The case for customer centricity in telecoms

Telecoms operators in the Middle East need to start making customer satisfaction their priority, says Zoran Vasiljev of Value Partners Management Consulting. Business growth and profitability will follow naturally.

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The evolution of the telecoms industry in the Middle East and North Africa (MENA), recently accelerated through widespread deregulation, is increasing competition among players and shaping a market where the customer will become more and more powerful. In such a fast growing market, the priority for telecoms operators until now has been to secure a broad subscriber base. Recently, however, there has been a change in their focus. Leaders of the region’s telecommunication companies are becoming increasingly concerned with the concept of customer-centricity. At Value Partners, we see this new awareness as a strategic response by telecoms operators to the fierce competition they currently face. The telecommunication market is reaching its first saturation point (fixed and mobile penetration is approaching 100 per cent in many countries) and this means that differentiation will become a key weapon for operators as they compete for business. Operators are recognising that focusing on customer satisfaction could be more important than simply trying to expand their subscriber base or market share. Understanding customer-centricity This changed perception means some operators have started to voice their desire to become customer-centric. They may not yet be aware of the full implications of putting customers at the heart of their business, but they are showing an instinctive understanding of the need to do so. Many in the region have launched initiatives to “put the customer first”. However, while slogans such as “our goal is your satisfaction” or “unlike our competitors we value our customers and it shows” abound, few companies are as yet achieving their customer-centric aspirations. Unfortunately, many still misunderstand the fundamentals of customer centricity, believing it to be a mere tactic to improve profitability. Others make the mistake of narrowing down customer-centricity to one of its best-known components, Customer Relationship Management (CRM). CRM is not an end in itself; it is, rather, a two-way communication gateway between a company and its customers. This gateway allows a company to listen to and understand its customers’ needs and expectations, gather meaningful data and insights from and about them and finally, define and trigger internal actions to meet a single goal: customer satisfaction.

Profiting from customer-centricity
But how can the widespread approach to business that makes market share the priority and shareholders the primary beneficiaries of profits accommodate a customer-centric vision? Doesn’t the creed of customer-centricity run counter to these traditional ambitions? In fact, Value Partners experience across many industries shows that putting customers at the heart of business is the surest route to winning market share and generating the very profits that shareholders demand. In companies where customer-centricity is embedded in the corporate culture, employees make customers the priority and are motivated to make the business successful. Satisfied customers and motivated employees naturally deliver business growth, maximum profits and a strong brand – and with this a clear competitive advantage. By contrast, companies that persist in putting profits at the heart of their strategy can easily find themselves caught in the classic spiral of drastic cost cutting, strict working conditions for employees and frequent re-organisations – all of which eventually damage the company’s image in the market place.

Changing the corporate culture
Developing and running a customer-centric organisation is not a case of simply investing in the best and most expensive CRM system. However, the CRM system and associated Customer Information File (CIF) applications are an essential tool for achieving the goal of customer-centricity. They
are the medium of dialogue between the company and its customers. Most important, though, is what the company does with the data about and from its customers. In a customer-centric organisation, the goal of customer-centricity is completely integrated within the corporate culture, engaging the entire social pyramid from employees to top management. "Customer" is the most commonly heard term within the organisation:

- "What does the customer want?" (Not "what do we want?")
- "What is the customer telling us?" (Not "what do we want to tell the customer?")
- "How can we drive the customer to adopt the best product for her/him?" (Not "how can we make the customer adopt our best product?")
- "How can we gain the customer’s confidence?" (Not "how can we secure his/her loyalty?"

A well-functioning CRM (and/or CIF) system supports the goal of customer centricity. It needs to be leveraged throughout the organisation to meet both customer expectations and company objectives. Customer-facing streams, such as marketing, sales and customer services, need to cooperate in analyzing data collected through CRM and defining and executing appropriate actions to satisfy the customer. Each stream’s goals should be linked to the overall objective of delivering customer satisfaction, rather than to individual financial or operational goals as is typically the case in a profit-centric organisation.

**Conclusion**

Customer-centricity is the best approach for any telecom company seeking to develop steady business growth, maximise profits and establish a strong brand. Companies that put profits first will miss the target.