From a Customer Focused to a Customer Centric University IT

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Overview

1. Aalto University
2. Customer Centricity
3. Case Aalto University, Drivers of Customer Centricity
4. The Way Forward
1.1. Strategy of Aalto University

- 1 goal, 1 vision: reaching world-class status through cooperation
- 2 missions: a better world, a stronger Finland
- 3 disciplines: technology, business, and art & design
- 4 core strategies: research, teaching, art, and cooperation
- 5 values: passion, freedom, courage, responsibility, and high ethics
- 6 schools: BIZ, CREA, ELEC, CHEM, SCI, ENG
## 1.2 Key Figures of Aalto Schools

<table>
<thead>
<tr>
<th></th>
<th>School of Business</th>
<th>School of Art and Design</th>
<th>School of Engineering</th>
<th>School of Chemical Technology</th>
<th>School of Science</th>
<th>School of Electrical Engineering</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Students</strong></td>
<td>3856</td>
<td>2137</td>
<td>4653</td>
<td>1821</td>
<td>3668</td>
<td>3432</td>
<td>19567</td>
</tr>
<tr>
<td><strong>MSc degrees</strong></td>
<td>313</td>
<td>186</td>
<td>253</td>
<td>94</td>
<td>156</td>
<td>226</td>
<td>1228</td>
</tr>
<tr>
<td><strong>Doctoral degrees</strong></td>
<td>24</td>
<td>6</td>
<td>16</td>
<td>22</td>
<td>54</td>
<td>44</td>
<td>166</td>
</tr>
<tr>
<td><strong>Personnel (FTE)</strong></td>
<td>473</td>
<td>364</td>
<td>755</td>
<td>483</td>
<td>1257</td>
<td>653</td>
<td>3985</td>
</tr>
<tr>
<td><strong>Professors</strong></td>
<td>67</td>
<td>59</td>
<td>56</td>
<td>40</td>
<td>79</td>
<td>45</td>
<td>346</td>
</tr>
</tbody>
</table>
1.3 Customers (2012)

Degree students
Undergraduate and doctoral students:
19 993 (individuals),
12 970 (FTE)
International students: 10.6%

Personnel
Total number of personnel (31 Dec 2012): 5 330
Professors: 366
Proportion of international professors and postdocs: 16%

Awarded degrees
Bachelors’: 1 382
Masters’: 1 519
Doctorates: 192

Stakeholders (i.e. alumni, Open University students): > 35 000
2.1 Research on Customer Centricity

1. Product vs. customer centricity (Shah et al., 2006)
2. Development of customer focused activities in an organization (Blachandran, 2007; Shaw, 2005; Thompson, 2012).
2.2 A Comparison between Product- and Customer Centric Approaches (Shah, 2006)

<table>
<thead>
<tr>
<th></th>
<th>Product-Centric Approach</th>
<th>Customer-Centric Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic philosophy</td>
<td>Sell products; we'll sell to whoever will buy</td>
<td>Serve customers; all decisions start with the customer and opportunities for advantage</td>
</tr>
<tr>
<td>Business orientation</td>
<td>Transaction-oriented</td>
<td>Relationship-oriented</td>
</tr>
<tr>
<td>Product positioning</td>
<td>Highlight product features and advantages</td>
<td>Highlight product's benefits in terms of meeting individual customer needs</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>Product profit centers, product managers, product sales team</td>
<td>Customer segment centers, customer relationship managers, customer segment sales team</td>
</tr>
<tr>
<td>Organizational focus</td>
<td>Internally focused, new product development, new account development, market share growth; customer relations are issues for the marketing department</td>
<td>Externally focused, customer relationship development, profitability through customer loyalty; employees are customer advocates</td>
</tr>
<tr>
<td>Performance metrics</td>
<td>Number of new products, profitability per product, market share by product/subbrands</td>
<td>Share of wallet of customers, customer satisfaction, customer lifetime value, customer equity</td>
</tr>
<tr>
<td>Management criteria</td>
<td>Portfolio of products</td>
<td>Portfolio of customers</td>
</tr>
<tr>
<td>Selling approach</td>
<td>How many customers can we sell this product to?</td>
<td>How many products can we sell this customer?</td>
</tr>
<tr>
<td>Customer knowledge</td>
<td>Customer data are a control mechanism</td>
<td>Customer knowledge is valuable asset</td>
</tr>
</tbody>
</table>
2.3 Models on Development of Customer Focused Activities

- The customer centricity pyramid depicts the 5-level development from low to high level of customer centricity (Balachandran, 2007).

- A 3-dimensional “naïve to natural” model depicts the journey of a customer centric organization (Shaw, 2005).

- What does customer centricity mean and how to define the concepts close to it: customer focused, driven, engaged, or inspired (Thompson, 2012).
2.4 Customer Centricity

- Customer centricity means that a company is going to be friendly, provide good service and develop new products and services for the special focal customers - the ones who provide a lot of value for the organization - but not necessarily for the other ones (Fader, 2011).
3.1 Drivers to Customer Centricity (Shah et al., 2006)
3.2 Leadership Commitment and Organizational Realignment

- The goals and business benefits of ITYK program were:
  - To seek out the customer needs in order to offer IT services that better correspond to the needs of the customers.
  - To build and strengthen service culture in order to offer an effective and efficient service experience.
  - To implement collaboration models to better support the core functions of the university.
Organizational Culture

• Culture as “a pattern of shared basic assumptions” learned by a group as it solves problems of external adaptation and internal integration, that have worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to these problems “(Schein, 2004).

• In a customer-centric organization:
  – every decision begins with customers
  – every employee is a customer advocate
  – every employee is willing to share information with his/her counterparts; that is, nobody owns customers.
  – understanding comes from living with customers (Shah et al., 2006).
### 3.3 IT Governance Model and IT Investment Lifecycle Model

- **IT-portfolio Steering Group**
  - High-level priority setting
  - Top level IT budget decisions
  - Mandate setting for domain specifics

- **Steering group for IT in education and communication**
  - Project approvals
  - Priorities within the domain
  - Domain specific target setting

- **Steering group for services’ IT**

- **Steering group for IT infrastructure**

- **ICT Groups in Schools**
  - IT-Collaboration networks at departments

#### IT investment life cycle model

- **User need identification**
- **Pre-study phase**
- **IT project proposal**
- **IT investment project**
- **Active service**
- **Mature service**
- **Retired service**
Customer Processes

Customer Relationship Mgm
- Surveys
- Information Gathering
- Advising and Negotiation

Incident Mgm
Solving the day-to-day problems

Collecting customer needs and ideas
- Individual customers
- Organizational customers
- IT

Analyzing the customer needs
- Analyzing and combining needs
- Initiating pre-study phase for a new service or
- Change in the present service - change management

Pre-study
- Customer involvement and commitment
- Scope defined
- Categorization of service
- Decision about go-ahead for the pre-study phase (Gate 1)
- Decision of steering group for the project phase (Gate 2)

Customer
Service Design
Service Transition
Service Production
Continuous Improvement

Collecting customer needs and ideas
- Individual customers
- Organizational customers
- IT

Analyzing the customer needs
- Analyzing and combining needs
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Pre-study
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3.7 Financial Metrics

- Metrics derived from IT strategy
  - Customer satisfaction (Aalto core strategy KPI)
  - IT costs as percentage of total costs (inherited from the Aalto core strategy KPI)
  - Distribution of costs and work effort between run, growth and transform
  - Distribution of costs and work effort between service domains

- These are not sufficient - more elaborated metrics should be developed for the IT’s internal use.
Lessons learned from the ITYK program

- Actors were given the responsibility and power to participate in the development of their own work.
- Customer representatives functioned in the steering group of the program.
- Making sure that the good practices and new ideas are transferred to the line organization and embedded in the on-going processes.
- Some changes needed in the model of student collaboration.

Experiments  Feedback system
ICT groups  Campus days
Training
4.1 The Way Forward

- Development of IT service culture
  - Internal customers!
- Modifications to IT governance model
- Modifications to collaboration networks
- Departmental "contracts"
4.2 Customer Centric Organization

- Understands, embraces, and lives within an operating and organization model that focuses on the customer;
- works diligently to increase customer satisfaction, maintain customer loyalty, and understand what the customer wants and values, all while increasing the organizations profitability and perpetuating growth of the organization;
- adjusts, hones, and tailors its business streams, which include the organization’s product, development, demand generation, production and scheduling, supply chain, and customer care, with the organizational goal of delivering the greatest value to the best customers for the least cost; and
- has a workforce that is devoted to utilizing a company-wide, technology based internal customer information system, and is willing to make a strong commitment to serving customers (Barta, 2009)
Thank you

Questions?
EXHIBIT 1 Customer Centricity Pyramid (Balachandran, 2007).

Level 5 - Customer Symbiosis
- Behave as the customer's partner
- Develop a symbiotic relationship
- Go-to-market together

Level 4 - Customer Astonishment
- Be interested in customers' profitability
- Co-create value with the customer
- Develop in-depth understanding of customer processes, culture and challenges

Level 3 - Customer Delight
- Focus on longer term experience
- Treat every interaction with the customer as an important one
- Strive to delight the customer

Level 2 - Customer Anticipation
- Create customer loyalty
- Expand the customer base
- Anticipate change in customer needs and preferences

Level 1 - Customer Satisfaction
- Receptivity
- Responsiveness
- Responsibility
Naïve to Natural Model™

- Sensory
- Emotional
- Physical
- Product

Deliberately executed components of a Customer Experience

Source of Differentiation

- Product Features
- Services
- Customer Relations
- Customer Experience

Naïve
Transactional
Enlightened
Natural

9%
67%
22%
2%

(Shaw, 2005)
How customer-centric is your business?

(Thompson, 2012).

- **Inspired**
  
  “We think deeply about what customers are trying to accomplish in their business and personal lives, and create new ways to add value before they ask!”

- **Engaged**
  
  “We focus on a long-term relationship and strive to make an emotional connection with customers by providing delightful experiences that create advocates.”

- **Driven**
  
  “We regularly get customer feedback, prioritize key issues and work to improve customer satisfaction with what we sell, to minimize customer attrition.”

- **Focused**
  
  “We know our customers and what they buy, and can optimize marketing, sales and customer service activities to generate more profit sales for the company.”

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