WHY IT MATTERS

The basis of sustained commercial success is the ability to continually earn customer decisions in your favour. It's only by understanding what really matters to customers (not just their opinions on what you produce) that you can design an offer that will repeatedly earn those decisions. However, being customer-led is easy to say and hard to do.
TAKEAWAYS

• We all naturally see the world from the inside-out. Most organisations have a vast array of outside-in information but it usually lacks the impact needed to create significant changes in the organisation in response

• Taking a customer-led, immersive approach to proposition development reveals inconvenient truths about what really matters to customers, and grows belief that fresh new answers can be valuable to both customers and the business

• Good proposition design relies on immersion in both customers’ lives and in the first-hand stories from parallels, organisations in other sectors or countries who have tackled challenges with similarities

• This external lens needs to be matched with a robust commercial prioritisation of ideas, and, partly resulting from this kind of immersive approach, a team that is clear and energised to deliver something different from the status quo

WHERE TO START

People in any organisation naturally see the world from the inside-out, closer to their colleagues, their business and their industry than they are to their customers and what really matters in their lives.

Add to this that organisations traditionally achieve scale and success by getting faster and cheaper at doing what they’ve always done. Reliable repetition is the name of the game and the business of change is herculean in comparison... Even making small changes is tough.

However, while organisations are busy keeping the status quo the world moves on. New competitors and alternatives appear. New technology is created. New opinions, demographics, and regulations change customers’ opinions and expectations.

The strength of the inside-out view, coupled with internal assumptions that go unchallenged, means that most organisations, knowingly or not, find a proposition development process ends up creating safe and familiar versions of what they already do dressed up in new ways.
Of course, there is plenty of ‘outside-in’ information that exists within most organisations.

Businesses spend a substantial amount of time and money each year on research reports, feedback surveys and social media scanning. However, that information is, more often than not, focussed on what matters to the business (‘would you recommend our service?’) than what matters to customers (‘what stops you living the life you want to live?’).

More than that, it often lacks the impact needed to get the team to take action away from their usual safe way of doing things. A market researcher bringing inconvenient truths is more likely to find themselves in an argument about the methodology than an impassioned debate about innovative new ideas.

So leadership teams opt for safe options that are easier to agree with.

They find short term ways to hit the numbers that are not about creating customer value – think irrelevant promotional offers and easily copied reward schemes. They find reassurance in frenzied activity; expensive research reports confirming what is already known, week-long creative sprints without any customer input, and over-analysis of data that leads to ideas that customers say they want in a focus group but would never pay money for in the real world. And the added pressure to be ‘agile’ - whilst great for getting things done at pace – this can accidentally lead to missing out on those pivotal customer insights that can only come from considered questioning and reflecting.

It’s no wonder that organisations find this whole challenge hard because it is genuinely hard.

You’re trying to spot something that the industry hasn’t seen yet and that is inconvenient for the way it operates today. You then need to convince uncertain colleagues that the idea’s worth backing even when you don’t yet have the data to prove it.

And more than that, you need to do all this whilst escaping your own inside-out view of the situation, overcoming the natural way of seeing the world and the biases that are hardwired within all of us.

**THE ESSENTIALS**

What’s needed is a customer-led, immersive approach to proposition development, centred on experiencing outside-in perspectives in a way that has the impact needed to build belief.

- Belief in the way customers really do perceive the world – with all their imperfections and honest observations – however inconvenient it may be.

- And belief that there are new and better ways of doing things that will be valuable to both customers and the organisation, that is a better option than sticking with what already exists.

This means teams see and feel what really matters to customers then develop creative and stretching commercial ideas in response. And it means involving customers throughout the entire process, to give the initial insight and to critique the final ideas.

It needs to give people the conviction to go from trapped and stuck in the comfort of today, to creating breakthroughs that ultimately create a strong and positive impact for customers and the organisation.
1. IMMERSE IN CUSTOMERS’ LIVES TO RECONNECT WITH WHAT REALLY MATTERS

Rather than relying solely on classic market research, which is usefully robust but susceptible to the awkward bits being debated or avoided, the most effective way to understand customers is to be exposed to them directly in face to face situations. It’s about authentic encounters with real people and real stories:

- This means having direct conversations, not about existing products, but about their lives, to understand how you can be most useful in their world.
- It means going to their home or going shopping with them, to see whether what they say (‘I’m very health conscious…’) really matches up with what they do (‘…except on Fridays’ as they sweep a load of chocolate into the trolley).
- It means spending time with them to see whether what they thought was going to happen (‘I’m going to put £300 into savings this month’) actually ended up happening (‘I ended up going overdrawn, but I had a great weekend away with friends’).

This immersive approach allows the team to understand and create around the fundamental motivations that have always been true and recognise shifts in expectations coming from new technology and new experiences, often in other areas of their lives.

But more than that, it means that inconvenient truths are heard first-hand, without a PowerPoint presentation or printed pdf coming between the decision maker and the insight. This not only makes them unarguable but gives strong opinions and genuine personal conviction to do something differently in response.
2. USE PARALLEL IMMERSION TO UNDERSTAND WHAT’S POSSIBLE

To create genuinely breakthrough ideas it’s necessary to look outside your own industry, otherwise you’ll only ever be as good as your best competitor.

And as William Gibson said, ‘The future is already here, it’s just not evenly distributed’

The best way to do this is to hear directly from senior leaders in other sectors who can share their stories first-hand describing what is already happening in another organisation in another industry but in a similar situation.

This exposure to real world success, and failure along the way too, grows belief, motivating teams to want to try answers that other competitors might not have seen or been brave enough to consider. It also helps to convince sceptics in the business that what feels like a risky new approach can work because it has worked elsewhere.

This may come from speaking directly to other C-suite executives. But equally it may come from speaking to Olympic rowers, Army Intelligence Officers or Behavioural Scientists to learn from a wide range of experiences that may give a new way of looking at an old problem.
3. IDENTIFY THE MOST PLAUSIBLE IDEAS THAT ARE VALUABLE TO CUSTOMER AND THE BUSINESS

A good idea isn’t just one that customers will love and that excites those in the organisation (although that’s a good starting point).

Starting with the customer rather than the existing business model frees the team to innovate without the usual constraints. But ultimately any idea needs to be valuable for both the customer and the business, allowing it to be sustainable and repeatable over time.

The most effective way of doing this is to have a simple but robust prioritisation framework looking at the few most important things for customers and the business. For example:

• For customers, this would need to consider the value to customers now, likely future growth, and differentiation from competitors and alternatives.

• And for the business, alignment with the overall strategy, commercial viability, and ability to implement (including a pre-mortem as to what could stop it being a success)

A good answer will be stretching but feasible, starting from the future vision of the idea, and working back to where the organisation is now. This makes sure every step is working towards to overall answer, avoiding piecemeal activities that are often costly and quickly replaced.
4. SET UP THE TEAM WITH THE CLARITY AND ENERGY TO IMPLEMENT THE IDEA

Customer insight and idea generation is only valuable when the proposition becomes real. And for that to happen the team responsible needs to have conviction and belief in what they’re working on rather than being handed someone else’s idea to bring to life.

This whole immersive approach is designed to get those delivering the proposition closer to the original insight. But executing the ideas in the organisation also requires an aligned team and a rapid approach to testing and learning, which can mean:

- Involving real customers throughout the process. Customers should be there to help uncover the initial insight, and then to stay involved to critique, test, and build on any ideas that have been thought up. They’re not there to tell you what to do, that’s your job. But they can act as much-needed perspective to counter inside-out thinking that might reappear as you get closer to implementation.
- Hosting high impact events. Getting a group of people together for a workshop shouldn’t be a nice day out of the office with some free sandwiches and an early finish. Getting the right mix of people there from across the organisation, and creating fast-paced discussions rather than slow C-suite-led presentations, helps to build a connected team capable to making something special real.
- Use visualisations and prototypes. Bringing ideas to life as soon as possible helps both colleagues and customers get a better feel for whether it could work. Turning ideas from post-it to high-definition concepts within hours builds excitement and allows for rapid testing with customers.
WHERE WE’VE DONE THIS BEFORE

We’ve come to this view on proposition development through work with clients across many situations and sectors:

• This includes helping Post Office Money develop a new approach to growing customers’ savings, learning from Olympic rower Steve Williams about creating new habits that last.

• Helping Visa with contactless payments where in the early years they learned that the person in charge of selling M&S sandwiches wanted an Oyster card for his customers, but that he didn’t know that was called a contactless card. This led to a breakthrough, to M&S adopting the technology and the start of its growth towards the current tipping point we’re experiencing across Europe.

• It includes helping Morrisons see that customers really do value their ability to be both foodmakers and shopkeepers as long as the ideas remain tangible and down to earth, and then, learning from parallels including the Royal Marines and Timpson’s, that genuinely cheerful colleagues and stores matter in providing outstanding service, shifting their approach decisively away from managing tasks and freeing people up to be themselves.

• It covers work with Tesco Mobile who, by listening to a c-founder of Zopa, realised they needed to make the most of their your real advantages – not being a bank for Zopa, being part of Tesco for Tesco mobile – and as a result, paying for Tesco mobile services is now one of the top five uses for Clubcard points across Tesco’s customer base.

• It involved helping the HSBC Connected Money team learn first-hand from customers that they assumed their money would be spread across

Working in this way, with a team engaged throughout, sets them up ready to act and learn. This means rapid testing and implementation, learning quickly from what customers find useful and what they might find more useful then tweaking, testing, and learning again. This is the way that organisations can build a genuinely customer-led approach to continuous improvement too.

This leaves you in a great position, until, that is, the market shifts again. But those organisations that stay close to what truly matters to customers are more likely to be leading the change making life difficult for the rest.

Four times more effective than any previous savings marketing campaign

Contactless payments made up 48% of point of sale transactions across Europe by 2018

20% Increase in customer satisfaction and 53 ‘outstanding service’ stores by end of 2019
different banks, that they still highly valued individual support, and that they expected – not just wanted – banks to find a way to use all this data to help them make better decisions. All inconvenient truths in their own ways, leading to the global launch of a successful new service from the bank

- And it includes work with O2 Prepay who learned from parallels with easyJet about taking a discount airline ethos but making it work in more premium ways, leading to a re-framing of pre-pay from ‘cheap’ to being all about control, giving O2 a decisive lead with a range of easy SIM-only relationships and the Apple i-Phone being made available to Prepay customers, a world first

**WHO THIS IS FOR**

Our proposition development help is most valuable when new perspectives are most needed, in ways that challenge existing inside-out thinking. This may be when an organisation is hungry for new customers, entering a new category or looking to reverse decline, reinventing what they are about in some way. Our help is most useful for:

- Chief Marketing Officers or Heads of Propositions who need a creative, commercial, and impactful way to get the whole organisation working towards what matters to customers
- Heads of Customer Insight, looking to find a way to change an organisation based on what really matters to customers, turning insight into real action
- Heads of Innovation needing to push their organisation beyond the status quo in a way that is still customer-led and has a clear commercial benefit to the company