Delivering value efficiently to the customer

Lean management's focus on delivering for the customer starts from two ideas. The first recognizes that the details of daily life in a large organization can often obscure the fundamental need to acquire and serve customers well. "Customer" in this context can have many different meanings beyond the purchaser of a product or service. For a government, the customer is a resident or citizen. For an IT team, the focus is to help end users to better serve the organization's external customers. Everything that the organization does must in some way contribute to acquiring and serving customers; anything that does not is presumed to be a poor use of the organization's resources.

Moreover, even actions that serve customers can misallocate resources if the result ends up providing more or less than the customer wants. Thus, the second idea is to meet customer needs exactly—delivering neither too much nor too little—unless there is a strong reason to do so, such as to comply with regulations or protect employee safety.

Precision in understanding and fulfilling customer needs requires organizations to develop new infrastructure: for gathering customer feedback, for assessing and channeling customer demand, and for managing internal capacity to match this demand. A day in Mary's life provides a sample of how these tools and concepts work together, so that an organization really can put the customer—however defined—at the center of its business.

Serving customers despite a data disruption

At the **morning meeting** of a **priority-client service team**, team leader Axel asks if Mary has heard why so few claims arrived overnight—the whiteboard shows today's inflow is only 15 percent of yesterday's. When Mary says no, Axel **offers his team's spare capacity** and says that they will also start **problem solving** to try to find the issue.

Morning huddle

Clear organizational design aligned with customer expectations

Capacity management

Root-cause problem solving

Mary finishes her **rounds** and returns to Axel, who says that IT is looking for a break in communication somewhere between the priority-client data hub and the service center. Mary suggests checking the **customer agreement** to see what the center has promised.

Floor walks

Understanding customer requirements

Axel calls Mary, who is reviewing the morning's **claims-flow data to see where she needs to move work.** "We're responsible for same-day service for all claims that reach the data hub by noon," Axel says. "Thanks," Mary responds. "While we're waiting, there's a big international settlement coming through Cindy's team, so I'm looking at your team's **skill profiles** to see who could help." Graciela's experience in these settlements is deep and Vipul's is moderate, so Mary **reassigns both.**

Capacity management

Skills matrix

Capacity readjustment

Mary checks the inbox for the center's automated **client survey e-mails.** Several ask why the previous night's claims aren't finished. Before she can reply, Axel stops by, saying the IT problem is fixed. He asks for Graciela and Vipul back, plus two extra team members. After Mary reminds Axel to focus **on the claims that arrived before noon,** he agrees he can manage with just one extra. Mary reassigns Jorge, an international specialist with the right skills.

Customer survey

Adhering to customer standards

Mary calls the priority client: "Victor, Mary here. We just fixed a problem. Refresh your screen—you should see some resolutions now. I've already assigned extra staff to process the same-day claims." "We were wondering, thanks for calling. Our month is closing early so we need everything to go through today." "I understand. **We'll get all same-day claims done by 6.**"

Reaffirming customer promise

Mary stops by Axel's team: "Folks, the large agencies you serve **count on us** to protect their profitability and customer reputations. That's why our **performance targets** judge us on being timely and accurate. Let's do everything we can today to **meet that high standard.**"

Taking the client's perspective

Customer-aligned performance targets

Instilling purpose

Axel calls: "Morning claims are done. If I can keep Jorge, we can start on the arrivals that we would normally do tomorrow. What do you think?" Mary sees that afternoon inflow is high. "Yes, let's get ahead for tomorrow."

Mary's interactions with her team show how the principles behind lean management's customer focus come alive.

As a manager, Mary is constantly evaluating customer demand. Data gathering and reporting—often via simple means such as standard whiteboards and daily floor walks—let more-senior managers see the quantity and types of work coming in, together with the tasks that their teams are currently working on. Mary therefore knows almost immediately that her priority-client service team has a major shortfall in its work and that her international-settlements team needs help.

But to fill the gap effectively between a team's workload and its staffing level, Mary can't just assign two random people who seem to be available—they could easily end up being more of a hindrance than a help if they slow down the rest of the overloaded team. She needs to know which employees have the right capabilities. The answer is an up-to-date skills matrix that summarizes what each employee can do, based on a standard profile of the employee's experience. Consistent cross-training has given Mary's organization more flexibility in meeting variations in demand and capacity. Mary finds that Graciela and Vipul have the right profiles; moreover, pairing two employees at different levels encourages skill transfer, further enlarging the pool of employees available for short-term transfer as needed.

In parallel, Mary keeps close tabs on what customers want and are willing to pay for. The company continually gathers customer feedback via an automated e-mail system whose responses Mary can view at any time. She sees the early warning: client personnel are not happy that their overnight claims haven't been processed yet.

Mary knows that her group's performance metrics depend on customer satisfaction— a combination of being timely and accurate. Yet she also recognizes even a priority-client team faces resource constraints and must prioritize; at a very basic level, overdelivering for one priority client may mean underdelivering for another. Accordingly, when Axel realizes that his team will need additional help to process the flood of claims, she reminds him that they are bound by what the customer agreement provides—only the morning claims are entitled to same-day service.

But Mary also seeks to inspire her team to work by reminding them of why they do this work—the agents whose business depends on accurate, timely claims resolution. And once they clear the morning's claims, she decides to use the added capacity to get a head start on the next day's work.

Mary's story is a composite of experiences at organizations that have transformed themselves through lean management. The interviews and articles that follow in this section provide additional depth on several of the important factors that make it possible for Mary and her organization to deliver for customers consistently, even in a constantly changing environment.

With almost three decades of experience in working with lean concepts, Marv Adams, chief operating officer of TD Ameritrade, starts the section by reflecting on lean management's ability to eliminate "valueless complexity." An organization that learns to concentrate on the work that contributes genuine value for customers will simplify itself in ways that create even more value for customers while engaging workers and streamlining coordination across the organization as a whole.

In "The untapped potential from delivering for customers," the authors describe in detail how organizations use a better understanding of their customer to inform every aspect of how their business operates. Initially, an organization simply becomes better at the basics of meeting customer needs, but over time, the capabilities it develops allow it to move one step ahead of the customer—anticipating needs and building an emotional connection.

Next, Peg Marty, executive vice president and head of contact centers for RBS Citizens in the United States, homes in on how lean-management principles can help an organization create new capabilities for meeting customers' changing service expectations. Her organization discovered that with the right management systems, many employees long used to providing customer service can learn to start presenting "product-based solutions" as well, generating new sales while increasing customer satisfaction.

From the opposite side of the world, Jairam Sridharan, president and head of consumer lending and payments for India's Axis Bank, describes the dramatic new promises that his institution is now able to make to customers after its transformation—increasing a valuable competitive edge in India's fast-growing market for home and consumer loans.

Finally, in "The truth about customer experience," reprinted with permission from the *Harvard Business Review*, the authors explain how organizations must evolve from seeing customer interactions as single touchpoints to understanding them as parts of much longer journeys. The organizations that excel throughout the entire journey, not just at a touchpoint or two, reap enormous rewards.