

MOMENTS OF TRUTH

New Strategies for Today's Customer-Driven Economy

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MAIN IDEA

A company is defined in the minds of its customers as the composite total of every moment of truth -- those short periods when the customer interacts with the company or one of its employees.

The best approach to delivering consistently high-quality moments of truth lies in building a customer-driven company. The essential characteristics of this type of company are:

1. The employees who interact with customers have the authority to make decisions on behalf of the company.
2. Middle managers who work to manage resources so the frontline employees can be more effective.
3. Corporate leaders who develop a vision of where the company should be heading and provide inspiration.
4. A flat organizational structure where real-world experience from frontline employees is learned from and built upon.
5. A willingness to look at everything solely and exclusively from the same perspective a customer uses.
6. A commitment to narrowing the focus of the company to the delivery of exceptional service.

Bring all of those elements together and a customer-driven company can achieve some very significant business success -- regardless of external financial conditions, competitive challenges or any other factors.

1. Jan Carlzon's Business Career Highlights Page 2

The concepts and philosophies of the customer-driven company were not developed through academic studies or an analysis of a broad range of companies. Instead, they were developed in Jan Carlzon's experiences turning around three Scandinavian companies:

1. Vingresor -- a vacation package tour developer
2. Linjeflyg -- Sweden's domestic airline
3. Scandinavian Airlines --Sweden's international airline

2. What is the "Moment of Truth" For Any Business? Page 3

The moment of truth for any business occurs whenever a customer comes into contact with an employee of the company. These person-to-person contacts -- which may be only 15 seconds in length -- determine whether the business will fail or succeed. In essence, the company is created afresh in the mind of the consumer whenever a moment of truth occurs.

3. Characteristics of the Customer-Driven Company Page 4

A customer driven company is built on the foundation that its only true assets are satisfied customers, each of whom wants to be treated like an individual.

4. Building a Customer-Driven Company Page 5

In essence, building a true customer-driven company requires a pure customer orientation -- looking at your business solely from the customer's point of view, and using that to decide what line of business you're truly in.

5. Managing a Customer-Driven Company Page 6

The real litmus test of a customer-driven company is whether or not the employees are prepared to make decisions on the basis of the information available to them -- and then to be responsible for the consequences of those decisions.

6. Employees and a Customer-Driven Company Page 7

A customer-driven company will always have a flat organizational structure because everything the company management does will be focused on enhancing the capabilities of the frontline staff rather than building a huge pyramid hierarchy.

7. Communications and the Customer-Driven Company Page 8

In a customer-driven company, the employees can't be ordered to do things differently. Instead, employees must be informed, persuaded and inspired by the company's vision. In short, the company's vision has to be communicated effectively to employees, and then leave them to take responsibility and make decisions that are consistent with that vision.

