

Leadership in the information age

ALL INSTITUTIONS WANT TO BE MARKET LEADERS. INTERNET-BASED SOURCES SUCH AS WIKIPEDIA HAVE EXPOSED A WHOLE NEW SET OF CONCEPTS TO FURTHER THAT AMBITION, AS **HARSHIT H JAIN** FOUND OUT.



Executive summary

In today's financial environment, beating the competition is tougher than ever. Good service is the key to customer loyalty, but a strategy to build that is necessary. Online information sources helped the author build a seven point strategic framework to achieve market leadership for his bank.

Financial institutions, though an integral and essential component of the service industry, have not been known to be particularly service-oriented. In a sense, they have a lot to learn about customer service from airlines and hotels. Add to that the intensity of competition and the emergence of the intelligent and savvy "butterfly" customer and it becomes clear that banks which want to flourish and be market leaders need to adopt a holistic strategy. This article describes how the author has attempted over the last couple of years to apply these concepts to practice in his business area at his bank.

In their interesting book "Market leadership strategies for service companies", Craig Terrill and Arthur Middlebrooks provide a good strategic framework that has formed the basis for this article. "Wikinomics – How mass collaboration changes everything" by Don Tapscott and Anthony D Williams is also an eye opener on some of the concepts that have suddenly become available to organisations in the wake of the popularity of Wikipedia. It is interesting to look at the application of these concepts to achieving and sustaining market leadership in the financial services industry.

APPLICATION OF THE CONCEPTS IN FINANCIAL SERVICES The strategic framework which I found beneficial has seven building blocks:

- **Service business definition** Most banks are sorely tempted to be "all things to all people" so as to be a market leader. But today's marketplace is looking for niche segment leaders who can delight – not just satisfy – customers in their service-product market space.
- **Target market innovation** Market segmentation is key – particularly when it comes to banks –because being innovative in "precision targeting" of customers can make all the difference. In my own experience, customers in the area of "liabilities management" (ie those who don't require credit facilities) is an under-served market segment, often overlooked by most corporate banks, but which can provide good annual revenue streams.
- **Brand positioning innovation** Today's customers are extremely brand conscious, have the problem of being exposed to over-communication via myriad media channels and display low or no loyalty. A consistent, clear and easy message outlining the bank's mission, vision, values and brand promise helps create and sustain the right imagery about the bank in the minds of the customers, potential customers and, very importantly, the employees within. "Oppositioning" in an attempt to provide a different position in the minds of the target market is a concept worth exploring. One should not underestimate the power of the brand, particularly in these trying times.



- **Service offering innovation** Most banks claim to be customer-centric, providing products and services to meet their requirements. However their emphasis, brand promotion, staff rewards and recognition parameters, organisation charts, and the like, give their game away. Banks need to consciously court customer problems and complaints (rather than have an impersonal voice mail/automated system taking note of the same) and then get into rapid prototyping or structuring of product solutions to mitigate those problems. “Think of us whenever you have a problem” is not a bad dictum to follow on this front. This is also the area where a Wikipedia mindset really helps – how about engaging those “difficult customers” (often termed internally as “painful”) as collaborators in the design of bank’s products, services and processes. You suddenly unleash the power of today’s savvy customer to your bank’s internal product development team, which may be overstretched and/or under resourced and/or may like “operating out of an ivory tower” because that’s what has made them successful historically.
- **Process experience innovation** Getting the voice of the customer into the bank, though seen as important, has only slowly started to break into the fortresses that most banks have been (as viewed by most customers). To be a market leader, you need to have the customers decide the “value addition” in the bank’s processes rather than its archaic and inward-focused policies and manuals driving the same. Constant job rotation within the bank (relationship managers moving to credit and vice versa; operations moving to customer-facing service roles and vice versa) are easy but much-needed measures that senior management must encourage to have everyone in the organisation remain focused on customers at all times, and become more empathetic to their cause and perspective.
- **People innovation** Financial services is a people business and yet banks undertake a whole lot of cost-saving measures

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while trying simultaneously to delight customers through use of technology. I believe banking is taking a 180 degree turn, with “the personal touch” now coming back to provide a strong competitive edge that banks are using to become market leaders and regain customer loyalty. “Innovation” (ie proactive intervention) – a term that the authors use – can unleash the creativity and empathy of the bank’s staff to create unique service experiences for each customer. That indeed would be an entry barrier for other banks.

- **Sustaining market leadership** If becoming a market leader is difficult, staying there is even more of a challenge. This is where senior management of the bank needs to get into thinking longer-term – much beyond their own interests to that of all shareholders and customers. Like the “flight of the geese”, they need to ensure they can take a back seat and let some of their able lieutenants take charge while they go back into the market and spend time with customers, front-line staff, service providers and all those with whom they lost touch as they entered into the “corner office” – and then return rejuvenated with fresh marketing, branding, services, process and people ideas. That’s the only way they can build a market leader that will stand the test of time.

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PRACTICAL ADVICE

Banks are in the service industry – let us learn not just from the best banks but also from the best airlines and the best hotels.

We need to avoid the “be all things to all people” approach and remain focused on our core strengths and competencies.

Being number one, with the “share of wallet” and “share of heart” of ideal target customers, will make the bank a market leader.

Listening to the customers on an ongoing basis and actively seeking out the difficult, demanding customers as active collaborators will create a sustainable competitive edge – by coming to the market with products, services, and processes that customers will really accept, and being served by employees who own these fully and with all their hearts.

“Letting go” is an important part of senior management when it comes to redefining the franchise for the future.

RECOMMENDED READINGS

- “Market leadership strategies for service companies” by Craig Terrill and Arthur Middlebrooks, NTC/Contemporary Publishing Group, Inc., 2000.
- “Wikinomics – How mass collaboration changes everything” by Dan Tapscott and Anthony D Williams, Portfolio, 2006.
- “Firms of endearment – How world-class companies profit from passion and purpose” by Raj Sisodia, David B Wolfe and Jagdish N Sheth, Wharton School Publishing, 2007.
- “The future of competition – Co-creating unique value with customers” by C K Prahalad and Venkat Ramaswamy, Harvard Business School Press, 2004.
- “Killer customers – Tell the good from the bad – and crush your competitors” by Larry Selden and Geoffrey Colvin, Portfolio, 2003.