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article by Dean van Leeuwen

An interview with Sharon Kersten

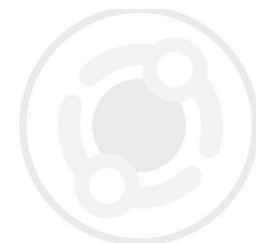
Sharon is a skilled and experienced business professional having worked as MD at Old Mutual's retail banking arm Nedbank. She is also a guest lecturer at INSEAD.

Article at a glance

We interviewed Sharon to ask her what she believes companies need to be doing as recession looms on the horizon

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TmTd: What do you believe companies need to be focusing on as corporate differentiators during current economic downturn?

The first thing striking me recently is companies that are getting rid of complexity and that their value proposition speaks clearly to customers; there needs to be a decrease in the complexity of the offering. The Monmouth coffee shop operating out of Borough Market in London is doing this. They just do coffee, that's it. There is a central table where you can get jam and baguette for £2, which you leave at the table, just help yourself. This speaks to me. Companies that are differentiating are cutting through the clutter, they are able to get customers attention and their customers are able to understand what the proposition is very quickly.

That is the first thing that I'm noticing at a trend level. The other thing I'm noticing is that customers respond to the experience they are having to a brand at a people level. Customers might be attracted initially at a value proposition level, by the simplicity of an offer that speaks to them; but if they interact with a company and there isn't congruency in the experience and the message they are providing, then customers feel uneasy and I'll walk away.

So the ability to cut through the clutter and to find a simple message that speaks to customer; and then ensure the people experience fits proposition creates the wow factor.

Isn't there is more to it than just creating a simple value proposition?

SK: Be careful of the word simple, because there can be deep complexity. There is a lovely way of explaining this; you have to manage the complexity to be able to simplify it. It's not simple it is simplified.

That is the challenge you can do so much and throw all of this at your customers, but keep the richness of who you are as a business and what you are doing and find a way to simplify it for your customers so that it doesn't clutter and make it feel inaccessible. I have a sense more and more that with so many of the value propositions out there, people are trying to be too clever and it becomes overwhelming with options, features and benefits and it just doesn't work.

But I suppose the heart of it always is how do I experience it, an interaction, a purchase or a service and that boils down to the people who are delivering the value proposition.

TmTd: You keep coming back to the importance of people and delivery of the experience. Most companies though only see the value proposition as a product and marketing issue.

SK: For me it has always been fundamental I think there is so much concern around price, promotion, position all those good P's and it is



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Most importantly during a downturn please don't stop talking.

Companies need to be matching both the brand and the employee value proposition.

now really time to take care around the associated behaviours of your value proposition. And I assess you not on whether you are meeting your cost proposition or feature and benefits proposition I actually assess you on whether you face me effectively

TmTd: You see the people and delivery side as crucial, however, during an economic downturn there is always a tendency to cut on staff and talent initiatives what do you think companies need to be doing as we enter an economic downturn?

SK: High percentage of fixed costs are people related so it does tend to become a focus area for cost cutting but this often goes at odds with trying to create strong connections with staff and customers. A lot of companies have done a good job at going back to basics, people are far more in tune with what the basics of their business are. But it is so important to be deeply appreciative of the core of people that you need to take you through the downturn and position you well for the upturn going forward. Companies need to be focusing now, more so than before on all the good things you know about people management and delivering on it.

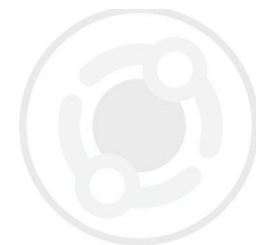
Most importantly during a downturn please don't stop talking. I'm finding that during a leadership often go silent. They almost become reticent about having the tough conversations. If the numbers are tough, be honest, what are implications for your staff. So the worst thing to do is to under communicate. This is the time to over communicate, leadership tends to get stressed about the results and amount of work that needs to be done. But you need to invest in the conversation making sure you communicate and that there is deep honesty and to try and minimise surprises for staff.

TmTd: What about things that need to be done on the business or value proposition side?

SK: Companies need to be matching both the brand and the employee value proposition. The people in your business are a manifestation of both your brand and your value proposition and if you are not developing an employee proposition that feels congruent with that brand, then you are going to be sorely challenged in any economic climate to deliver on that promise.

TmTd: If company brands and employee value propositions need to match, what can companies do to improve connections with their staff?

SK: Get to know your staff, make them feel engaged with your business. Staff perform better when they feel they are seen and known within and then beyond the role that they are doing. No one wants to be just a label. So and so is the bank teller or a marketing manager. People are so much more than just a label. I think the extent to which any first line, middle, and senior executive creates a culture around individualising their leadership is the extent to which they will create a legacy where people will deliver



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And when I talk talent I'm not talking the top 2% of clever folks, I'm talking the regular staff. You are able to get very special behaviour and extraordinary commitment to work that is quiet mundane, routine with very little prospect. I've experienced exceptional talent in these positions. Talent for me is not necessarily people passing through the job but people who can commit to one position for almost a lifetime of work and each day show up and make it meaningful for the people they engage with and for me that extraordinary

For me the challenge is not just for the A list, at Nedbank I manage large groups of people and if I didn't get the B players singing I was in trouble.

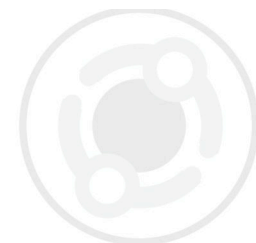
TmTd: That is a pretty difficult outcome to achieve. You are talking about engaging with staff on a very personal level. But with an economic downturn achieving targets will be more difficult, surely the "soft" side of management is not going to be the focus?

SK: What's important is how you create the quantitative piece. So on a scorecard you make staff retention a measure. That is staff retained within a company not staff retained by you the manager. This is to encourage managers to create career paths. So let's say you have a retention matrix in the people side of the scorecard and you want to reduce it to single digits. At our call centres we were experiencing 100% turnover over a three-year period. Now that costs so much in terms of recruiting, training and loss of knowledge it's scary. The retention target was set to single digits so managers know it is measured and matters to leadership.

Now underlying that is we shaped behaviour at each of the different tiers. And it can be simple stuff, retention is a complex matter but the workable solutions were found to be the simple things that worked. We wanted to create a culture where you are known as an individual. That meant Monday mornings a ten-minute conversation that isn't about work but a personal conversation about what the weekend meant. So we encouraged activities and processes during meetings to allow people to learn more about their colleagues on a personal level. You have to work at some of the culture side of the organisation to create that sense of I know you as a person.

TmTd: How would you then translate this into business deliverables and uplift in sales and profit for instance?

SK: If you experience internally a set of behaviours then you stand a better chance of reflecting that behaviour externally. So, if there is internal culture that I treat you and know you and personalise my interaction with you, then there is a better chance of a call agent doing that to an inbound caller; a better chance of your store retail assistant doing that to a client; and that to me is where one of the biggest gaps lies in any experience; the inability to see me not as another customer but that I'm a person presenting you with my specific needs and to get a sense of who I am and not the next



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number that they are dealing with.

So it's really all about the crossover, what experience you create internally for your staff, manifests itself externally during customers connections. What I experience internally I have better chance of positioning externally. You get this right and sales and profits follow.

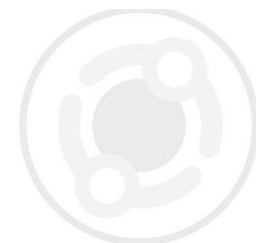
It is absolutely essential, you have to get the internal and external value proposition to be congruent. You can't create an external value proposition and then behave differently internally, it represents a disconnect that people, both your staff and your customers feel as soon as they interact.

About the author

Dean van Leeuwen is a founder partner and Director of the TomorrowToday UK office.

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