



DOUG
PACKARD

VIEWS FROM THE TOP

Shake it up

An inverted organizational chart puts customers first

It might sound surprising, but many business leaders act as though their employees work at the company to serve them vs. serving the customer. These organizations eventually lose touch with customers and become less competitive, as well as less nimble in reacting to market changes. They also tend to see revenue and profit margins shrink as they lose business to more customer-focused organizations.

When businesses first launch, leaders spend most of their time performing primary functions on the front lines. As the company grows, however, leaders find themselves at the top of the organizational chart, and then they are as far away from the customer as they can possibly be.

This can cause them to lose touch with what matters most to customers, and that can have adverse ripple effects throughout the entire company culture. Such organizations can become too internally focused, and leaders might not even be aware of it.

One way that business leaders can start to change this environment is by literally turning their organizational pyramid upside down. This symbolizes that the people at the top (the customers) are most important, followed closely by those who interact with customers.

The rest of the organization exists to support the people who interact with customers. The organization's goal should be to maximize front-line time with customers and to empower those employees to delight the customer — rather than having them too focused on internal efforts.

Within an upside down pyramid, front-line employees support customers while management supports the front-line employees. Senior leadership supports management by thinking ahead, creating a winning culture, establishing key external relationships, leveraging key research and prioritizing the implementation of activi-

ties that create additional value for customers and other stakeholders.

Realigning to focus on customers

One company I worked with used a customer presentation that focused on how large the company had grown. It conveyed a sense that any customer should feel lucky to do business with them. After considering the inverted organizational chart approach, I helped the company revamp the presentation to focus on themes such as what they do to support customers in addressing major challenges. The company also removed all references to irrelevant internal accomplishments. The reception to the new presentation by customers and prospects was highly positive.

Business leaders also need to stay involved at the customer level for an appropriate percentage of their time. As the company of another client of mine began to experience rapid company growth through acquisitions, the CEO focused on merging the boards of directors, revising the organizational chart and adjusting internal processes. He lost touch with the front line and did not realize that issues related to a new software deployment negatively affected employees trying to serve customers.

To correct the situation, the CEO began to spend time in each department to clearly understand the impact of the software and merger. By sitting side-by-side with front-line personnel, he also reconnected with those who matter most — the customers.

The customer touch test

To determine if your business has lost its focus on customers, answer the following questions:

- Do you have valid customer feedback? Surveys and other feedback tools should provide the real truth as to how customers feel about your products and services as opposed to sugar-coated comments. Rather than using front-line personnel to conduct surveys, it's best to rely on third-party resources that allow customers to submit feedback anonymously.
- What is your customer retention rate? Your revenue might be increasing, but if customer churn is higher than the industry average, this might signify your products and services do not meet customer needs and/or you don't listen sufficiently to their challenges.
- What is your track record for selling additional products and services? Satisfied customers typically purchase additional products and services. Those who use just one product or service might do so just because there's no alternative. But when a better alternative comes along, they could jump ship.
- Do you involve customers in product development during all the major phases? Interacting with customers at the concept, business plan and implementation stages of new offerings can help test if new concepts will work, generate better profits, create product advocates and build customer loyalty.

The leadership balancing act

Answering the above questions honestly and then taking the necessary steps to adjust won't be easy. But organizations that want to truly focus on their customers must "interrogate reality" on a regular basis. Creating and then utilizing an organizational chart that appears as an inverted pyramid can set the stage.

The leader's primary job then is to keep the organizational pyramid balanced and focused upward and outward on the customer. This approach helps keep the business on its toes and management from feeling too comfortable sitting high atop a pyramid with a wide base at the bottom.

Doug Packard, CEO and owner of Renaissance Executive Forums & Doug Packard Consulting in Portland, can be reached at DPackard@DougPackardConsulting.com.