Welcome to the May edition of The Leader.

What you think of your customers is what will ultimately determine your business success. As Linden Brown and Chris Brown explain, your customer culture is the life force of your business.

Guinness Brewing drove its pledge for perfection all the way through its supply chain. Adrian Payne looks at how the brewer’s customer centricity even included developing the perfect tap for the publican to pull the perfect pint – every time.

Whether in the private or public sector, pulling the right levers requires baseline analysis and intelligent measurement. David Leaney discusses the importance of getting the metrics right and accurately defining the change you are trying to achieve.

Grocery chain, Tesco, turned its fortunes around when it became an early adopter of customer data segmentation. The supermarket giant challenged the assumptions of the market leader and proved the customer truly is king. Long live the king!
The company

Within a short period of time the dark rich beverage was brewed so well that it ousted all imports from the Irish market, captured a share of the English trade and revolutionised the brewing industry. By 1825 Guinness Stout was available abroad and by 1838 Guinness' Irish Brewery was the largest in Ireland. In 1881 the annual production of Guinness brewed had exceeded one million barrels a year, and, by 1914, St James's Gate was the world's largest brewery.

Guinness is now also brewed in over 35 countries around the world. All of these overseas brews must contain a flavoured extract produced at the St James's Gate brewery in Dublin. Hence the special brewing skills developed at Arthur Guinness' brewery remain at the heart of every one of the ten million glasses of Guinness enjoyed every day across the world.

Today, Guinness, part of Diageo plc, is one of the most well-recognised global brands and has a loyal following of consumers. However, producing a consistently high quality product was one of the key problems facing Guinness.

The challenge

Product quality is recognised as a critical factor in building loyalty among consumers – especially in converting occasional drinkers into loyal consumers. Research suggests that acquiring a taste for thick dark beer requires the product to meet consumer expectations on every occasion. In each brewery, manufacturing processes are carefully controlled. Ingredients are rigorously checked, with every brew containing a special ingredient which is brewed in Dublin.

Each day Guinness' trained tasters do taste tests on dozens of samples of beer. All the company's products are tasted at regular stages throughout their life-cycle to ensure they are in top condition for their consumers. These tasters score the beer for its aroma, flavour and head quality, as well as detecting any problems or deviation in product quality.

However, producing a standard product is not enough to
ensure that every customer enjoys the same ‘Perfect Pint’ every time – anywhere. Research in the UK suggested that consumers often were presented with a less-than-perfect pint at the point of consumption. Guinness Brewing GB recognised this as a major challenge, involving a total management of the supply chain. Hence they needed to address the challenge of ensuring a consistently perfect consumer experience at the point of delivery.

The solution

Achieving this lay beyond the remit of any one department. To ensure a perfect consumer experience at the point of delivery the company formed a special cross-functional process improvement team charged with the job of delivering the ‘Perfect Pint’.

The team carefully mapped and measured the entire product delivery process, from brewery to consumer. They then drew up a detailed programme which, when implemented, would consistently deliver the ‘Perfect Pint’. The control of the supply chain, which Guinness calls the ‘quality chain’, involves four main stages:

• Ensuring quality of the raw materials being supplied to Guinness;
• Ensuring quality within the brewing and packaging processes;
• Ensuring that the publican serves the ‘Perfect Pint’;
• Ensuring that the customer is educated in enjoying the final stages of consumption.

During the first two stages quality control involved rigorous purchasing and checks on manufacturing standards. Dedication to quality at Guinness starts with suppliers and purchasers working together to meet these standards, while manufacturing involves world-class techniques and Total Quality Management. All employees are educated to share the ‘quality vision’ and are trained to understand how every person plays a vital role in the quality chain. During the brewing process samples are tested at every stage. Even the loading into kegs, cans and bottles is carefully controlled to ensure that beers are more consistent in flavour and appearance in the glass.

However, the ‘Perfect Pint’ team found that often problems developed once the beer arrived at the licensed premises. Guinness, like other cask beers, is a ‘live’ product and needs to be handled carefully. Frequently, the beer was not stored and presented correctly and even though this was not directly within the control of Guinness, it was critical to the quality delivered to the consumer.

The team undertook considerable research to ensure consistency of quality in the final stages of the supply chain. Results of their work include guidelines for the publicans on all aspects of the ‘pub dispense quality’. These guidelines include advice on the correct gas mixture when pulling the pint, the ideal dispensing temperature, cleaning beer lines, washing glasses and the perfect presentation.

Guinness put considerable research and development effort into the areas of dispensing equipment and methods employed in pulling pints. For example, the current tap used by pubs to dispense Guinness was developed at a cost of over £1 million. The tap has been designed so that it is easy to operate and so it ensures that every pint is perfectly presented. Other developments include the introduction of a new gas-blending programme for pubs selling draught beer. The installation of such initiatives helps ensure consumers experience a ‘Perfect Pint’ on each occasion.

Guinness have a sophisticated Web, social media and mobile presence. Some applications include:

Picture Gallery

St Patrick’s party-goers are asked to send in photos of their celebrations to a special shortcode. There they can view their own, their friends’, and a random selection of all photos submitted. The photographs can also be viewed on the Guinness Facebook pages. This customer experience strategy and multi-channel strategy has propelled Guinness to achieving a high share of the total draught market. Guinness recognised that the presentation of beer is critical in terms of ensuring repeat purchase – and this requires a total integration of all aspects of the supply chain – including the consumer. The ‘Perfect Pint’ project was so successful that the approach has been applied worldwide to improve the presentation and quality of draught Guinness. Today, Guinness is one of a few truly global beer brands and sells over two billion pints every year in over 150 countries.

See page 8 for more Applications

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The early ‘90s was not a good time for UK grocery chain Tesco. Sales were falling, profit growth was slowing, the share price was depressed, and discount food retailers from continental Europe were beginning to enter the UK market. After a cost-cutting program things became even worse as competitors grew stronger. Drastic measures would be required to save the organisation in this most cut-throat of industries. But Tesco transformed itself.

TESCO, Building a Global Retail Brand Through Sustainable Marketing, a paper by Simon Knox, an emeritus professor at Cranfield University’s School of Management in the UK, notes that since the turnaround program Tesco has “transformed itself into a diverse international business with 65% of its selling space outside the UK. With 472,000 employees and 4811 stores worldwide, year-on-year sales have grown by over 6% in 2010. In the last six years alone, sales have more than doubled to £62.5bn, generating profits in excess of £3.39bn before tax and positioning Tesco as the third-largest supermarket group in the world."

Expansion has involved entering new markets in central and Eastern Europe, as well as China, India and the US. Store numbers have doubled and, in the UK, Tesco has more than 30% of the grocery market, Knox says, making it the market leader. What caused this turnaround was a stunning example of stakeholder management and targeted brand marketing.

“The real change agent was the Tesco Clubcard that they introduced in 1995,” says Knox, a recent international visitor to the Australian School of Business. “Tesco had developed a range of own-label products, begun in-depth market research with shoppers, improved in-store facilities – from bakeries and meat counters to baby change rooms – and rolled out a first-class training program that empowered all staff to look after customers the way they thought best. So a customer-centric culture was taking hold, but the Clubcard was the jewel in the crown, although many felt it was doomed.”

Knox reports that in a statement to the press the chairman of competing grocery retail chain Sainsbury’s, David Sainsbury, openly ridiculed the Clubcard scheme, saying: “It will cost at least £10 million just to administer. That’s wasted money that brings no benefits at all to customers. We have no plans to go down that route.”

The Clubcard would offer just 1% discount, which Sainsbury believed was of insufficient value to the consumer. The card also accrued points towards benefits for customers. But the real value wasn’t in the discount and benefits, it was in the data made available by the Clubcard.

Tesco Serves An Ace

A group of people within Tesco, including retail, divisional and regional managers, said they would like to be part of the Clubcard strategy development and put together a team to trial it, reports Knox. “Tesco is very good at trialling, learning, adapting, then trialling again and moving forward. They adopted the Clubcard across a small number of stores and there was an immediate uplift in sales and commitment from customers. Suddenly everybody wanted to be part of the new regime. It moved from piloting and learning to a full-scale change management instrument, which has since been extremely successful. Six months later Sainsbury’s started playing catch-up by introducing their own card.”
Much of the success came from the wealth of information, constantly updated and refreshed as shoppers made purchases, about the supermarket chain’s customer base. “Operational benefits – such as refined stock selection, display and staffing levels – could be derived from the data, but the primary purpose of the data gathering was to facilitate future micro-marketing activities,” wrote Knox. “It would allow Tesco to gather detailed information about individual consumers’ buying habits, while maintaining feedback channels through which the company could communicate directly with its customers to build loyalty.”

One of the issues facing Tesco was how to manage all the data generated by Clubcard. To come to grips with that, a specialist marketing data analysis consultancy, dunnhumby, was brought in. “By the end of March 1995, over five million people had joined the Clubcard scheme and Tesco recorded a 7% increase in sales,” Knox notes. “Independent retail analysts AGB confirmed the impact of Clubcard on sales when they announced that Tesco had surged ahead of Sainsbury’s for the first time to become Britain’s leading retailer of packaged goods; a market position it has enjoyed every year since. One year after Clubcard’s introduction, the company also launched the Clubcard Magazine, produced in five different versions to suit different lifestyle segments.”

At the beginning of the new decade, Tesco began to further segment its customers, introducing a Baby Club in 2001, for mums with young children, as well as a Wine Club, a Healthy Living Club for organic shoppers and a Kids Club. Membership of all specialist clubs boomed as shoppers in specific groups connected and benefited from an increase in information being offered to them via targeted magazines and websites, as well as the ever-present club-specific discounts.

Once the customer focus strategies were well in play, management turned its attention to creating a line of smaller ‘Metro’ stores, focussed on supply chain, including stock management and planning systems, began collaborating in a mutually beneficial way with their suppliers and moved into new retail services such as online grocery shopping, financial services, Tesco-branded mobile phone services and home broadband services. This was all possible thanks to the company’s ability to tap into the wants and needs of its customers via the data offered by the Clubcard. The obsessive customer focus was now embedded in the company culture. And once the UK market was dominated, expansion offshore began. Tesco has now moved into Europe, India, Asia (including Japan and China) and the US. Since its transformation, Tesco’s footprint is as diverse as its product line.

How To Manage A Turnaround

Chris Styles, Deputy Dean of the Australian School of Business and Director of the Australian Graduate School of Management, was working for fast moving consumer goods manufacturer Procter & Gamble in London in the 1990s. His position in the sales and marketing department meant he communicated with the retail chain on a regular basis.

“Sainbury’s was king, and the organisation acted like it,” recalls Styles. “But being the leader can mean that you get comfortable. It can often mean that you stop experimenting, you believe all of your old assumptions are still correct and you stop innovating. Tesco didn’t copycat the leader, as so many organisations tend to do. Instead it played a different game. It challenged the assumptions in the industry – that profit was only about own-brand labels and profit per square metre, and instead they decided that customer data was the way to find growth. Those other things were important, but customer data would prove to be the key to market domination.”

It’s these assumptions within an industry that can make or break a business, Styles says. Innovation means constantly challenging assumptions. Those looking for growth should build a business model around new truths, rather than copying the leader.

“Look outside your industry to bring in ideas about what is relevant to yours,” Styles suggests. “Unpick the current business model and experiment, fail, learn, and then experiment again. Come up with hypotheses and test them. If you draw two interconnecting circles (in one circle are the current market leader’s modus operandi and in the other are the rising competitors’ ideas of what works), the area in the middle is what everyone in the industry believes and acts upon, and as the industry becomes more mature that shared area gets bigger. This leads to strategic convergence. You need to work outside of this area to find competitive advantage.”

The Tesco example is a good one because of the company’s size and visibility.
They can be measured and benchmarked for any organisation:

1. Customer Insight:
Does the company have a deep understanding of its current customers’ needs?

The Chateau Elan Resort in Georgia offers “silver service without the gloves” — a customer experience set amongst vineyards, in a relaxing atmosphere where any request is answered with “consider it done.” The insight that customers prefer to ask any of the staff about booking a restaurant, ordering a taxi, or getting extra towels in their room led the resort to empower all staff to quickly and directly fulfil customers’ requests by working as a collaborative team.

2. Customer Foresight:
Will the company lead the market with new services before customers recognise their own changing needs?

Salesforce.com understands how customers such as Stanley Black and Decker (SBD) are trying to innovate and lead in their own marketplaces. For example, it has developed technology that allows SBD service people to remotely diagnose and troubleshoot problems on customers’ mobile devices. Customers can share live video of their problem with SBD via a smartphone using the saleforce.com platform, which enables real-time service. Imagine having a power drill that automatically signals SBD when the battery needs replacing, a toolbox that can be remotely locked or unlocked, or the ability to track the location of tools at different job sites. All are important productivity enhancers for professional builders. Salesforce.com had the customer foresight to create the technology that makes them possible.

3. Competitor Insight:
Does the company monitor, understand, and respond to its competitors’ strengths and weaknesses?

The Virgin Group enters industries such as financial services, radio stations, and balloon travel, amongst many others, based on an intimate insight into the strategies and capabilities of incumbent competitors. Its value proposition as the “fun” alternative based on “brilliant basics with a touch of magic” differentiates it from rivals.

4. Competitor Foresight:
Does the company actively consider potential competitors when making decisions about customers?

Amazon.com, one of the world’s most customer-centric companies, has strong competitor foresight, opening its platform for use by new emerging competitors and pre-empting existing and new competitors with new offers. For example, Amazon recognised the potential threat from Apple in the tablet market. Apple was looking
to do to books what it had done for music by supplying both the reading device (the iPad) and the content via its iBookstore. Amazon’s foresight led to the development of the Kindle, designed to keep Amazon out in front as not only the preferred source for books, but also the preferred supplier of book reading devices.

5. Peripheral Vision:
Are your employees actively encouraged to signal threats and opportunities observed in the external environment?

The very essence of Google’s peripheral vision is symbolised by Google Glass, which incorporates cutting edge technology and innovation for customers from internal ideation, partners, and acquisitions.

6. Cross-Functional Collaboration:
Are your people working cross-functionally to solve customer problems and deliver better service to customers?

Swedish-based Ikea embodies collaboration in its vision, values, and strategy. High performers who cannot collaborate are fired. Recruitment is based on propensity to collaborate and work with people first, skills second.

7. Strategic Alignment:
Do staff members fully understand and buy in to the company’s vision, values, and strategy?

When Westpac, one of Australia’s largest banks, developed a new vision to “delight customers,” it found that was easy to say, hard to do. It had to include “customer” as a corporate value, develop customer measurement systems to capture advocacy and loyalty, and train staff to interact more effectively with customers for relationships, as well as realign remuneration systems. All that was needed to create alignment around vision and strategy for effective execution.

Customer culture is as fundamental to business performance as breathing is to living. It is the life force of your business — no matter what your industry sector. Knowing how to measure it, and its impact on performance, is key to your company’s success.

AGSM Faculty Linden R. Brown is the author of ‘The Customer Culture Imperative’ and a Global Customer Centricity Expert. He is also the AGSM Program Director for the ‘Building a Customer-Centric Culture’ program.

Chris L. Brown is the CEO of MarketCulture, a Silicon Valley-based management consulting firm.

SOURCE: THIS ARTICLE WAS ORIGINALLY PUBLISHED IN THE HARVARD BUSINESS REVIEW. BLOGS.HBR.ORG/2014/01/DIAGNOSE-YOUR-CUSTOMER-CULTURE/

NUMBER CRUNCH
Passenger growth and customer loyalty led Virgin Trains from a £3 million loss in 2007 to a £142 million profit in 2012.

In 2011, Amazon.com was number one among all retailers – physical and online – in customer service.

Using competitor foresight, Google outbid Microsoft and Yahoo! to purchase YouTube, which now generates $4 billion + in revenue.

Netflix added 3 million new customers within 12 months using its own-demand video streaming consumer proposition.

Training of bar staff has not been neglected. The ‘Perfect Pint’ team recognised the important role of staff that pull the ‘Perfect Pint’ and deliver the experience. The famous ‘two-part pour’ requires practice. Detailed instructions and training were provided by Guinness to ensure the ‘Perfect Pint’ was pulled properly and drunk correctly by consumers:

Hold the glass at a 45 degree angle close to the spout to prevent large bubbles from forming in the head. Pull the tap fully open and fill the glass 75 per cent full. Allow the stout to settle completely before filling the rest of the glass. The creamy head will separate from the dark body. To top off the pint, push the tap forward slightly until the head rises just proud of the rim. Never allow the stout to overflow or run down the glass.

Every Guinness employee is trained to recognise their responsibility in ensuring that the ‘Perfect Pint’ is enjoyed everywhere. Employees learn how to execute the two-part pour and are encouraged to check the pouring technique and test the depth of the head and temperature of the pint in licensed premises. Employees can alert the ‘Perfect Pint’ support team if a problem is encountered, so that the publican can be offered further advice or training.

The results

But achieving the ‘Perfect Pint’ does not stop there. Research showed Guinness that consumer education was also important if the consumption experience was going to be consistent – every time.

Guinness needed to communicate to consumers their part in securing the ‘Perfect Pint’. Point-of-sale laminated cards were used which explained, on one side, how to pour the ‘Perfect Pint’ and on the reverse side, the correct serving temperature and a ruler that allowed consumers to measure the correct thickness of the head on their pint.

Consumers were also targeted with a highly successful advertising campaign that extolled the virtues of waiting for a ‘Perfect Pint’ – as it takes between 90 and 120 seconds for a ‘Perfect Pint’ of Guinness to settle. This waiting time has been promoted by Guinness with advertising campaigns such as ‘Good things come to those who wait’. Thirsty customers now wait patiently for their Guinness.

They have become part of the process and are now convinced that if it’s worth having, then it’s worth waiting for. Even the core customers have learned to deal with the wait involved. As one pub owner observed: ‘The old timers finish their pints in three sips. They re-order right after the second sip; by the time they finish the last sip, a fresh one will arrive. They’re hearty men.’

Guinness has developed strong relationships with their highly committed customers. As brand commentator Fred Richards observes:

“The Guinness brand experience drives a visceral, interactive and expressive relationship with its consumers. The visceral relationship manifests itself by the excitement one feels when first encountering this brand; the beer’s colour, smell, the sound of its pour. The interactive relationship begins with the all-important opening ceremony: The pint arrives and the consumer…waits…The visceral and interactive relationships comprise a rich, robust brand experience which, when repeated, fosters consumer loyalty and drives an expressive relationship with the brand: If you are loyal to Guinness, you are eager to share the experience with others. In a bar, this relationship becomes obvious when other Guinness consumers subtly acknowledge the ritual first pour and reaffirm their exclusive club membership.

Guinness places strong emphasis on multiple channels and multi-channel integration. These channels include physical facilities, Web, mobile and social media. The flagship ‘Guinness Storehouse’ premises at St James’s Gate in Dublin encourage visitors, with over one million people visiting in 2011. Sales jumped 10 per cent following the 2011 visits of both President Barack Obama and Queen Elizabeth II. The Storehouse is Ireland’s number one fee-paying tourist draw.

Guinness have a sophisticated Web, social media and mobile presence; and for the sport- and style-aware 18 to 40 year olds, who are comfortable with technology, they have an advanced website, a range of developing mobile applications and over 250,000 Guinness Ireland Facebook fans. In the mobile area, marketing agency Marvellous has developed a range of Java downloads to deliver cutting edge brand engagement for those who are ‘connected’. Much activity is focused around the Irish celebration of St Patrick’s Day in March each year. Apps include:

**PubFinder**

PubFinder this enables users to identify nearby pubs via location-based services. For example the nearest: St Patrick’s party pub or pub serving Guinness Red.

**Pub Quiz**

PubQuiz is where consumers answer as many questions as possible in 119.5 seconds, the time it takes to pour the perfect pint of Guinness. They could then submit their scores to an online ‘national leaderboard’.

**Source:** Strategic Customer Management, Adrian Payne and Pennie Frow, 2013.
within the market. But organisations of all shapes and sizes within every market consider, or should consider, implementing turnaround plans. Michael Fingland, managing director of Vantage Performance, has been the architect of numerous such plans for companies in fields as diverse as retail, manufacturing, engineering, transport logistics and mining services.

“Quite a few mining services businesses [are] getting into strife, which surprises many people,” Fingland says. “In such a fast-growing sector, they outgrow their finance structures or their people structures and need operational adjustments and controls.”

An effective turnaround requires the right platform, capital structure, people, expertise, and also the right approach to culture, particularly stakeholder management, according to Fingland. “When we look at a turnaround we say it’s about 25% financial restructuring, 25% operational and 50% stakeholder management. That’s where most management teams or advisers that try turnarounds get it wrong – they don’t put enough emphasis on the stakeholder management side and that is the most critical element.”

When you walk into an ailing organisation it’s fairly clear where the problems lie, Fingland says. Often meaningful strategic decisions have not been made for quite a while and the business is controlling the management team, rather than the other way around. Fingland claims it’s relatively easy to draw a line back to the moment that the rot started. “Typically the issues have begun two to three years’ earlier and as the team and conditions deteriorate it starts to show as high staff turnover and low productivity, and eventually it turns up in the numbers,” he says. “Often there are cultural issues that weren’t dealt with by management. To manage a turnaround you’ve actually got to spend a good amount of effort on stakeholder management – staff, creditors, customers etc. – to identify what contributed to the decline in productivity and morale. Only once you have identified it can you address it.”

Three Steps to Success?

Most successful turnarounds follow a three-step process, observes Fingland. The first is a strategic review or diagnosis, which can take from two to eight weeks. In this structured part of the process all key issues must be identified and for each issue, options and recommendations must be discussed before the development of a 100-day plan. This period is about getting to the root of the problem and assessing management’s ability to change. “It’s one thing coming up with all of the initiatives, but is there sufficient skill inside the management team to execute all that is involved?” Fingland asks.

“The second stage, the implementation phase, is different on every occasion. You might have the initial 100-day plan mapped out with key initiatives, but often the order in which you start executing will change as the processes are implemented. Delays happen on a certain project so resources must be reallocated, for instance.” The X factor in turnarounds is being able to read what’s needed and where. “It’s essential to keep a finger on the pulse during the implementation phase by constantly discussing traction with the management team, financiers, shareholders and staff. You must keep all stakeholders moving in the same direction and that continuous process of interaction tells you when you need to slow something down or ramp something up. That’s where skill and experience comes into it.”

Fitting the Tesco case study into this model is simple – identification of issues and assessment of the problems led to a need to create a new, customer-centric culture. With the implementation of that culture came benefits, some expected and some a surprise. The outstanding benefit was the incredible value of the data offered by the new Tesco Clubcard. And, once the turnaround was complete, the decision was to expand internationally in addition to looking for further opportunities in the UK.

SOURCE: KNOWLEDGE@AUSTRALIAN SCHOOL OF BUSINESS
According to AGSM Adjunct Faculty member, David Leaney, the transformative power of Lean Six Sigma is just as relevant – if not more so – for the public sector as the private sector. David believes it’s an exciting time for the public sector. “There is a definite shift from incremental improvement in the public sector to transformation on a massive scale,” he says.

“The public sector is constantly being pushed to ‘do more with less’ and public expectations are also rising.”

The spotlight of the National Commission of Audit (ncoa.gov.au) gives the efficiency and improvement principles of Lean and Six Sigma even greater currency.

David feels the public sector is being proactive about the “game changing” transformation the Commission of Audit will require.

“The public sector is definitely looking at the elements of capability and productivity improvement. I see many organisations designing greater efficiencies and ultimately being more effective” he says.

But he’s worried that some organisations rush into making change before adequately defining their baseline and their measurement metrics.

“Counting stuff is useful, but it’s the fall back position” says David. “You need to really carefully define the objectives of the change and what you are trying to measure.”

The baseline should be set according to the change you want to achieve. “If it’s a new capability, that’s what your baseline will focus on. If your change is about efficiency and doing more with less, then you should set your baseline to reflect your inputs.”

“You can’t manage what you can’t measure” says David. “So there is absolutely no point setting up a baseline that measures capability when you want to improve efficiency.”

**ANALYTICS & TECHNOLOGY DRIVING CHANGE**

“We simply didn’t have the technology 10 years ago that would allow such changes to the business model. But with large volumes of data and improved cyber security we are seeing a growing acceptance and confidence in digital processes.”

“It’s these elements that are transforming the productivity of the public sector,” David says.
The Australian Taxation Office is a prime example of working on making the complex simple and freeing up resources to concentrate on the bigger challenges. Taxation law states that individuals will submit a tax return to the tax office. Simple. That’s the rule.

David observes that one or two million taxpayers, with very straightforward income and deductions, have to go through “a ridiculous amount of information to submit a very basic tax return.”

“The ATO is now thinking: ‘we have all this data. Why don’t we turn the process around and do the return for these individuals?’ and that’s exactly what they’re planning to do!”

The tax office is planning to use its vast data resources to prepopulate the tax returns for the most straightforward taxpayers, and enable them to login securely and accept. “This takes millions of units out of the workflow process at the ATO and allows the office to focus on more complex or less compliant taxpayers.”

“This is huge,” says David. “It’s progressive and proactive, and it’s typical of the thinking that is now going on across the public sector.”

But no matter how impressive the change, David is emphatic that it “must be underpinned with good measurement.”

He says that “good metrics should include a combination of:

- Qualitative and quantitative indicators,
- A historical as well as predictive view,
- A mix of different measurement sources, and
- Different types of information.”

DON’T COUNT WIDGETS

“ Agencies need to consider what evidence they will need to define success”, advises David. “And I’m suggesting that will involve more than just counting the absolute number of widgets.”

“Absolute numbers can be fairly meaningless on their own”, he says. “But if we combine them with a ratio that can depict a trend, then we can make a better informed prediction. With a reliable prediction we can improve our measurement and adjust our forecast” he says.

“And if we don’t have 100% precise measures, then look at a proxy measure or another indicator we can use…a correlation or a predictor that will help the measurement.”

“This is especially important in the public sector. You must have the evidence to take your own people on the transformation journey, as well as external stakeholders. And ultimately, you’ve got to have proof for your minister.”

David says that more public sector organisations are realising the imperatives of transformation and seeing business schools as a professional services provider.

“There is such a depth of resource at the AGSM, which is part of a GO8 University, to help organisations in their quest to understand the key metrics that provide clarity of purpose for their outputs and motivate their people”, he says. “And it has relevance to so many different organisations and sectors.”

Massive change can be challenging. But David’s message stresses the importance of getting the metrics right from the outset if you want your measurement to stand up to the stress test.
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