

FOCUSING ON THE CONSUMER – IT’S ABOUT HEARTS AS WELL AS MINDS

Speaking at the recent NEPROM conference, Phillip Cooke, UK housing and customer relations specialist, urged delegates who intend to become genuinely and consistently more customer focused to remember that cultures and behaviours have to change first.

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The Dutch housing market seems to share many characteristics with that of the UK: many decades in which demand exceeded supply, thus producing a sellers’ market; a long period of rising house prices; a resulting attitude among developers which could be best described as “we do not need to worry about customer satisfaction because we can sell everything we build”.

Suddenly the credit crunch and its resulting recession has changed all of that: “The economic crisis has once more made us face the fact that in Holland we focus too much on supply and demand, and have too little eye for what the customer really wants. Please would you come and speak at our conference on the British experience of getting developers to become more customer focused?” So spoke Jan Fokkema, Managing Director of NEPROM, in asking me to be part of the Rotterdam event on 25 November 2009.

The request was welcome but also had a lot of déjà vu about it. As a marketing specialist in the UK new homes industry since 1979, I have been there and recognised the issues. In 1985 I saw that British developers and house builders were losing money, time and reputation by not treating their customers properly; all too often the properties were either not finished or finished badly, and often the customer service was less than satisfactory to the customer. As a result we worked for some years with developers on incorporating customer service departments into the business, as well as recruiting and training staff to carry out these front line duties. We were busy and senior management basked in a warm glow of self satisfaction.

Little changed

However, little really changed; and this is when I sat back and really thought about the whole issue of getting developers to improve the way they served their customers – *and to reap the financial and business benefits of doing so*. It was obvious to me that up to now developers and house builders had been paying lip service to the whole issue, and that their customers could lip read. The whole approach had been skin deep, and was not addressing the real challenge of change.

***“The trouble with paying lip service to the customer
is that customers can lip read.”***

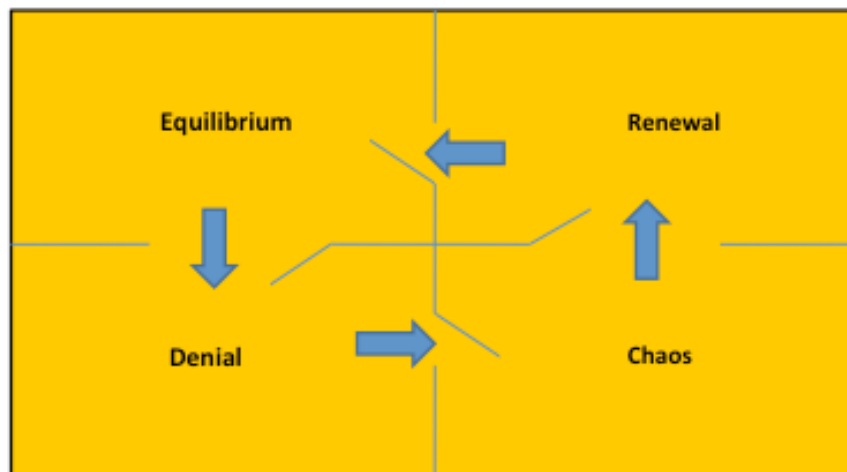
My consultancy, D’Arcy Inspired Ltd, set about better understanding the nature of change. We recruited behavioural and organisational psychologist Murray Morison and got to work. The first truth we addressed was that lasting change never happens unless those seeking it really want it to happen: so the first question I would ask any Dutch developer is, *what’s different now? Do you really want to satisfy the customer, and get the associated rewards, or is it just that the current economic downturn is a bit of a damned nuisance – once it ends you will be back to the old ways?*

From the developers’ point of view it is an understandable position to take: this was always the case in the UK until, in the mid 1990s, the consumer really found his and her voice and started to make life extremely uncomfortable in terms of costly compensation claims, reputation-damaging publicity and the like.

So the first thing we had to understand was the true desire for change, and also how changed happens. *The Four Room House of Change*, pictured at Fig 1, explains it quite clearly – whether one is thinking of change from the personal or organisational perspective. The process starts with **equilibrium**: we are going along quite nicely and then something changes, like a credit crunch and recession. Typically we go into the next room, **denial**. If we stay here nothing happens, though at the corporate level

the landscape is littered with companies that went out of business whilst wallowing in comfortable denial.

The Four Room House of Change



Life Cycles

Not everyone goes into denial, some go straight into the **chaos** room where, hopefully they are joined by those who have seen the futility of denial. This is a disturbing space, but the only one where change can happen. If the change is managed one eventually passes into the next room, into **renewal**: things seem better, there is a new and beneficial way of doing things. Once these things become business as usual, we are back into equilibrium. And, life being cyclical, we tend to start all over again.

So we are now at the nub of what it takes to become more customer focused. Because of the historical realities of the Dutch housing market, there will inevitably be a lot of denial around – and the chaos won't seem too appealing either. Human

beings are creatures of habit, we get set in our way of doing things. That’s what cultures are, “the way we do things around here”. Organisations cannot change unless people change first.

Over the last 15 years we have worked with a number of UK developers to enable them to bring about the changes that have made them leaders in the practice of ensuring that their customers get what they want. These companies have included Centex UK, CALA, Kier residential plc, Taylor Wimpey and The Berkeley Group. Of course, each strategy has been different, so in offering you a case history I shall start with the commercial benefits that such companies have achieved, and then go through the key elements of what is involved in creating a customer-centred culture that works.

ACHIEVED BENEFITS OF DEVELOPING A COHESIVE CUSTOMER FOCUS
<ul style="list-style-type: none"> • Significant savings on remedial work, compensation costs, reduced marketing costs – up to 5% of annual turnover
<ul style="list-style-type: none"> • Improved referrals
<ul style="list-style-type: none"> • Reduced staff turnover and associated recruitment costs
<ul style="list-style-type: none"> • Improved customer satisfaction – typically 67% > 89%
<ul style="list-style-type: none"> • Better reputation with lenders – both corporate and consumer
<ul style="list-style-type: none"> • Less wasted management time and much improved staff morale

Where do we start?

As already stated, but it bears repetition, the first starting point is to **want** to become more customer focused: if not, carry on as before and wait for the economic upturn to come. Of course, that may be a longer wait than we have experienced since the end of the second world war: this credit crunch is the real deal, the ‘big one’, and I suspect the market is going to curtailed for some years by reduced government spending, the removal of some fiscal advantages and a squeeze on

household and personal budgets. The British experience in such markets is that those who do buy a house become much more demanding than normal.

“Mistakes are inevitable, dissatisfied customers are not.”

Sir Richard Branson, The Virgin Group

There are six key elements to changing an organisation into a genuinely customer focused operator. The truth is that the organisation has to bring about the actual change themselves, but it is equally fair to say that it needs specialist outside support.

Stage 1: Buy in from the top

- start at the top, with the CEO, and get buy-in from the senior team. This takes time. Create a clear vision and time-lined strategy.

Stage 2: Create the baseline

- establish the performance baseline for the *actual* customer experience, the *actual* internal customer ethos. No company can produce consistently high levels of customer service unless there is a strong culture of departments serving each other.
- appoint customer/change champions
- go for ‘quick wins’

Stage 3: Communicate relentlessly

- with staff, suppliers and customers
- universal staff meetings to win hearts and minds

Stage 4L Bring about broad-based change

- review and change **all** procedures and practices to ensure that they serve the customer
- establish internal customer service agreements
- strengthen teams and teamwork

- train everyone for the skills, knowledge and behaviours that will serve the customer

Stage 5: Measure everything

- build on stage 1 benchmarking

Stage 6: Keep it alive – listen

- refresh and renew
- monitor the benefits

It is also worth remembering that Dutch home buyers do not simply judge the people they buy a home from on the basis of their housing expectations. Consumers today live in a globalised world, and will judge you on the benchmark of the best customer experience they have ever had. So if that happens to BMW or Apple, that is the expectation they will judge you against – even if you cannot deliver it. And if you don't deliver it they will get their own back. That's what UK developers and house builders learned the hard way, and the ones who have invested in the culture change that delivered a more customer – focused approach are now reaping the rewards. Let me give the last word to Andrew Saunders-Davies, managing director with Berkeley Homes. Speaking to me on Friday 20th November in London, just after the Berkeley Group had won the prestigious *What House Awards* House Builder of the Year award, he said: "In the last 10 years we have worked very hard at this. But you got us started, and we save tens of thousand of pounds every day by treating the customer properly. There is real money in this for us, not to mention repeat sales, better referral rates and much happier staff."

So if Jan Fokkema is right about the Dutch development business needing to start being more customer focused, then they won't be the first to tread the path of change: but it is a path that leads to a very rewarding destination.