

Monthly Newswire

Welcome to our monthly newswire. We hope you enjoy reading this newsletter and find it useful.

October 2022



The Toyota Way

What can businesses learn from the car manufacturing giant?

The Toyota Way is a set of principles and behaviours that are key to the firm's managerial approach. The Toyota Way is supported by two main pillars – continuous improvement and respect for people.

The management team at Toyota are taught to never be satisfied with where they are and to continuously work to improve the business by putting forward new ideas.

Toyota was an early adopter of Lean Manufacturing. Henry Ford is credited with being the first person to integrate a production process from start to finish, and Toyota applied this philosophy to increase efficiency across its manufacturing processes. Ultimately, Lean Manufacturing is focused on eliminating waste and increasing efficiency. Although it was created with manufacturing in mind, it can be applied to almost any business.

Toyota also focused on improving its processes through communication. The focus on communicating at all

levels across the organisation from product development to marketing and from engineering to customer care is key to the success of the business. This level of communication ensures that opportunities to improve processes are communicated across the business, which further drives efficiency.

Another key aspect of the Toyota Way is to add value by developing your people. Toyota strives to grow leaders who thoroughly understand the work, live the philosophy, and teach it to others. A key understanding is that success is based on the team, not the individual.

Toyota's managers are encouraged to go and see operations across the firm. Without experiencing the situation first hand, managers will not understand how it can be improved. In summary, Toyota encourages best practice across all aspects of its operations, which translates to a more successful business. We can all learn from that.

Customer Journey Mapping

Stepping into the customer's shoes.

At first glance, it's often easy to dismiss a customer journey as being something very simple – you offer a product or service, and the customer buys it. However, the customer journey is often incredibly complex.

The shift to e-commerce has redefined customer expectations. Customers expect to be able to order

almost anything online and have it delivered quickly to their front door. They also use multiple channels to communicate with businesses including email, phone, text, social media, in-person, etc.

As customers become more sophisticated, so too do their expectations, and the experience of buying from a certain company can almost be as important as the product or service itself. This is why customer journey mapping has become so important.

A customer journey map is a visual representation of the customer's touchpoints with your business, from first interaction through to final delivery of the product or service, as well as payment. The idea is to help the business to step into the customer's shoes in order to see things from their perspective, identify pain points and come up with ways to improve.

In order to create a customer journey map, all possible touchpoints are drawn out including advertisements, website, social media, interaction with your sales team and so forth. User journeys are then created from these various touchpoints for each type of buyer. For example, a millennial may become aware of your product or service via social media, research it on your website, read some online independent user reviews and make a purchase online using their laptop, tablet or mobile phone. The map should also include details of the actions the customer needs to take at each stage of the journey.

There are multiple benefits to creating a customer journey map. They allow you to optimise the customer experience and make it easier for the customer to make a purchase decision and close a sale.

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Going through the mapping process also helps you to understand the customer experience first-hand and spot ways to make the customer journey easier, more enjoyable, or faster.

Mapping out the customer journey also helps you to create a more logical order for your buyer's journey – for example, allowing them to enter the delivery address and then asking them if they want to use the same address on the billing page, so they don't have to re-enter their address.

Design Thinking in Business

What is it and how can it help your business?

Innovation is key to the success and growth of any business. Design thinking is based on designer's workflows for mapping out the stages of a design. However, it can be used as a standardised innovation process to help develop creative solutions to problems in any business.

Design thinking became popular thanks to Tim Brown, CEO of IDEO, an international design firm. Tim Brown defined design thinking as "a human-centered approach to innovation that draws from the designer's toolkit to integrate the needs of people, the possibilities of technology and requirements for business success."

Thinking like a designer can transform the way businesses develop products, services, processes and strategy.

The four phases of design thinking are Clarify, Ideate, Develop and Implement.

Clarify

This phase is about narrowing down the focus of the design thinking process. It involves identifying the problem statement to come up with the best outcome.

Ideate

Once the problem has been clarified, the next step is to come up with as many ideas as possible to address the problem you are working on. There is no right or wrong idea - anything goes. This is simply a brainstorming phase.

Develop

Now it is time to develop a prototype. You take the best idea or a consolidated group of ideas and turn it into a sample product or service that can explain and demonstrate the idea to end users.

Implement

Finally, you test, reflect on the results, re-iterate and test again until you find a successful solution. You can then agree with your stakeholders, how best to implement your solution and roll it out as a final product or service.

The main value of design thinking is that it offers a defined process for innovation. While trial and error is a good way to test and experiment what works and what doesn't, it's often time-consuming, expensive, and ultimately ineffective. On the other hand, following the concrete steps of design thinking is an efficient way to develop new, innovative solutions that can help your business to gain an edge over the competition.

Building a Client Centric Firm

The customer should be at the centre of everything in business.

Being a customer centric business means that the customer is the focal point of all decisions related to delivering products, services and experiences to create customer satisfaction, loyalty and advocacy.

Customer empathy is key to creating a client centric business. Essentially, customer empathy is the ability to identify a customer's need, understand the reasons behind that need and respond to it effectively.

Every time a decision is made in a customer centric firm, the same question is asked, "how does this benefit the customer?"

True customer centric businesses are the ones that try to understand things from the customers perspective. They offer great service and they build a relationship with their customers. They do not set out to surprise and delight a lucky few customers at the expense of others. Instead, they focus on creating efficient, consistent customer experiences that minimise friction and make the customer want to come back and buy your products or services again in the future.

In order to build a customer-centric business you need to start with your company culture. Culture is best defined as "the way we do things around here." Having a customer centric culture means that your people value the customer's needs and their experience of dealing with your firm. A customer centric team will look out for opportunities to make processes easier and more efficient for clients.

Customer centric businesses are always evolving. As your business changes, so will your customers. As such, it is important to re-evaluate the customer experience at each stage of the buyer's journey to find new ways to improve the customer experience.

You can measure the success of your customer centric strategy with KPIs such as customer retention rate – the number of customers who are loyal and make repeat purchases. Another good measure of how client centric your firm is, is to measure customer lifetime value. This measures how much revenue a single customer will generate throughout their entire relationship with your business. It's a good way to account for purchase frequency, purchase value and average lifespan of a customer relationship.

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