

ISSUE 19

January 2021



**CUSTOMER
ACUMEN**

**INSIGHTS TO BUILD
CLIENTS FOR LIFE**



EMPOWERED[®]

LEARNING
SYSTEMS



ED/TORIAL



Dear Reader,

If there were any doubts about the necessity of digital transformation to ensure business continuity, the pandemic has certainly silenced them. The New Year will be an eyeopener to many companies who fail to ride on the digital wave and transform.

The contactless, digital age has changed the way customers interact. The pandemic has already amplified the adoption of new technologies and has opened up opportunities to build an ongoing dialogue with your customers. It is time for every business to start seeking and fostering enduring relationships with their customers the digital way and nurture a relationship that goes far beyond the initial sale. It is go digital, or go dark.

This quarter in **Customer Acumen**, we look at '**The Digital World: Will Customer Relationships Change?**'

Jay convinces readers that even in the post-pandemic era, the customer will always be important. In view of this, companies are willing to engage customers through digital transformations and grab a wallet share of the business.

Industry expert and Director & Executive Vice Chairman of Nihilent, **L. C. Singh** explains that although digitalization forms the basis of challenging the corporate world, he offers solutions to avoid the common pitfalls in digitizing a firm.

Prasad reviews Rory Sutherland's '**Alchemy: The Surprising Power of Ideas That Don't Make Sense**' which speaks about the concept of "psycho-logic" and the 11 rules of succeeding with nonsensical ideas, according to the author who hails from an advertising background.

Our in-house Cartoonist, **Vikram Nandwani's** toon is already riding through the waves of transformation!

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 2021!





MUSINGS



Some things don't change...

- Jay

David Ogilvy's famous words from 1955, 'The customer is not a moron. She's your wife.', has got etched into business history as a reminder to all sales and marketing professionals that the final word belongs to the customer and she should never be taken for granted. Admittedly industry today is a far cry from the post-world war era when a fresh wave of industrialization was creating new markets and sweeping customers off their feet with innovative products and services. Yet, in so many ways, the post-pandemic world also stands on the threshold of a new world where industry 4.0 is ushering a new dawn - a digital world full of immense possibilities. However, push aside the buzzwords and look deep into the core, and you will discover an unvarnished truth: the customer is still the queen/king.

Stop for a moment and take a reality check. You will discover that the new world that is upon us is unique in many ways and we are all in the midst of a digital transformation (sometimes referred to as DX). It is easy to get caught in the conversation of cloud computing, augmented reality, virtual reality, chatbots, etc. but the jargon should not faze us from the central message: it is always about the customer.

Regrettably, this is the message that has been lost in the rush to go digital.

It is said that digital transformation encompasses four dimensions: business process, business model, domain and cultural. Together they spell opportunities galore for firms that get their act right in the shortest possible time. The success of Netflix, Uber, Amazon (to name a few of the pioneers) has verily excited everyone, and there is an eager drive to change a firm's architecture by incorporating a digital strategy. This has got accentuated in 2020 and it is now an accepted fact that one of the unexpected fall-outs of the Covid-19 pandemic is the hard drive to digital transformation. Reports indicate that nearly 80% of firms upped their Information Technology budget to ensure business continuity in a world of lockdowns, with some estimates putting the net global spending as high as USD 2 Trillion by 2022. This has meant a gold-rush for both IT companies and digital strategists. However, this mad dash to el dorado has tripped up many a firm which forgot who is at the core of the organization's quest: the

customer. If only more firms paid heed to the words of the late maverick genius, Tony Hsieh of Zappos fame, who shared his magic mantra that 'I had decided to stop chasing the money, and start chasing the passion.'

Yes, DX is a powerful weapon in a firm's armoury but in the hands of the untrained and short-sighted leader it can be a disastrous misadventure. Much like the ERP investment that turned sour for many firms, the promised benefits from the cloud can be a chimera. A tool is wasted if the eco-system has not been simultaneously created. Which is why the people side of the change story cannot be ignored - the lure of technology notwithstanding. The dazzle of new technology offers fresh toys (aka features) to entice customers to a firm with an unlimited array of promises but of what use is the novel tool if all it does is disappoint the customer in fresh ways? Product quality and service reliability is a fundamental expectation today for all customers but the secret sauce of consistent proactive personalization is still a missing ingredient.

While many firms aspire to be the next Amazon I wonder how many share Bezos' maniacal passion for the customer which makes him still invest his time to read customer complaints. Legend has it that Bezos forwards angry missives that he receives from customers to his managers with a '?' (question mark). This is short-hand to his team to get cracking and resolve the pain of a miffed customer. This customer obsession is the real reason why Amazon rules - not technology.

It would be worthwhile for all the gurus of the technology world who are evangelising digital transformation to also champion customer obsession as passionately as they do to the trappings of the computing world. In a world where we are swamped with choices, brand loyalty is transient as companies are realising at a heavy cost to themselves. There is a substitute or a competitor lurking everywhere waiting to woo away your flock of customers. Hence, the task is plain enough: build strong relationships with your customer through personalized and value added benefits so that they choose to stay with you! Tony Hsieh was right, 'Customer service should not be a department. It should be the entire company.'

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SPOTLIGHT



L. C. Singh

Director and Executive Vice Chairman, Nihilent



L.C. Singh is a distinguished alumnus of the Indian Institute of Technology and an alumnus of the Harvard Business School. A pioneer in the field of information technology, he performed key roles at Tata Consultancy Services (TCS). At the time of leaving the company, he was the Senior Vice President, in charge of operations for UK, South Africa, and the Middle East. In addition, he also looked after marketing, public relations and brand building. He briefly worked with Zensar Technologies as President and CEO. He founded Nihilent in 2000.

In a short span, Nihilent has emerged as one of the most creative consulting and IT companies in India. He is the author of Nihilent's patented change management framework MC³. L.C. Singh is a Fellow of The Institute of Management Consultants of India (IMCI) and Computer Society of India (CSI), and a certified Due Diligence Professional (CDDP). He is an internationally recognized thought leader on design & systems thinking, and an invited speaker at global conferences on Design Thinking, Change Management, and Digital Disruption. He scripted and produced the movie 'Banaras, A mystic love story'. He continues to be a student of ontology and epistemology.

CA. The term 'Digital Transformation' is widely used and often creates negative concerns in organizations. As a leader who has seen many waves in the IT space, could you please explain this in simple terms for our readers?

LS: Change is never easy, which is a consequence of encouraging habit formation. In our pursuit of operational efficiency, our industrial-age work systems preferred standardization instead of variety. And in many instances, for the right business reasons, reflective of the times we lived in. The emphasis has been therefore on 'execution to the rule' and any non-conformance was to be thoroughly discouraged.

And then came the age of digital. Now the consumers of the products and services being connected, collectively demand quality, variety and superior support services. This has created a huge impact on the enterprises that are so pervasive and challenging that it can intimidate even the best of minds from the business world. The pace of innovation, thus, has taken an exponential trajectory and in all possible directions. In this era of aspirations, our ability to manage and harness this aspirational demand has become the core of organizations today.

Commerce has moved from offline to online, and within the online space, they have again branched out into genres such as web portals and mobile commerce, and now social commerce is fast catching up. Businesses have to make themselves available wherever the customer chooses to hang out, and therefore have to use platforms such as LinkedIn, Facebook, Instagram, and Twitter to reach out, and promote and sell products and services. Old ways of working cannot deliver new results, so this asks for an overhaul of how value is manufactured and delivered to the customers.

Unfortunately, our collective past is littered with many cases of mismanagement and failures when it comes to transformation. And today we see again that different organizations have varying degrees of success when it comes to tackling the challenges thrown at them by digital technologies. Interestingly, as we look at organizations, we find multiple generations working together in the new-age smart offices of the day. And we also find that not every one of them is equally at ease when it comes to adapting to digital lifestyles.

Each generation has to navigate the risk of obsolescence. While some of them have thrived, others have lost out on the many benefits afforded by digital prosperity. Some lost their livelihood, some others had to opt for schemes like voluntary separation, and many have had to face relegation to play only second fiddle to a generation much younger than them, who could take to digital workplaces like fish to water. They enjoy the advantage of bringing the blistering pace of creativity and productivity at the office, just because they could experience life as digital natives. Naturally, this has resulted in unpleasant experiences for many, further aiding the propagation of a sense of fear within the many sections of our society against the change being ushered in by digital technologies.

Personally, my preference has been to tackle challenges head-on, to prepare and ride every oncoming wave, and most importantly enjoy doing so. We are in the business of serving a customer and are duty-bound to make the best use of what is available to deliver the best possible value to them. And if you ask me for the secret sauce, I will say it is the mindset we espouse. The best of the leaders make sure that the process of transformation is thoughtfully crafted. We have adopted ambidexterity, a cyclic process involving the entire organization, driving exploration or idea generation in its upward stream, and exploitation of the qualified ideas in the downward stream. This way, we equip all our employees well, we set them up for a win. The employees are then able to actively lead the transformation with a sense of purpose and become equal partners in delivering the targeted future.

As business leaders, we should espouse an inclusive mindset and show our broad base of employees, and our partners, the inspiring power of an opportunity. We should chase collective prosperity and ensure no one is left behind. I can assure then, that

all insecurities and negativities will vanish into thin air, and the process of transformation will become a memorable life experience for all participants.

CA. Digitization today forms the basis of challenging the corporate world. How does one strengthen client relationships digitally?

LS: Am sure we all remember the adage 'customer is the king'. If there has been any time in our history when this has been the truest, it is today. The impact of digital technologies has been so significant that it has re-drawn the realms of possibilities, and continues to do so every passing moment, for every culture, for every market, for every industry, and every organization, including those involved in public service delivery.

Client experience is an equally important word in our company as is customer experience. We do well for ourselves when we help our clients do well for their end customers. For our clients, we proactively scan the customer, market and technology landscape and endeavour to know everything that we possibly can. We then take efforts to immerse ourselves deep into the eco-system. We engage the customer in their operating environment and learn about their needs, wants and aspirations. We assess our client's products, services, and platforms to appreciate the real-life experiences they are delivering and study their competitive strength. We then hypothesize a set of alternative scenarios and pitch the possibilities and potential that it holds. Nothing can be more compelling than such a human-centred digital-first use-case based approach to driving business growth. If there is a meeting of minds, then we loop through the prototyping mode, until we build an experience that is competitive and customer worthy.

We aspire to be an equal partner in our client's success. We cherish and take every opportunity that comes our way seriously. There is nothing more any client of ours appreciate, than our ability to impact their P&L in a concrete tangible way. From an operational perspective, we have invested in a well-appointed technology stack that enables service delivery and fulfilment to our always-on clients across time zones and using a channel of their choice and convenience. Digital has become a way of life.

CA. What are some of the technology trends you foresee while engaging with customers in the post-COVID scenario?

LS: While customer experience is the most important macro trend, low-touch-interaction is a distinct micro-trend that is breaking out quickly into the mainstream, thanks to the urgency brought about by the ongoing pandemic. We at Nihilent, have captured this perspective as the 'Interaction-Experience' theme. Organizations will have to design the causal factors, the interactions that enable the customers to progress through the journeys with the least amount of friction. Through this process, we are able to deliver the effect, the experiences that are relevant, meaningful and fulfilling to the customers. That is the only way, we as businesses, can court the customer and ensure they keep coming back to us for more.

Underlying this seemingly simplistic front-end is a variety of disparate components. Companies will have to learn and master new-age digital competencies so that they can deliver scalable workflow solutions for the corporate clients or frictionless experiences to the consumers. Some of the areas we have zeroed-in on include Interaction Design, Gamification, Advanced Analytics, Data

Visualization, Robotic Automation, Virtual and Augmented Reality, Distributed Ledgers, Geospatial Analysis, Internet of Things, Machine Learning, Artificial Intelligence, Natural Language Processing, Behavioural Science and Digital Anthropology, among others. Not just master, but deftly translate these complex capabilities into simple products, services, and experiences, and ultimately a profitable business.

However, I should also point out that equally or more important as the technology trends are the customers - specifically their needs, wants and aspirations. We have engaged and connected with them, taken efforts to discover their un-met and un-articulated needs, and found ways to quickly respond to them. Once we triangulate on the specific customer opportunity, technology is welcome as a means of making some of the ideas a reality, and a pragmatic customer solution.

CA. Over 70% of digital transformation fails, it has been said. Also, that culture change is the hardest part of digital transformation. What has been your experience in this matter and how can firms avoid the common pitfalls in digitizing the firm?

LS: Nihilent finds its conceptual roots in the theory of systems thinking, where we believe that overall performance is a function of the system. And as you tread on, we realized that the system is a function of our mindset. That is where the crux of the matter lies. If newer ways of working have to find its foot, then we have to start the change process by working on our mindsets first.

The future belongs not to the meek, but to the bold and audacious. We have to start with a clear vision - a vision of our client's digital future, break it down into its many constituents, tangible as well as intangible - a phase that we call calibrate. And then go on to share this future and target organizational behaviours, socialize and syndicate support from the larger organization, the employees and key partners.

Once we collectively find requisite strength in our conviction, we work towards an operating environment with the right workflow tools and the knowledge base to our employees and teams to make them productive, thus empowering the organization to move from an intent mode to action. Naturally, we will succeed in many and fail in a few, but we will have to stay committed to learning. We will have to rinse our experience to find every useful lesson and carefully plough them back into our operating model as we progress. We will have to allow the centres of excellence to organically blossom, thereby enabling organizational experiences, knowledge and insights to accumulate, in an otherwise fluid organizational fabric where employees come and go, where the cliché 'change is the only constant' reigns supreme.

We have learnt that change is never an accident. It has to be consciously designed and delivered, and that is exactly what our patented change management framework, the MC3, is designed to do. The completion of an iteration of the MC3 cycle is marked by the updation of the initial business case with the results that could be achieved to date. This results-based management aspect of MC3 improves overall management effectiveness, ensures that the expected results are achieved, helps channelize the results achieved into future management decisions, and thereby pursue excellence. Fortunately, not all things in life become obsolete -

like for instance, commitment, diligence and perseverance. Great leaders never waste a chaos, for them, it is an opportunity to drive real change, and fortunately today, we have a tried and tested change management framework to offer.

CA. What is your advice to leaders who are facing challenges while transitioning and engaging with their customers the digital way?

LS: There is no alternative to empathic immersion. As business leaders, we will have to let go of our preconceived notions and ground ourselves to make room for newer experiences and mental models. We will have to put aside our past purposefully and find a new pair of un-filtered eyes for ourselves. Only then we can deeply understand other peoples' experiences and aspirations meaningfully.

Trust me, this is easier said than done. We identified Augmented Reality as the next frontier and one of the focus areas that will drive our ambition and business growth in days to come. And as you peel the layers, you will find that gaming technology is the one that is pioneering this space and making bold advances at this moment. And I can see economics slowly starting to prevail over science and technology within this space; it is only a matter of time before commerce finds it as a great vehicle. As a leader, I choose to be early in the game and ahead of the crowd, so we set out to make advancements in this space.

Now, will you tell me, how many of us as experienced business leaders, are prolific gamers or enthusiasts? How many of us know this space intimately, or even encourage our children to explore the gaming space on our behalf? I won't be wrong to say that people who consider gaming to some utilitarian value, if at all, other than keeping our attention engaged, will be a very rare minority. So how, do we as business leaders, holding the onerous mandate to lead our organizations into the digital future, fare when it comes to spotting digital opportunities in such spaces? They may be loitering in the periphery today, but no one can deny that they hold the potential to pivot one fine day and thrust themselves into the mainstream.

While the first-hand experience is essential for business leaders, so is the need to partner with the millennials and the digital natives actively, when it comes to designing products, services and experiences for a future that they are going to choose and shape. I hence continue to lay a strong emphasis on innovating and co-creating a future in their company, either as participants in research or even better, as employees and project team members.

CA. Your company Nihilent has come a long way in engaging with customers digitally. What are your company's key offerings and how have these digital engagements benefitted both your company and your customers?

LS: Nihilent is a global consulting and services company that uses a human-centered approach for problem-solving and business change management. We take pride in the fact that Nihilent's comprehensive range of expertise in consulting, analytics and technology has enabled our global clientele to achieve newer heights of business performance. We specialize in delivering customized innovation, transformation and optimization business services.

Over the years, we have helped over 1,000 clients in more than 30 countries and deployed solutions in every business function. We have leveraged our rich engagement experiences and leadership expertise to develop proprietary frameworks and methodologies. These include tools such as MC3™ a patented tool which helps us provide our change management solutions, 14Signals™ a tool which is used for evaluating perception, experience and aspirations of a customer, SightN2™ a framework for digital marketing, and ProlicyDTM our very own digital product lifecycle and development framework. Most importantly, we have consolidated our rich experience and developed a proprietary Design Thinking framework which we call the 'Holistic Design' that helps us keep an unwavering emphasis on the end customer on behalf of our clients. Today, these frameworks serve as valuable accelerators for our clients.

We also operate our unique and sophisticated Interaction-Experience labs in select locations around the world. These labs are equipped with state-of-the-art technologies, analytics platforms, models, frameworks and toolkits, managed by inter-disciplinary teams of Design Thinking experts, visual designers, data scientists, engineers and business consultants. We use our patented Design Thinking framework and analytical tools to identify cognitive and emotional triggers as well as non-verbal modalities of user experience to further humanize the interaction between users and technology. We can proudly claim that the lab today has established itself as the new fertile ground from where we discover, design and deliver leading-edge digital products, services, experiences and other solutions for our clients across different industries.

As a leader in the area of business consulting, we continue to partner with clients across the world in successfully crafting and translating their business strategies into definitive market results and customer impact.

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RESOURCES



Alchemy: The Dark Art and Curious Science of Creating Magic in Brands, Business, and Life - Rory Sutherland

Reviewed By Prasad Deshpande



Kenichi Ohmae wrote his classic "The Mind of the Strategist" in 1975, in part, to help the West understand the success of the "inscrutable East". He also wrote the book to explain how rational analysis along with creative thinking was the real reason the Japanese were winning even when they didn't possess the structure, the processes and the armies of strategic planners that characterised large US corporations. Creative, daring individuals, CEOs or founders led Japanese companies in those early days. They had little or no formal business education, but possessed an intuitive grasp of strategy. They were bold, disruptive, and idiosyncratic. They were Alchemists.

An Alchemist is that rare individual who generates magical ideas. She is unconstrained by the straightjacket of rationality or hobbled by logic. Many of her ideas will fail, but a few turn out to be invaluable. Such is the nature of magic.

Psycho-logic.

How does one think like an Alchemist? One of the best people to answer this question is Rory Sutherland, who has written an entertaining and insightful book "Alchemy: The Dark and Curious Science". Rory is an Alchemist, Adman, Marketeer extraordinaire, who is as irreverent as he is brilliant. An Alchemist takes decisions based on psycho-logic, a term invented by Rory, to distinguish it from the artificial concepts of "rationality" and "logic." In Rory's words, "It's the science of knowing what the economists are wrong about because not everything that makes sense works and not everything that works makes sense". The Alchemist's skill lies in not understanding universal laws, but in spotting the many instances where these laws do not apply - she also knows when and how to abandon narrow logic." A classic example of psycho-logic is the success of Red Bull. It is a costly drink that comes in a tiny can and tastes kind of disgusting and yet is wildly successful against the significant soft drink brands.

Mad Hatter

The pandemic has turned our world upside down. Like Alice in Wonderland, we have to adapt as she explained to the Mad Hatter.

Mad Hatter: "Have I gone mad?"

Alice: "I'm afraid so. You're entirely bonkers. But I'll tell you a secret. All the best people are."

You might be a business leader in charge of developing a growth strategy for a division or a new product launch. You might be an HR leader spearheading a change initiative or a coach who is helping a client leap to the next level or someone who wants to plan for the next three months. To achieve a breakthrough, be like the Mad Hatter and cultivate the mind of the strategist. A mind that uses rational analysis to stimulate the creative process and not shut it down. Anchored to a solid foundation of analysis, "wild" ideas emerge that are intuitive and based on deep insights on the way people behave and take decisions. Rory has spent a lifetime in advertising, essentially running live behavioural experiments in the field gathering a treasure trove of insights that he has shared in his book. These insights are timeless and priceless and will help us think like Alchemists and create magic as we apply psychology to our challenges.

Rory's Insights.

- Be vaguely right than precisely wrong.
- Most of us decide not so much as to be right than to be disastrously wrong.
- We never have all the information we need.
- Whether it's choosing your partner, selecting a school for your kids, taking up a new job, buying a house or second-hand car, we do not want to be precisely wrong, but to be vaguely right.
- We are satisfied with a right all-round solution rather than the "best" one.
- That's why trust has a disproportionately high premium.
- The nature of our attention affects the core of our experience.

When we decide, we automatically assume there will be trade-offs. Ogilvy came up with an elegant campaign - "One bin is rubbish" when asked to increase the level of waste recycling in British homes. The government encouraged people to have more than one bin, neatly avoiding any suggestions around climate change or changing people's attitudes to change their behaviour. Instead, we need to solve the problem backwards - the behaviours we adopt shape our attitudes.

People who buy a Tesla love the car, the software updates, and colossal iPad screen in the front- the environmental reasons are secondary. We don't value things; we value their meaning. "Wine tastes better when poured from a heavier bottle. People believe that pain killers are more effective if they are expensive. A bigger phone is a better phone."

In nineteenth-century Prussia, a glorious feat of Alchemy saved the public exchequer when the kingdom's royal family made iron jewellery more desirable than gold jewellery. To fund the war effort against France, Princess Marianne appealed in 1813 to all wealthy and aristocratic women there to swap their gold ornaments for base metal, to support the war effort. In return they were given iron replicas of the gold items of jewellery they had donated, stamped with the words "Gold gab ich für Eisen", "I gave gold for iron". At social events after that, wearing and displaying the iron replica jewellery and ornaments became a far better sign of status than wearing gold itself. Gold jewellery merely proved that your family was wealthy, while iron jewellery proved that your family was not only wealthy but also generous and patriotic."

Scent the Soap

The extensive use of soap changed the hygienic behaviour in the UK spectacularly in the late nineteenth century. People used soap because it was scented and therefore very attractive to consumers. "Scenting the soap" is recognising the unconscious motivation that drives us to change or adopt new behaviours. Using scent is pointless, irrational and adds no value in terms of hygiene but was the primary reason for using soap, and it works.

As Rory urges us - "We might discover quite a lot of lead and a surprising amount of gold if we resist the urge to be logical just some time and devote that time instead to the pursuit of Alchemy".

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FEEDBACK

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