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CUSTOMER ACUMEN

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EDITORIAL

Dear Reader,

As we welcome the New Year, businesses are in the process of accessing where they stand financially. While this is one way of looking at a company's performance, competitive firms are also measuring their growth in terms of their clientele base and customer satisfaction. Amid business uncertainties, a little care in ensuring that you nurture your relationship with your customers, will ensure the growth of your firm in the long run.

Capturing and maintaining your customer base, especially in the services sector, can be a tricky affair. This quarter in **Customer Acumen**, we share some thoughts on **Fulfilling Customer needs in the Software Services Business**.

Jay revisits the key principles of building strong and lasting relationships with your clients. **Chetan Shetty**, CEO of Extentia Information Technology speaks of the challenges of maintaining customer relationships in the IT services sector and how innovation is important in this regard. We also feature a young and voracious reader, Rohan Menon's view of **Nassim Nicholas Taleb's** book - **Skin in the Game**. Our in-house Cartoonist, **Vikram Nandwani's** toon sure knows how to keep his customers happy!

We value your relationship with us and look forward to your feedback and comments on how best we can serve you through our e-zine, **Customer Acumen**.

We wish our readers the very best of 2019!
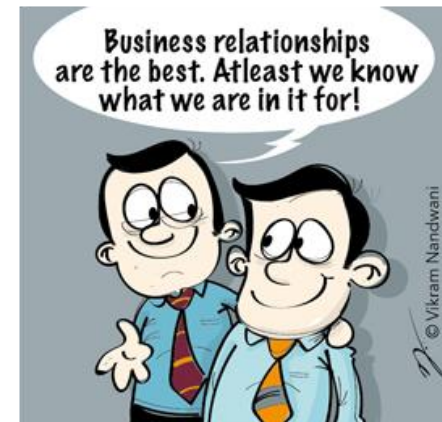
MUSINGS

Can Business Relationships be Authentic?

- Jay

In a world full of artificiality can anything be authentic? More than ever before, we live in a world filled with fake news, counterfeit products, phony friendship, transactional relationships & constant transitions. Expecting genuineness in business affairs, therefore, seems a flight of fantasy. Yet, any seasoned business professional would be the first to acknowledge that the underlying bedrock of his success is the fact that he built strong, resilient & lasting bonds with his business associates. The same principles apply to strong & enduring institutional relationships.

Let us revisit the principles as they deserve reiteration:

1. Be clear about your offerings: what is your firm's capability and what products, or services, are you making available to the customer? Funny as it seems, business development executives readily accept every request from the customer in the quest for winning a competitive bid, even when they know that it will create problems for their firm when they return home with the order. Contorting yourself into a supplicant position is a sure-fire recipe for disaster as either the firm cannot add those bells and whistles to the product which the Salesman has promised or the execution cost is prohibitive. The need for assertive conversation with the customer cannot be over-stated. Be clear what you can do - and also where do you do draw the line on what your firm cannot do. Ambiguity during negotiation will lead to errors in setting expectations and these are expensive misjudgments for any firm.

2. Fulfill your commitment & live your promise. Trust is an essential component for building a durable business relationship (as in personal life). It begins with living up to your commitment. However, the number of firms that fail to get this into their employees' psyche is legion. Haven't we all suffered from the product that fails to operate as smoothly as advertised or the company that supplies a badly written manual which accompanies a DIY product? Let me not attribute criminal negligence in either case, it is usually callousness or myopia that has prevented the manufacturer from viewing his product from the user's perspective. The product exists for the consumer - regrettably this basic axiom has been forgotten by many businesses who are too high on their own Kool-Aid. Similarly, fixing inconsistency in service is under-rated. Nostalgia may bring back a customer but even a happy customer will regret returning to you a second time if he finds that you have slipped in your service offering. The law of diminishing returns has a way of impacting all relationships and service businesses have to be extra alert to delay this as long as possible.

3. Attend to deviations promptly. Mistakes will happen in every business but how soon will you rectify it, is the question. Every firm has stumbled at some time or the other in its life - even the legendary Mercedes-Benz has had product recalls. The manner in which you address these deviations from the norm is an indicator of your customer commitment. Prevarications and delays in owning up - or worse, tying things up in legal quibble - is not worth it. Faith lost by customers is difficult to regain & sometimes goes beyond one firm to tarring the whole sector. The Banking Sector is an example & Bankers as a breed are still viewed with suspicion, post the 2008 global financial crisis. Volkswagen, likewise, has tarnished the entire automobile industry and awkward questions continue to be asked of all firms who make emission claims. Another well-known scandal is the current mess that Johnson & Johnson (J&J) finds itself in (both with the talcum powder & its faulty implants cases). It is going to take quite a while for J&J to live down this gross omission & its cherished halo of living by its legendary credo has taken a huge beating with echoes of the tylenol case of the '80s. Being proactive in divulging acts of omission are rare - and an expensive option. Mea culpa is a dangerous game and is often seen as a public relations exercise. But it has been done - and companies have survived to tell the tale, even thrived later. The sincerity in accepting their fault - and the earnestness and alacrity with which it attempts to remedy the errors - will be crucial in receiving the forgiveness of its customers. Customers do forgive and forget, and later lavish their attention back to you, as many businesses have learned. Nestle, in India, is a recent case in point.

4. Do a little more than you are expected to deliver. While this one seems more applicable to services delivery, variations can apply to products businesses too. Who doesn't love a deal? For years companies have won market share through special offers and seasonal discounts. In the professional services sector firms tend to operate more often through a time & effort model. Even here clients are happy to receive the unexpected from them, at no additional cost. Being there for them when you are needed most helps you not just to be a trusted advisor but when you are not seen as someone who is a mercenary raising an invoice after every action, creates a different perception & adds to your value for the client. Once again, this is a fine line to tread where you should be mindful that you are not taken for granted. Professionals like lawyers, doctors, consultants, etc. are often wary of being expected to deliver free advice even at social settings - and often feel compelled to do so in the face of an aggressive customer who is quick to take offence if rebuffed in such settings. As I mentioned before, being assertive in communication is an important skill and operating from a base of fear is not healthy in any relationship. It is out of your strength that you can offer more value to a relationship and doing that extra bit will raise your profile in the eyes of a client & thereby lead to a healthier relationship.

5. Keep innovating: every year there has to be something new that you offer to the client. Never stay the same as it not only exposes you to the danger of obsolescence but inherently marks you out as too lazy to reinvent. No product or service can remain the same and expect to have unlimited loyalty of a customer. Further, by staying unchanged over many years you also run the risk of customer fatigue & boredom. Just as personal relationships need novelty to keep the spark alive between parties so also between firms & customers. In the face of multiple competitors wooing your customer, you must have the extra oomph for the customer to justify staying with you. Remember that as a business development professional you have to be alive to the fact that your buyer at the customer's end also has a shelf life. Therefore, not only do you have to embed your product or service deep into the customer's operations but also in the psyche of the customer who sees you as integral to his business. And, since individual users (or buyers) also see career movement inside the firm, you have to be alert to the needs of the new users or buyers so that you can fulfil their changed requirement (be it in terms of features, benefits or any other way due to environmental factors). Hence, product revisions or service upgrades are de rigueur to keep relationships fresh.

There are obviously many other steps that are necessary to build authenticity in a business relationship. With shifting paradigms in a fast-paced world, firms do find it difficult to stay in tune with the customer. However, if your house is built on the right bedrock, you can bear the seismic waves - and succeed - as the customer is willing to provide you with the benefit of doubt even when he is riding the rollercoaster of change. The essence is a cultural one - are you genuine in your desire to be authentic? If yes, then play fair - while also playing smart - and then you will succeed in winning the competitive game of securing the customer's wallet-share.

SP🔦TLIGHT

Chetan Shetty

CEO - Extentia Information Technology

Chetan Shetty is the Chief Operating Officer at Extentia Information Technology, an iconic software services company in the areas of Mobile Application Development, Salesforce.com and SAP Cloud Platform development - and User Experience Design. Chetan has an MBA from Ecole des Ponts in Paris, France and over 25 years of experience in managing technology start-ups and SMEs. He is an enthusiastic storyteller over the weekends.

CA: How does one build long lasting relationships with customers in the services sector, specifically in the software business?

CS: In our experience, a long-term view has been a key factor in building long lasting solutions. When things go wrong in the early days of a relationship, and they often do, we have been willing to own up to mistakes and take corrective action, even if that requires us to invest way more than we have billed the client for. And we make the effort to be constantly marketing ourselves to existing clients.

CA: What are the challenges while selling IT related products and services?

CS: Selling IT services is really about relationships. It is not about technical ability, quality or price - though they all are a given. Clients are entering into a multi-year co-dependent relationship with you. They want to know that they can trust you, they can depend on you and you won't let them down. So, the biggest challenge is to win that trust - and then to deliver on it year on year.

CA: Innovation in your sector plays a pivotal role in retaining customers for the long run. Please share your views on this.

CS: The rapidly changing technology landscape is what makes the software business so exciting. Every few years there is a new wave, a new technology or a new paradigm. It becomes our job to be aware of these changes - so we must play with these new technologies. As an individual, not many of us can afford to buy all the cool IoT gadgets, the Virtual Reality equipment and all the great wearables out there. But for us this is work! Our Techquarium™ programmes gives us an excuse to indulge ourselves and try these new technologies first-hand. Our young colleagues sometimes come up with use cases that quite often the manufacturers of the devices might not have thought of. Keeping up with these changes, picking the areas to focus on and then giving your customers the confidence that you are picking the best technology direction for them is what excites us.

CA: The B2B space is expected to grow at attractive rates compared to B2C, especially in the IT services sector. How does servicing client needs in the B2B sector differ from that in the B2C sector?

CS: My answer is quite boring I must admit - but it is the typical middle-class family values of creative, honest hard work that makes for great client servicing in the B2B sector. Another thing is to be there. To be dependable. To answer the call, even when you don't have good news to convey.

We encounter the B2B and B2C divide when we speak to clients about creating the perfect User Experience too. And here I would argue that the difference between serving clients in B2B and B2C markets is increasingly blurring. Eventually a business is made up of several individual people and each one of them is a consumer. So, it is equally important to create user experiences that wow users whether they are B2B or B2C users. B2B are right to expect that their users deserve to have intuitive, easy-to-use, easy-to-remember user interfaces that Uber and Facebook give them.

CA: How do you read the future of IT services in India and what is your advice to young professionals who are new to this segment and would want to build a career in this segment?

CS: I believe that IT services in India will continue on the same growth trajectory that started more than 25 years ago, with the Indian market leading the charge. Data Sciences, Artificial Intelligence and User Experience will grow rapidly. 5G with be a paradigm change that will force all other technologies to evolve. And all this change will require a lot of IT services for creation, modification, maintenance and repair. My advice to young people professionals is that the IT industry is now mature and needs people of all skills and abilities, not just software developers. But it needs people who take pride in their stuff. No matter what your vocation, take pride in what you do - because that is what will drive you to do better, to experiment and to speak up with confidence.

CA: How does your company, Extentia, differentiate itself from other software service providers in creating lasting customer relationships?

CS: At Extentia, we believe in our three-pronged approach of Fun, Long-term Focus and Delivering Confidence. We believe that what we offer clients is not a software solution - but the confidence that they can depend on us and we won't let them down. We build this confidence with our long-term view on things. No short-sighted profit-booking. And we create a culture of ownership among our people by creating a fun-filled environment that makes organizational silos porous.
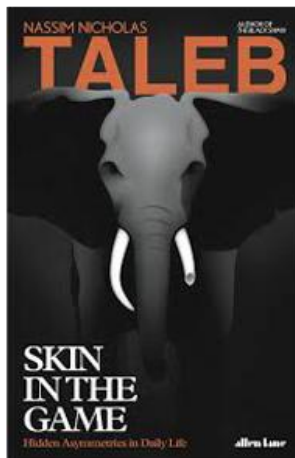
Nassim Nicholas Taleb's newest addition to his Incerto collection, Skin in the Game, is an interesting read. Like the books preceding it, Skin in the Game is filled with powerful and intensely voiced arguments by an author who knows his audience doesn't want to hear such things. But, are these arguments true and valid, or are they more of Taleb's ideas that seem self-critical and lacking in true introspection? Unfortunately, I am inclined to choose the latter. While an interesting read, Skin in the Game seems to be a bit muddled in its ideas, which is a shame as it does detract from its central theme, a novel and powerful idea.

Skin in the Game is Taleb's fourth book in the series but rather than being a direct sequel, it plays off certain ideas from his previous works like Black Swan and Antifragile. This standalone title revolves around a core theme that he constantly references throughout the book - symmetry. Taleb believes that for progress to be made in any field, sacrifices or risks must be taken aka symmetry in effort and reward. Reward without sacrifice causes an imbalance, and true progress is only made by those individuals bold enough to take risks, to have skin in the game. This idea forms the basis of many of his chapters, each distilling what he believes to be the issue with the American and global landscape. Other concepts, like the IYI (intellectual yet idiot), underlie Taleb's more right-wing ideas regarding the American economic landscape but are bolstered by his commanding voice about how he believes the system needs to be shaken up.

The book however is not without faults. Taleb often treads a fine line between being forceful in his presentation of ideas and being outright aggressive, and it is that hostility that occasionally bubbles up through the book that might leave some readers disappointed. Taleb is known to be a challenging individual, but his utter disregard for certain people and ideas is surprising. His counters to them are also lacking at times, often refuting the very ideas he proposes. This leaves a certain uncertainty regarding what he truly believes and what he is saying. His demeanor towards academia is curt, often belittling the idea that academia relies on theory and that academics often have no skin in the game, but at the same time praises economic theories and hypothesizes changes to the system that seem impractical if implemented. Overall, these issues do bog down a book that does raise good points at times and may leave the reader unhappy.

Skin in the Game is an interesting book, to say the least. Its core idea is valid and Taleb does a good job of explaining it in his usual erudite fashion, but this book is not for everyone. Its presentation could have been done is a less patronizing way, but it is true to Taleb's own style. If you enjoyed his other works then I would recommend reading it, but if you are looking for a book that will provide you with a good time, then I would tell you to prepare yourself before you embark on this journey.

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