Customer responsiveness: getting it fast and right through impatience and intolerance

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Customer responsiveness is about being fast and right. The value of being right is obvious - customers get something that meets their needs. But the value also depends critically on the speed with which the response is produced. Maximising performance across the two dimensions constitutes excellent customer responsiveness. But, according to interviews with top executives, this may require a surprising management style.

Earlier analysis suggested that companies, although better at market sensing, were not so good at acting on what they learned. It showed that market research was positively (though indirectly) associated with superior corporate performance and was heavily used. But while it might be necessary, it was not sufficient. This article focuses on understanding that missing link – what we call “customer responsiveness”.

Earlier research showed that the organisational beliefs and values that appear to be associated with high levels of customer responsiveness are innovation, risk-taking and entrepreneurship plus a high premium on organic growth. Indeed, champions talked enthusiastically of the importance of customer insight, empowerment, innovation, risk-taking and experimentation.

Such ideas, they argued, encouraged expansive thinking, swift decision making and small flexible teams – all the antithesis of command and control. “Responsiveness” was therefore seen as critical and appeared to leverage customer sensing.

Now, with a highly uncertain economic outlook and shaken confidence in both the competence and integrity of corporate leadership, we feared a counter-revolution – a backlash of control that threatened the return to genuine organic growth. To help avert this we wanted to restate the case for customer focus as an engine of organic growth and...
describe how, in reality, it is being implemented. In essence, to answer the question “what is customer responsiveness?”

What is customer responsiveness?
At its heart, customer responsiveness is about being “fast and right”. The value of being right is obvious – customers get something that meets their needs. But the value also depends critically on the speed with which the response is produced. Maximising the combined performance across the two dimensions together is what constitutes excellent customer responsiveness.

Without exception, the executives we spoke to believe strongly that it is customers who determine success, not the financial markets. In the words of Mark Souhami, deputy chairman and former managing director of electrical retailer Dixons: “We haven’t got any money, only customers. Our costs are all inside the business. Income and profit lie outside. And of all our stakeholders, the customer is the most transcendently important”.

Shareholders reap their rewards from the long-run growth of a company and that is dependent on customers. As Peter Burt, CEO of the Bank of Scotland, said: “Our long-term objective is to increase our dividends in real terms, year after year, from here to eternity. To do that you’ve got to grow the business over a period of years; you’ve got to be reinvesting for future growth. You can always increase the profits in the short term but it isn’t a sign that you are truly creating value”.

If it really is all about customers, then customers become the thing that people focus on above all else. What are the implications of this prioritisation for customer responsiveness? The executives interviewed surprised us in that they challenged both the fashionable vogue for small, risk-taking, “failure is good” cultures and yet were not at all fearful of what we perceived to be the counter-revolutionary momentum away from innovation, experimentation, risk tolerance and speed. They value being right and being fast equally.

In other words, they see customer responsiveness as the ability to combine being right for the customer in terms of decisions, ideas and initiatives with being fast in response, or proactive.

It’s helpful to express this in the negative:

People are highly intolerant of doing the wrong thing and very impatient about doing it too slowly.

There are a number of simple trade-offs involved. A common way of expressing the choices faced is to consider the potential value of an action weighed against the degree of difficulty in being successful or the risk inherent in getting it wrong. (See Figure 1.)

Figure 1
Two dimensions of decision making

This kind of thinking is used to drive decision making and action. So people look for a balance in their activities between some easy-win, small-reward action and some bigger high-stakes, high-return ventures. Circumstance and personality dictate precisely where the balance lies but that, in essence, is the landscape.

What we uncovered was a missing element. The value of a course of action actually decays over time. By this we are not referring to merger and acquisition situations where it is obvious that opportunities come and go frequently with limited pause for thought. We mean that in looking at drivers of organic growth then, broadly, the slower an organisation acts, the less it will get in return.

Figure 2
Three dimensions of decision making

In other words, they see customer responsiveness as the ability to combine being right for the customer in terms of decisions, ideas and initiatives with being fast in response, or proactive.
In effect there is a third dimension to consider in the graph we plotted. (See Figure 2.)

This third dimension influences the way an organisation views the options facing it. A highly difficult but highly valuable opportunity may become much less valuable if too long is spent procrastinating (perhaps in the form of researching formally to check how precisely one might proceed).

Peter Davis, CEO of retailer Sainsbury’s, recalls from his arrival there speaking to an executive about what seemed a very good test that was operating in a store. He had asked when the outcome of the test would be clear. The response surprised him. “We will probably know within two or three months but we need to test it properly and we need to let it run for a bit longer to be sure”. Davis then asked: “What would we do then?” The executive said: “I expect we’ll push it into another store”. Davis recalls: “When I said it would take 434 years to make it into the entire network at that rate, they all looked terribly hurt”.

So “fast” is great, which is how the “experimental” school goes about things, prioritising being quick over being right by running trials in great volume. The rapid experimentation, it was argued, would quickly identify the good ideas and so, in a Darwinian way, would progress be made, beating the dinosaurs that insisted on considering action more rigorously before doing anything.

Of course, by going too hastily without being properly informed, the risk of failure is high, and many ideas fall by the wayside, perhaps wasted by poor execution or half-formed strategy.

As Guy Dickson, managing director of brewers and pub owners Scottish & Newcastle, pointed out: “I think we’ve gone through a phase of doing too much. Through attempting not to stifle creativity you can create a rich sea of licence throughout the organisation to engage in trial and error. When you then take a group perspective and add all these myriad of things happening you reach the point of saying hang on, the group is suffering from indigestion here and it is often doubtful whether we would ever have the appetite to follow up many of these initiatives seriously”.

So “right” also has a lot in its favour and this is where the traditional “make-the-numbers” people sit. Assume the answer is “no” unless a strong argument

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**How the research was carried out**

In this research we did not attempt to explain business performance nor seek insights on any other dimension – we focused exclusively on gaining a preliminary understanding of “what is customer responsiveness?”

We felt it would be helpful to restrict this enquiry to a small group of companies that were likely to be familiar with this concept and which were *prima facie* more likely to have relevant operational experience. We focused on UK public companies at the time led by CEOs who could broadly be defined as having marketing backgrounds. (Although some have now moved on, their corporate positions are described in the text as they were at the time of the research.) At that time there were only 13 such companies in the FTSE-100 – Bank of Scotland (now merged into the new HBOS), Cadbury-Schweppes, Carlton, Dixons, EMI, Hilton, Reed Elsevier, Rentokil, Sainsbury’s, Marks & Spencer, Scottish & Newcastle, Shire Pharmaceuticals and Tesco.

They are in quite different performance contexts, some enjoying long-running success, some at the early stages of turnaround, others a little further along in this rebuilding process. In many cases we spoke directly with the CEOs, in others their deputies or senior executives. Insights were also gained from press and analyst reports.

Our semi-structured interviews addressed three broad questions:

- How does a company learn what is going on in the market?
- What does it do in response to what it has learned?
- How does the company culture support that responsiveness?

for “yes” can be constructed on solid, factual research and a rigorous rollout. By being careful and only backing likely potential winners, resources can be conserved and focused into a few big hits, leapfrogging more prolific competitors.
We say they are both absolutely right. And entirely wrong. There is a middle route that values both points of view and that achieves faster, better results than either.

To summarise, customer responsiveness is about accurately and insightfully giving customers what they need, want or don’t yet know they want. And it is about consistently doing so more quickly that anyone else and rapidly enough to retain the value of the decision or idea for the customer.

“Being right” is simply increasing the odds in your favour through a process of rigorous, fact-based but emotive debate.

“Being fast” is about realising that being first with a valuable new initiative carries multiple advantages: it gains credit with customers, enhancing the brand; it forces the competition to respond, making it harder for them to develop unique initiatives of their own; and it provides the opportunity to learn as the initiative is developed.

This central dilemma informs the most crucial findings from this work – the way organisations successfully respond to the fact that customer responsiveness is about being fast and right, not fast or right.

Before going further into understanding how this works, let’s look at five examples of fast and right decisions.

**The roll-out of Tesco.com**

In three years Tesco.com and its home-delivery service has grown to cover 95 per cent of the UK, receives 70,000 orders each week and has annual sales of over £300m, around 10 per cent of all on-line retail commerce in the UK. Development of the service began in 1996 when six relatively junior managers were put together and asked to develop a model for home delivery via the Internet. They were given no money, just told to develop it from first principles. Deliveries were tested from a single store in west London the same year and the service was tweaked until December 1999 when it started a progressive national rollout.

Tesco believes that compared to others in Internet business it took its time, although this is a relative term. It still had first-mover advantage. But Tesco is clear that this was not about speed. John Browett, CEO of Tesco.com, told the Wall St. Journal “first mover advantage has two parts to it; being first and getting it right. There are loads of examples where people forget the second bit”.

**Shire Pharmaceuticals’ approach to M&A activity**

Shire Pharmaceuticals needs a different type of “external responsiveness” compared to many of the companies we examined. For it, competitive advantage relies less on understanding its end-users and more on applying knowledge of the sector to spot emerging opportunities to buy companies with the right kind of intellectual property. Speed really matters at Shire.

Despite being a FTSE-100 company Shire has a small management team. Its strategy is to recruit people with big-company, global experience because ultimately that increases speed without sacrificing the quality of decision making. People are able to use their judgement in place of extensive research.

In the words of Richard de Souza, director of international business: “One of the adjustments from being in a big company is that, before, you could say ‘do me a paper on that’. Now you realise that you’d have to do it yourself. So you have to think; and you have to trust your instincts”.

Shire says that for its potential licensors, they will give a yes/no investment decision in 30 days and a final answer, having completed due diligence, in 90. Some of its global competitors are struggling to get down to 180 days for the same process. Effectively, Shire’s competitiveness is enhanced by its ability to be faster without increasing risk.

**Marks & Spencer “Simply Food”**

This initiative was created by the new management team at clothing and food retailer Marks & Spencer (M&S). It saw more potential than had so far been realised in its food business and felt that it should be getting the brand out to more people. That meant breaking away from the idea of having large retail units offering both food and clothing and trying something standalone. A key part of the idea was also a big challenge – changing the food product range in the stores three times a day to fit with the changing needs of customers from breakfast, lunch to supper.
The decision to go ahead with the idea in two stores was reached with just one meeting with no attempt to collect data. Chairman and CEO Luc Vandevelde commented: “It was pretty obvious to me that if we didn’t make our products available to the kinds of people who wanted them, where they spent their lives, we were missing a big opportunity. We didn’t need any statistical or market research”.

But the work that went on in the pilot stores helped the company understand a lot more about the behaviour of customers in that environment – what products worked, what the service should seek to add, whether newspapers should be part of the offer and so on. “Gut feeling and conviction powered the process but then extremely good data told us how people behaved and how to make the most of the product changes across the day,” said Vandevelde.

Scottish & Newcastle city centre pubs
In the late 1980s, Scottish & Newcastle’s (S&N) Guy Dickson was based in Newcastle running 700 pubs. His predecessor had decided to get out of the city centre because it had become dominated by what he had described as “serious entrepreneurs, the chest wig, the gold chain and so on”. But Dickson felt that S&N could not afford not to compete in this part of the market and had to find a way of getting back.

Dickson’s approach differed from the traditional corporate way. He hired the best internal manager they had, told him he couldn’t have an office at headquarters, said that he didn’t care what he wore (a bit more of an issue back then) and that the manager should set up a shell company so that corporate backing was taken one step away from running the programme.

The initiative worked – to a degree. With a small team to support him, the manager developed a number of outlets, which are still alive and well today.

The problem was that, in this case, the big company culture was just too strong. The manager was concerned that he was going to lose out rather than gain from the unusual experience. Consequently, he wanted to return to the conventional fold – where he has since done very well. The moral of the story is that a more entrepreneurial way of working was lost to S&N.

Sainsbury’s clothing range
Especially in the early days at Sainsbury’s, Peter Davis spoke of “having to operate on 70 per cent or 80 per
cent of stuff because the need to change is so clear. We can’t wait until everything is thoroughly thought through, analysed and researched. We’ve just got to get on with it. I’d sooner people made 10 decisions and got seven right than only tried to make three decisions and get all of them right”.

The development of the clothing range is an example of this in action. Sainsbury’s had already decided to go into partnership with another company that would take over responsibility for design, production, stock control and distribution, giving Sainsbury’s a fixed margin. It wanted someone to front the range and the supplier proposed international fashion designer Jeff Banks.

Research was swiftly put in place to check his image among customers against a host of alternatives, a lot of additional homework was done and a board meeting was allocated to see a presentation from Banks.

The board was set up for the presentation in advance, told that they would see the research and all of the work around it, that they would be asked to agree that if they liked what they saw in the presentation they would go ahead while Banks waited outside, letting him know about the go-ahead on the same day. The choreography had been deliberate to show that you could do things quickly. Since then, all involved have been promoted to further signal that “you get rewarded if you do things fast and well”.

So, to generalise, what these examples suggest is that to unlock the ability to be both fast and right companies must have excellent shared knowledge across as much of the organisation as possible before the need for a decision ever arises. Then, senior executives must to be able to use this knowledge in productive debate so that a lot of progress can be made before (or instead of) commissioning any additional information gathering and before getting into trials or experiments. By front-loading the thought process in this way, a lot of the compromise inherent in acting quickly can be avoided.

To illuminate the distinctive qualities of fast and right decision making, Figure 3 shows the extremes of conventional approaches against the way the interviewees we spoke to idealised the more customer-responsive alternative. The Q to A distance shown is the time between a question being asked of the organisation and the answer being fully implemented. T is the time taken.

Let us explore briefly each of the models.

Get it right. In organisations that place a high value on getting things right (or that prize the avoidance getting them wrong) the process is characterised by considerable data gathering and investment in the politics of the situation through widely sourced inputs. This doesn’t mean that the results are necessarily good. Consider, for example, the launch of BSB, the satellite broadcaster, in opposition to Sky in the UK. BSB took longer to develop a superior product and part of the reason for this was its more bureaucratic internal culture. It considered its actions carefully, produced

Gut feeling: conviction and good data
something that appeared to answer market needs more fully, yet by being second to Sky lost the initiative.

**Do it fast.** In organisations valuing speed and experimentation above all else, there is little honing of an idea before it is trialled in a live situation. This allows the market to decide what will succeed, yet as the dot.com boom showed the lack of customer awareness behind the idea can lead to an horrendous failure rate. We would hypothesise that in a more thoughtful or better-informed environment a greater proportion of the initiatives launched would have made it into profit and created value.

**Fast and right.** The fast and right model takes learning from both of these less effective alternatives. It is based on three key principles:

- To build judgement as the basis for swift accurate decision making
- To feed that judgement through direct stimulation and the insight it brings
- To think as much as to act. Good-quality thinking can be swift and economical and especially effective when followed by sharp, decisive action

**The four key elements of customer responsiveness**

This broad analysis can be detailed into four key aspects of behaviour:

- **Direct learning**
  Increasing the ability of a team to make the right decisions using their judgement, avoiding the need for continual research.

- **The hard-work decision-making process**
  Replacing frantic activity with debate among a better-informed team and using high standards to limit the dissipation of effort.

- **Accountable experimentation**
  Approaching activity as a precious resource and so thinking carefully about experimentation to minimise failure and maximise learning from the failures that are bound to happen.

- **A “pure air” culture**
  Not allowing anyone to become removed or out of touch, prizing rigorous debate and remaining objective in pursuit of swiftly getting things right.

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**Figure 3**

**Alternative approaches to decision making**

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**Direct learning**

Our starting point lay in questioning the value of market research but of course it would be far too simple to doubt every aspect of something so broad.

All the people we spoke to valued market research very highly, though with two caveats: it has to be used in the right context, rarely as the primary source of market knowledge; and it has to be used wisely, for the right applications and by asking the right questions.

In the approaches that were used, there were three aspects worthy of note: immersion; intuition; and fact-based market research.

**Figure 4**

**The elements of fast and right decision making**

1. **Direct learning**
2. **Hard-work Decision-making**
3. **Accountable Decision-making**
4. **Pure Air Culture**
**Immersion** is the primary source of customer knowledge. It was common practice among the executives we interviewed to spend considerable time in direct contact with customers. At its most extreme, this meant spending one day a week out of the office and on the “shop floor”, speaking to customers about complaints or just about how they were getting on. And this means customers, not just staff and management.

Immersion could also include studying media relevant to customers. For example, board members of the Bank of Scotland read the *Big Issue*, a magazine written and sold by homeless people in Edinburgh and other large UK cities, because the institution is greatly concerned about the welfare of homeless people and the impact of homelessness on the local economy generally.

It generally meant trying to counter the effects of being cocooned by the trappings of success and getting back into the real world inhabited by customers.

Tesco board members, for example, visit stores on Fridays, Saturdays and Sundays each week. The point was made that these visits mean that those reporting to them need to do something similar if they aren’t always to know less than their boss does. Each store also runs “forums” twice a year, both with staff alone and with a mix of customers and staff. Someone from head office will always attend these sessions in order to share the learning.

Sainsbury’s Davis spends most Fridays in stores, wearing a big badge visible to customers and with relevant customer letters to follow up while he’s there. And following up means phoning the customer and talking through the issue not just asking a few questions. When asked how he could find the time to do all this “non-productive” work, he wondered in turn how anyone at a senior level in a company could do their job properly without it.

M&S senior management all visit stores twice a week or more and managing director Roger Holmes arranges to go shopping with 10 customers on a regular basis so he can get their direct feedback. M&S has a small department that does nothing but answer customer emails and letters, with 350,000 being received each year. Vandevelde receives between 33,500 and 50,000 per year, all of which are answered individually by the team with regular feedback going back to the chairman.

At Shire Pharmaceuticals, an advisory board of five doctors has regular discussions with management. The managing directors of each country business regularly have dinner with three professors of surgery and then spend the following morning watching them operate. This isn’t just to help them understand how to sell more – it is a way of seeing what might go wrong with a drug, where the risks lie and what they may have to do “to curb the excesses of exuberant 21-year-old product managers”.

This immersion approach to learning has a series of benefits that may not instantly be visible:

- It provides an unarguable version of the truth for the individuals concerned. These have real power in subsequent discussions and debates. And provided the immersion is practised regularly, the problem of small or skewed samples is largely overcome.
- It provides a filter through which to view indirect data such as more conventional market research. It helps the management team to process data and to direct challenges at interpretations of the information that don’t fit their own observations in the field.
- It provides an excellent source of story telling and anecdote, crucially important in managing large organisations where the ability to persuade people to follow can hinge on engaging them emotionally with specific, human expressions of what is required of them.
- It cascades not just learning but the act of learning. If your boss sees customers for a day a week then unless you do too, he or she is going to know more than you. And in the cultures we observed, that means you won’t win arguments and you won’t get on.

**Intuition** is widely used in all fields of management but in our studies it was recognised as a key tool in optimising fast and right decision making. Assuming there is a good degree of connection between management and customers, then the fact that
customers are people, just like the management team, means that thinking like people, using intuition and gut instinct, is likely to be a good predictor of wider responses. In situations where “rightness” is valued above speed, the skill of intuition can get lost in the need for certainty. Given enough “facts”, people will override their instincts, not always a bad thing but in extremis, the loss of a very powerful tool for competitive advantage.

As Dixons’ Souhami observed, people’s attitudes and habits change slowly over time and this kind of shift (for example, the major changes in eating habits over the last two decades) is unlikely to be predicted by research. Rather, stimulated by being in contact with what’s happening, our intuition may suggest to us that things are moving on.

Eric Nicoli, chairman of music group EMI, described the issue as being more in the realm of relying too much on gut feel and not enough on more disciplined learning and analysis. But still it was clear that the reinvention of pop singer Robbie Williams or the discovery of the bands Coldplay and Radiohead was only going to happen through instinctive decisions being fought for and succeeding because of a respect for intuition.

Fact-based market research is the final aspect of direct learning. The gap in the first two aspects, immersion and intuition, is breadth. Gathering information across large numbers of people, without which decision making would take on an aspect of educated guesswork, requires some reliable sources of data.

The point here is the word reliable. Some data depict and report real customer behaviour; other types of data attempt to forecast likely behaviour. There was a strong preference for the former among our sample.

Sales data is unarguable. Product returns and complaints are robust. Studies asking what customers have done, as opposed to those asking what they think they do or might do in the future, are more likely to be accurate. Souhami of Dixons pointed out the difference between “What did you do?” and “What do you think you might do?” as questions. The former is useful.

So the past can be studied in great detail, but what about forecasting?

M&S uses a preview catalogue mailed to a representative selection of its storecard holders to inform judgement about likely demand. Again, this isn’t asking people to predict their own behaviour, it is studying what they do in a live situation.
Tesco found great competitive advantage when, in 1984, it created a site location department to determine where its stores would be built and applied scientific analysis to something that had previously been just about gut feel. It cost a lot and instinct still had a role to play but the returns in terms of the mistakes avoided were huge.

A fact-based view of the past gives a sound base upon which to argue the more complicated opinions of the future, backed up by judgement derived from immersion and intuition.

The hard-work decision-making process

The people we spoke to all believed that, ultimately, a successful organisation would have many empowered individuals all capable of making the right decisions swiftly and effectively.

But this is not achieved in an egalitarian spirit.

Based on our observations there is far more likely to be ruthless, top-down guidance of thought and action as the dominant way of working. The mitigating factor is that this is based on objectivity, on the customer and what is right for the customer not on some power-crazed individual who believes he or she has all the answers.

Depending on the stage that the company we spoke to was at (long-run success to early turnaround), this top-down approach was manifest in different ways.

In early turnaround, the management team pulls in power to themselves as a small unit of people making the key decisions. Of course, they have little time to consider each decision but because they have excellent shared judgement based on their direct learning they will get plenty right even with the limited scope for wider consideration.

One of the most striking examples of this in action is the success of Zomba Records, a company that was independent until recently sold out to Bertelsmann for $3bn. The company was just 12 years old and effectively run by one man, Clive Calder. He put together a small but very successful stable of artists including Britney Spears, R. Kelly, Backstreet Boys, Steps and N Synch, five of the most successful acts of recent years. EMI’s Nicoli explained that this focused approach had made Zomba one of the most profitable record companies globally with just a handful of artists.

Shire described the way it makes investment decisions compared to its bigger competitors. At competitors “there is a team of 25 who deal with the universities and produce reports recommending action. These are filtered and a smaller number go to the head of research who reviews them with his team and passes them on to the accountants and if they approve it goes before a committee. Here at Shire, if the person dealing with universities hears something, he speaks straight to the MD. He walks across to speak to the head of research and if they both like it, they do it”.

Davis made it clear that the first thing they did in the Sainsbury’s turnaround was to take all major decisions back to the board as a whole rather than to any one individual. Then by operating as a highly experienced small and coherent team things could be brought back under control.

But these small groups have to be expanded if success is to be sustainable over the long term. This happens as others in the organisation interact with the top team. Rather than acting as a bottleneck, this interaction serves to educate others as to the degree of market intimacy that must underpin all key initiatives. The intolerance for an idea not firmly rooted in the reality of the marketplace is seen as a positive force for change, purifying the organisation’s thought process.

This takes a long time but then this is the process of spreading the decision making. Until there is excellent shared judgement in place, the big decisions that have to be made will be contained within the small top team. The benefits of this as it unfolds are that gradually others around the business understand the high standards and the unyielding process. Those that are going to be able to live with it, or thrive on its exacting consequences, will stay and find more autonomy as a reward for “getting” the approach. The debate throughout is objective. It is based on what is right for customers and sustainable for the business to deliver. If direct learning is working, then the discussion will be rich and well informed.
There were some excellent examples of what can happen when there is widely shared judgement informed by direct learning and of how this can be communicated.

For example, at M&S there was a debate about whether it should open “factory outlet” stores. Vandevelde was doubtful but the conviction of the team and the reassurance that they were connected to their customers meant that he let it go and it has proved a very successful experiment.

At Tesco, a clear and well understood vision for the business made it possible to push responsibility a long way down. Buyers just had one six-monthly meeting where they set out their plans to hit their numbers. They had the ability to dictate launches, promotions, pricing. And, while the details were discussed, the onus was on the individual buyer to make it work – clear direction, lots of responsibility but if it didn’t work then no job.

**Accountable experimentation**

The combination of widespread good-quality learning and high hurdles for decision making ensures that when trials do happen they are already building on considerable reflection and thought. A number of benefits flow out of this approach to experimentation.

A set of well-informed bright people thinking is a lot faster than running multiple trials and likely to produce some excellent results. Too often, it was noted, frenzied activity replaces more considered thought and once off down the road of some ill-considered trial it can take a huge effort, financially and emotionally, to rein it in again.

By having fewer experiments, each gets much better quality attention and is carefully set up and planned. They get far more energy and less cloudy judgement applied to them compared to an incubator-style environment with higher numbers and less consideration. As a result, each stands a better chance of success.

Mistakes are still expected. Indeed, if there were no mistakes then the view was expressed that the organisation hadn’t been trying hard enough. Several interviewees talked about “seven out of 10” as the kind of hit rate they were looking for, high and exacting but not perfection. This tolerance of failure was also expressed as an acceptance, enthusiasm even, for U-turns and valuing someone’s ability to spot a failure when they were working on it and moving on.

For example, at EMI, Nicoli is keen to make things a little more systematic without becoming too scientific. There has to be some experimentation but this is internal. “I’d be asking you to think about the consequences of your actions,” he said. “If you release 10 albums, 100 albums, 1,000 albums, think about the impact on the EMI system in terms of distribution and selling and the impact on the relationship with HMV or Woolworth’s, who will be showered with this stuff, much of which fails to sell at a significant level. Just think clearly about it.”

The M&S Simply Food example mentioned earlier was an instance where part of the concept had a great deal of confidence behind it, so was executed immediately, and part had to be learned about in depth, so was studied carefully. By focusing the trial on what really had to be better understood, progress could be made more quickly

So, in summary, trials come later in the development process than usual, and are well framed as a result. Rather than being slower than a more active widely experimental alternative, the overall process is quicker. Thought and debate replace the widespread running around that might otherwise be required.

**A “pure air” culture**

The culture in the organisations studied was not comfortable and cosy. Despite valuing intuition and immersion the underlying culture was one of rigor and unyielding standards

The first aspect of this is the way challenge and debate are seen as forces for good. Because the process of discussing conflicting ideas and views is based on facts and objective observation, it helps share learning and build judgement.

The second aspect is that no one expects an easy “yes”. By requiring a lot from people if they are to be given the go-ahead, an organisation toughens up and fully

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values opportunities when they do arise. Burt, at Bank of Scotland, for example, spoke enthusiastically about an executive who had championed a problematic mortgage plan for elderly homeowners. He had been rebuffed several times but did not become disheartened.

The consequence of all of this is the purging of poor argument and lack of rigor. While a balance must always be struck between fast and right, a feeling of compromise is avoided. There are not fewer ideas being discussed and progressed just fewer bad ones. Like purer air, this is a richer environment within which strong people and strong thinking can thrive.

**Customer responsiveness – how organisations transform**

The ideal for a large organisation is to have a widespread capability to get customer decisions right rapidly, with responsibility devolved as far as possible without compromising the fast and right ethos. But getting there is not a matter of trying to move the whole organisation along together. Rather it relies on focusing on, and then building from, a small senior group that has the necessary qualities.

Because our research embraced companies in different stages of change, we gained a snapshot of what we believe to be a route to responsiveness. The change process was characterised by prioritising being fast and right. The over-riding need is to get a core team able to start making fast and right decisions with a reasonably high degree of certainty and then to build on these foundations. In essence what is observed is a two-stage process. (See Figure 5, above)

Stage 1 is the shrinking of the decision-making team. This is bound to be an imperfect course of action and will result in those involved having too little time to get everything right. But the confidence in taking such a step comes from a conviction that what existed before was likely to be both slow and wrong. If that is to be changed on a grand scale, then it must be changed on a small scale first – and a surprising amount can be achieved by a small team operating flexibly and relying heavily on their shared experience, updated by immersion.

Stage 2 is the rollout of decision making from the top as the new ethos is understood, and can be shown to be understood, by people throughout the company. This is intended to extend beyond management to customer-facing staff in a position to demonstrate responsiveness directly and repeatedly. The rollout itself seems to operate less as a planned, orchestrated change programme and more as one of gradual filtering, through the hard-work decision-making process. This spreads awareness through the next rank of managers about “the way things are going to be done around here”.

Our key observation is that customer responsiveness is elusive because it doesn’t sit at an extreme of either views or behaviour. It is neither about sandal-wearing creative types being given lots of freedom nor about a numbers-driven discipline in which everything must have measurable incremental value or be consigned to the scrap heap.

It is about being simultaneously intolerant of anything not in a customer’s best interest and impatient about how long it takes to get it out there. That is, about hating getting it wrong, and having to be first. About being fast and being right.

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