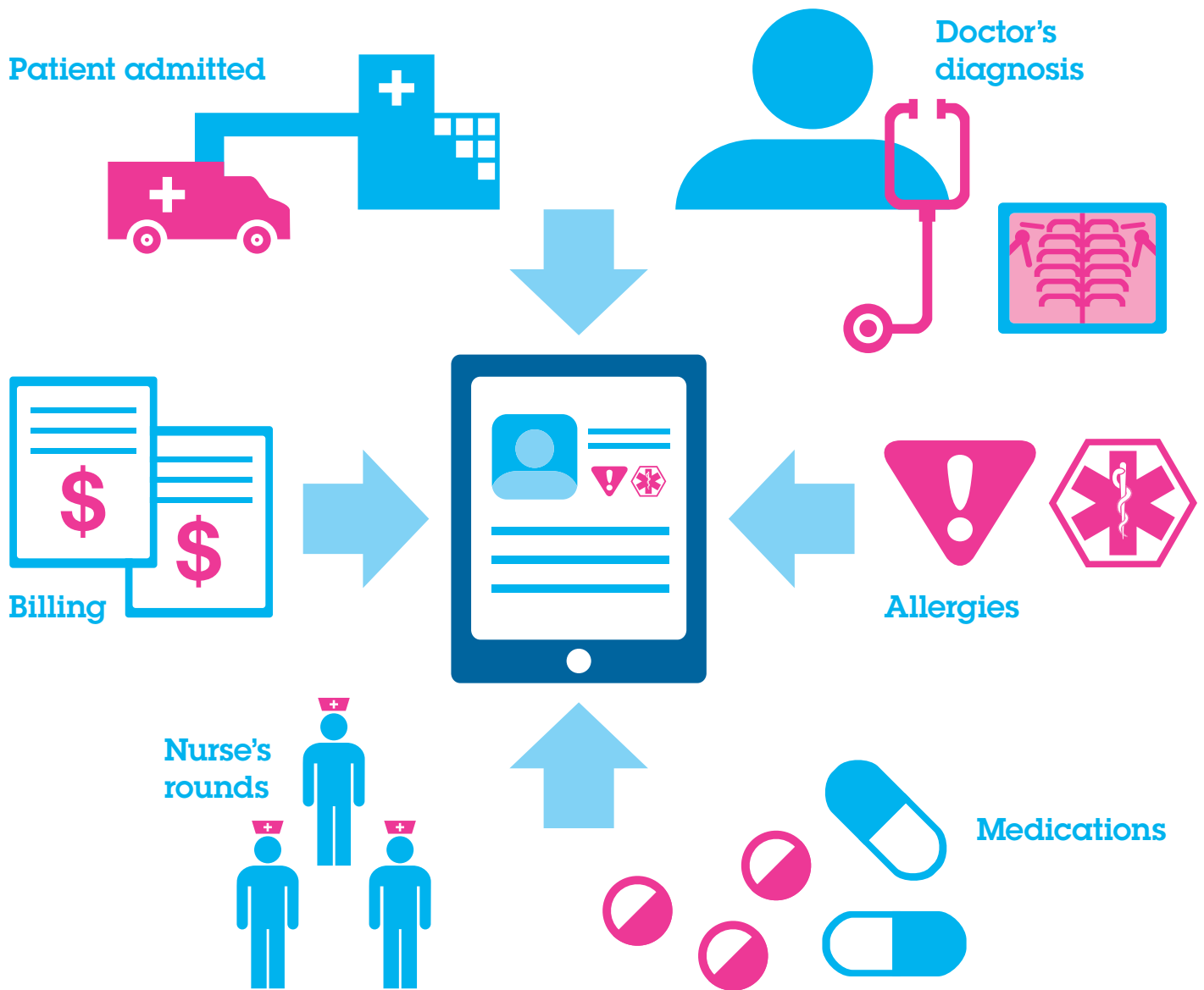
One-stop everything

Research shows that **80 percent** of consumers are more likely to choose a brand because it provides a simpler experience.⁸

Despite more and more of their experiences with a company being based on distinct, dispersed technologies and multiple channels, customers have come to expect each of their dealings to be easy and unified. An IBM survey of more than 500 marketing leaders across 15 industries showed that 83 percent viewed the consistent delivery of the brand experience as an enterprisewide, cross-functional responsibility.⁷ Operations executives are helping meet the demand for simplicity by eliminating the process, system and data silos that stand in the way.

The leaders today enable customers to find in one place everything they need to know and act upon – before, during and after each transaction. They integrate billing and payment systems with order tracking tools, including other involved parties, such as external shippers. Even information from seemingly unrelated entities can be mixed, matched and retooled to create richer experiences – the way airlines now include weather forecasts and terminal maps on boarding passes, for example.

To bring this about, COOs are championing systems that capture data at every customer touch point and bring that information together in standardized views available throughout the organization. The fewer clicks the better. The idea is to make complexity and change invisible to the customer with a seamless experience.



“ Think about how integrated your credit report is – information from various credit cards, your bank, mortgage, all in one location. It’s somewhat shameful that we can’t do the same thing with your health information – but we’re moving in that direction.”



“Operations has historically asked, ‘How do we make more widgets at lower cost?’ But now, we’re asking, ‘Is this the right product to be making?’”

– Group Auditor, healthcare company, Australia

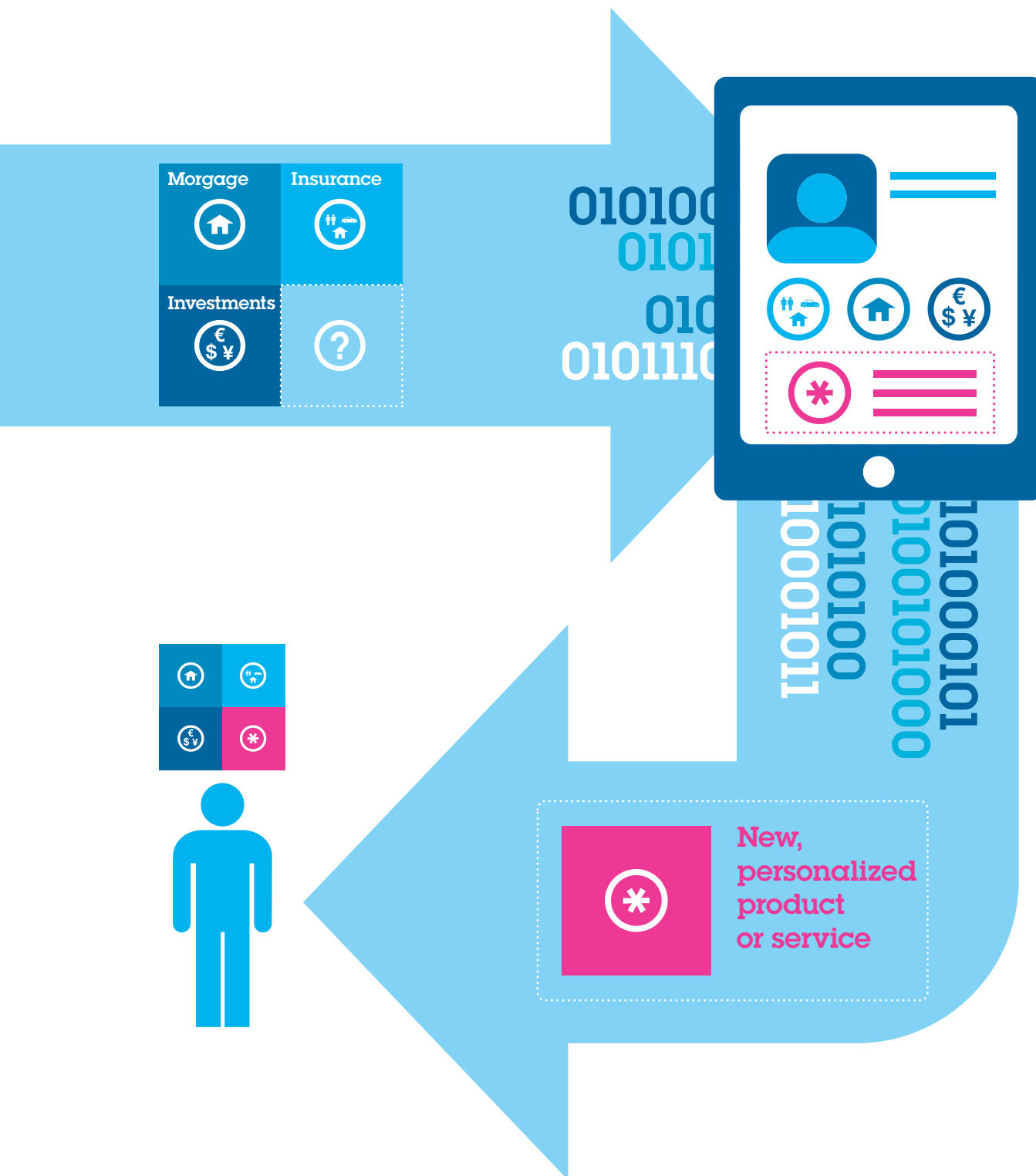
Making the experience more relevant

An IBM survey of more than **1,200 technology professionals** in **13 countries** showed that leading organizations are **twice as motivated** to adopt business analytics to increase understanding of their customers.⁹

Unprecedented amounts of customer and contextual data are available today, much of it containing a wealth of information capable of improving the customer experience. Operations teams are using technologies like advanced analytics, social business and cloud computing to access, gather, understand and act upon that vast store of data. By combining analytical insights with process flexibility, they’re better able to understand customers within the full context of a specific interaction and shape those experiences to make them ever more rewarding and relevant—to the customer *and* the business.

So equipped, companies can make stocking levels, ordering processes, promotions, cross-selling efforts and other revenue enhancement initiatives much more customer-centric. For example, a retailer might build a process that combines store inventory with third-party weather information to offer raingear just as storms hit. A financial company could incorporate the impact of the latest news into its trading recommendations. A tire manufacturer might track and analyze gasoline tax revenues region by region to help predict demand and ensure adequate local inventories.

This world of big data is self-perpetuating, too. As companies deepen and enrich their customers’ experiences, there is more data to collect and more insight to glean. Fortunately, there are also more ways to use it, and COOs are increasingly leading the way in turning data into insights that drive revenue.



“ With the right visibility – having the full set of customer information on the screen in front of us – we could cross-sell or provide that customer with the services they’re missing.”

– Manager, Quality Assurance, financial markets, Australia

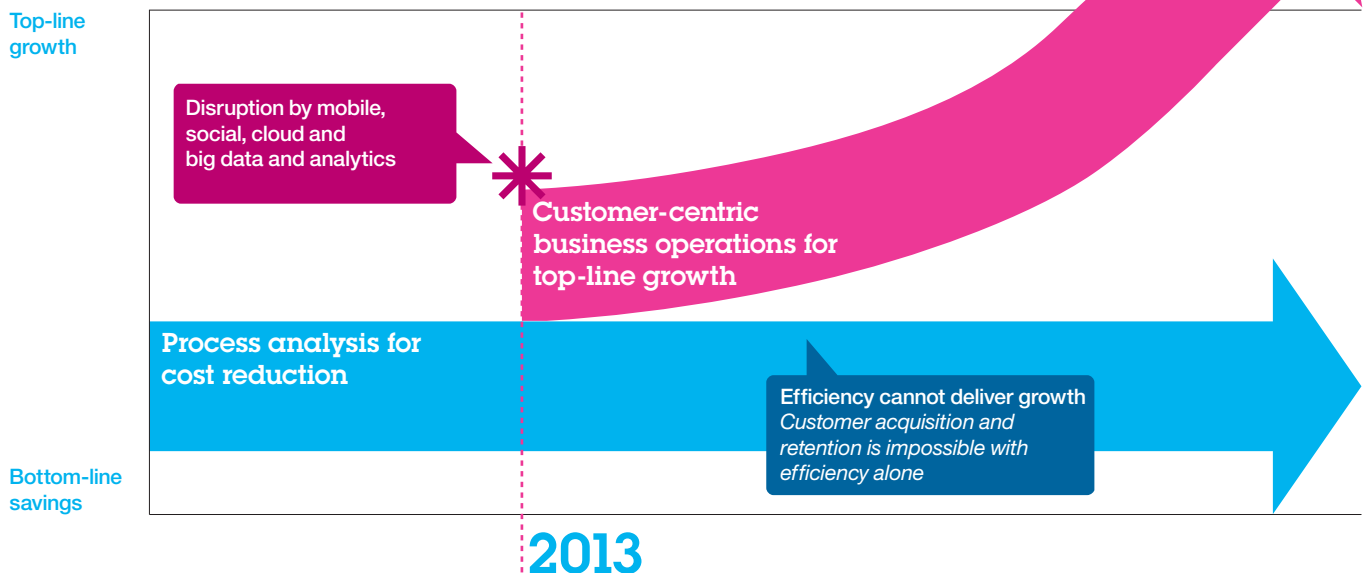
Moving the customer experience to the top of the agenda

Redefining and optimizing processes is not something any company achieves overnight. But forward-thinking COOs are using advanced technologies to deliver the speed, quality and level of personalization needed to create better customer experiences and greater competitive advantage.

Many organizations start on this path by evaluating how the responsibilities of Operations have changed not only within their own organizations but in peer enterprises, as well. Many also examine other companies' successes with technologies such as mobile, analytics, social business, cloud and intelligent business automation.

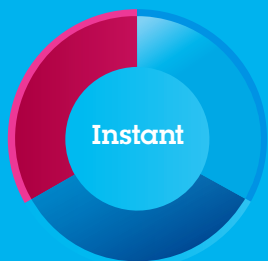
These appraisals can prove to be fruitful. With the information they provide, COOs are well-equipped to bring their companies up to competitive par, capture previously unexploited opportunities and fully contribute to customer centricity and top-line growth.

In a world being upended by disruptive technologies, now is the time to address how your company can harness them to drive top-line growth.



Reinventing the customer experience

If you would like to start a discussion about the new opportunities for Operations to improve customer satisfaction and retention, here are some things to consider:



Where could the provision of real-time information improve customer acquisition and retention?

How could you redesign your processes to take advantage of mobile technologies? Which processes would you tackle first?

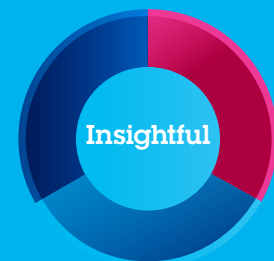
Where should you offer self-service to simplify how customers interact with your business?



Is the customer experience integrated across all touch points with your company?

In what ways might you support increased revenues through easier, smoother cross-selling?

What would improve the flow of transactions to enhance the customer experience?



How might you better treat customers as individuals?

Where could stronger customer analytics provide you with a greater competitive edge?

Which processes would benefit from applying real-time benchmarks to constantly improve customer service?

“It’s really a combination of trying to grow business, doing it with service excellence and quality, and reducing costs where you can.”

– COO, healthcare company, United States



Notes and sources

¹ For simplicity, we've used the term COO throughout this study to refer to senior operations leaders with varying titles across different organizations, including Chief Operations Officers, Senior Vice Presidents of Operations, General Managers of Operations, Directors of Operations and Heads of Operations.

² *Beating market mandates: How winners are re-engineering financial markets operations*. IBM 2012. To understand how operations within financial markets firms are changing, IBM in collaboration with Broadridge Financial Solutions surveyed 133 operations strategy decision makers across the US, UK, Singapore and Hong Kong.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ "Embrace Mobile Engagement as a Catalyst to Drive Process Change". Forrester Research. 2013. http://blogs.forrester.com/simon_yates/13-02-05-embrace_mobile_engagement_as_a_catalyst_to_drive_process_change.

⁷ "IBM Study Points to CMO, Marketer of the Future, as Customer Experiences Remain Top Priority." IBM press release. May 21, 2013. <http://www.ibm.com/press/us/en/pressrelease/41155.wss>.

⁸ *Global Brand Simplicity Index*. Siegel and Gale. 2012.

⁹ *Fast track to the future: The 2012 IBM Tech Trends Report*. IBM Center for Applied Insights. December 2012. <http://www.ibm.com/smarterplanet/us/en/centerforappliedinsights/article/techtrends.html>.

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