

# How to Thrive in the New Economy

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Significant change is here and affecting all of us.

In past business downturns, companies easily rode out the few months of poor growth and quickly turned themselves around to generate stronger revenue and profitability.

The current recession is different. This is not a typical business cycle recession, it is a balance sheet recession caused by the decades-long super debt cycle that collapsed three years ago and which will take more years of recovery time. We face huge unused productive capacity for products and services and difficult political and financial challenges. The next decade will see slow growth, higher unemployment, and frequent ups and downs in the economy.

Peter Drucker said, "The world is changing at a rapid pace and only those who understand what those changes mean will be poised to prosper under the new rules."

As a result of our current economy, it is time to ask what your "new normal" will be over the next few years as you work to develop new ways to create sustainable revenue and profitability.

It is certain that if we keep doing what we have always done, we will **NOT** keep getting what we have always gotten.

Change is happening now. Our job is to react proactively to it by developing change in the culture of our organization.

This new economy has put most of the conditions we face are beyond our control. In this environment, strong leadership is increasingly important. We must review, challenge and change the areas we control if we want sustainable revenue and profitability.

The condition of constant change requires new thinking from a pro-active management to strategically transform your organization. We need a clear strategy and effective operations to implement strategic transformation and develop an outstanding organization. Effective leadership is key to both strategy and operations. In the final analysis, if there is clear strategy and effective leadership the organization will achieve a high level of performance.

Clear strategy will not save you if you have an ineffective leadership culture. Employees alone will not make the changes necessary to achieve success.

Effective CEOs understand that their company culture, which is primarily created by leadership, is the key to developing a strong organization. They build a results-based culture of enthusiastic, motivated, confident employees committed to achieving the organization's future vision. They make change a part of the culture so they proactively react to change.

Effective leaders understand that the more success their employees have the more success they will have. Good managers achieve results through other people. Great managers achieve results through other people and develop those people's skills and effectiveness while doing so. Effective leadership is the necessary catalyst for people development. People development is the necessary catalyst for organizational development. Strategic transformation is people transformation.

As a practical example, let's look at one of the most basic areas we control; how we view and relate to customers. We all have personal stories of weak customer service from retail clerks, telephone service

reps, and corporate sales people. When the economy was booming, we could ignore this condition in our own company. Yet there has always been a direct relationship between service and profitability.

For more than 10 years, Gallup research has consistently found that emotionally engaged customers deliver far superior financial returns than disengaged customers. Fully engaged customers deliver a 23% premium in terms of profitability, revenue, and relationship growth over the average customer. Disengaged customers deliver a 13% discount.

For many there is a discrepancy in how we view the quality of our customer service. A Bain & Company survey found 80% of companies believe that the service they provide is superior. Yet only 8% of customers describe the service they receive as superior.

We often equate giving good service with creating customer satisfaction. The true value we give is equal to the sum of the values of customer relationships. Excellence in customer service is about creating customer loyalty. Knowing the difference between satisfaction and loyalty is the first step in developing customer-focused excellence in your organization. Smith & Rutigliano found that many industries have customer 'satisfaction' levels that reportedly range from 75%-85%, yet the numbers for customer engagement are substantially lower, averaging about 18%.

Building loyalty is about giving memorable service. Do we want customers' memories to be positive or negative? When the company doesn't give customers the help they expect, the need still exists but the customer is now dissatisfied. Memorable service is achieved through employees who are positive, are friendly and build rapport. A satisfied customer may still shop the competition. A loyal customer doesn't.

Build loyalty in customers by providing memorable service. Our customer's perception is reality. When we talk about excellence we are using our word. Instead, we want to build a memorable experience from the customer/s perspective.

Developing customer loyalty is only one example of the changes we need to make to create our future success. The change process can be difficult and take time. To develop loyal customers we need to eliminate organizational silos and change individual behaviors and attitudes through effective leadership.

Strategically transform your organization to build an outstanding company with a positive change-oriented culture of motivated employees. Build memorable service and loyal customers.

Leadership is the single most important factor in determining the level of productivity, achievement, and your results. Leadership drives performance. Performance drives results. Strong results position you as a growing market leader with competitive advantage and sustainable revenue and profitability.

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If you would like to explore strategic transformation, I would be happy to meet with you to discuss the state of your business.

I'll ask you to complete three assessments that evaluate your organization strategically, in leadership and personal productivity. This is your commitment to a focused high quality interchange.

There is no obligation. We will meet as long as necessary to have an in depth review. My objective is to first build our relationship. If we agree to continue working together, great, if not then my hope is that our discussion will lead you to constructive change.