

Good Riddance to the Bubble. Now Build a Sustainable Business With This Tried and True Three-Point Plan

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So the bubble has burst. I reckon this is the best news we have had in a very long time. During the last few years, the bubble of false money and false achievement has meant that many things that have been done caused problems and that things that needed to be done were left aside. In the bubble, the myth of profits and living by what I would call “dodgy numbers” proliferated.

The best description of an optimist I have ever heard is a person who sees what is happening, good or bad, and knows he or she can handle it. Well I am an optimist, and even I have to say that it was very difficult to see things clearly through a bubble. Advising companies and organizations about how to ensure they are sustainable has been difficult in that bubble.

Too often, when I sat down with the people who made decisions about the big providers of service, I came away with the view that they believed, because they were making big profits or “doing their numbers,” they were doing everything right. My work showed that they were not. Their employees were often frustrated and unhappy, feeling that they were doing the best they could but doing it in a system in which they could never deliver for the customer. Their customers were frequently dissatisfied, with a strong sense that they had been oversold and under-delivered to, the golden mean of poor processes and focus. It didn't matter how much I showed them the qualitative and often quantitative proof that in some very key areas they were failing, these people refused to be moved. They had the comfort of knowing that they were delivering on their targets.

The problem with targets is that they can lead people, and, so their organizations, down some very unsavory paths. I remember working with a very large banking group, now owned in part by the British government, that was so target-focused that it had everyone working to different personal targets, often many at a time. This had made the company look very efficient. People were able to report very quickly about their so-called performance, against what were all very transactional targets. However, it made the company impossible to run, as the personal targets of the several thousand employees overrode any instruction or vision from the board.

We were asked by members of the board to use our Halo technique to explain why nothing they did worked in communicating to their staff the organization's bigger goals and long-term aspirations. When we showed them that by breaking their organization up in to such tiny units and giving so much power to very junior, and often only semi-skilled people, the product they spent so much time developing, marketing and selling was being compromised.

Sales, at a cost

Those with sales targets, for example, would strip all the value added from the product before it was sold to get the sale. The customer would get to the point where it needed to use one of the value-add pieces promised in the numerous sales and marketing campaigns and find that its package did not include it. As a result, the company spent much of its time defending itself in the press and then building new packages to overcome the problem, only to have it stripped down and sold again. When the

company tried changing its targets to stop the sales agents from stripping the value-added features, the company's sales collapsed, and staff turnover increased when agents couldn't make their bonuses.

The CEO had to resign, and the company has been partially nationalized. You may not consider that a happy ending. But I do. And this is where the optimist in me takes over. People who didn't listen before now have to think differently.

There is a sustainable way out of the current crisis. We have tried and tested it in many decent organizations, and it works. We have also tested it in other organizations, where we found that proving the case using resistance can be just as useful. Here is the three-point plan:

1. **Understand and articulate the benefit your customers expect to get from your organization.** Accept that profit is not always a measure of success. This includes the acceptance that "doing the numbers" may also not be a measure of success. The measures of success for each organization will be different and relies on the ability of the organization to deliver the benefit which their customers think they have procured from that organization.
2. **Formulate the measures for success.** Question any measure that takes you away from delivering the benefit to customers. Then either discard it or carefully articulate it to ensure it doesn't send you in the wrong direction. The measures we suggested for the organization I referred to were longevity of service by staff, actual re-purchase numbers from customers and response from staff to initiatives led by the senior team. Too bad the leadership rejected them. You might notice that these are all "audit" measures, rather than metrics collected through external research. Very often, audit measures are both cheaper and more accurate than market research techniques. There is plenty of room for research measures, but the aim is to start simple.
3. **Be kind.** This final point may seem rather fluffy, but it is crucial. Most people want to do the best they can. Most customers are not fraudulent. Well-placed trust saves lots of money and creates lots of good will. It is good business practice, and the organizations that use kindness well will be the best placed to weather this downturn better than anyone. Why? The idea is that we are all likely to make less money, so let's acquire value some other way. being kind will release that value quicker than anything else.

Let's look forward to the positive of living without the bubble. It may be good for the environment in lots of ways, and we should end up wiser and more sensible as a result.