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

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

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

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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)

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

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)
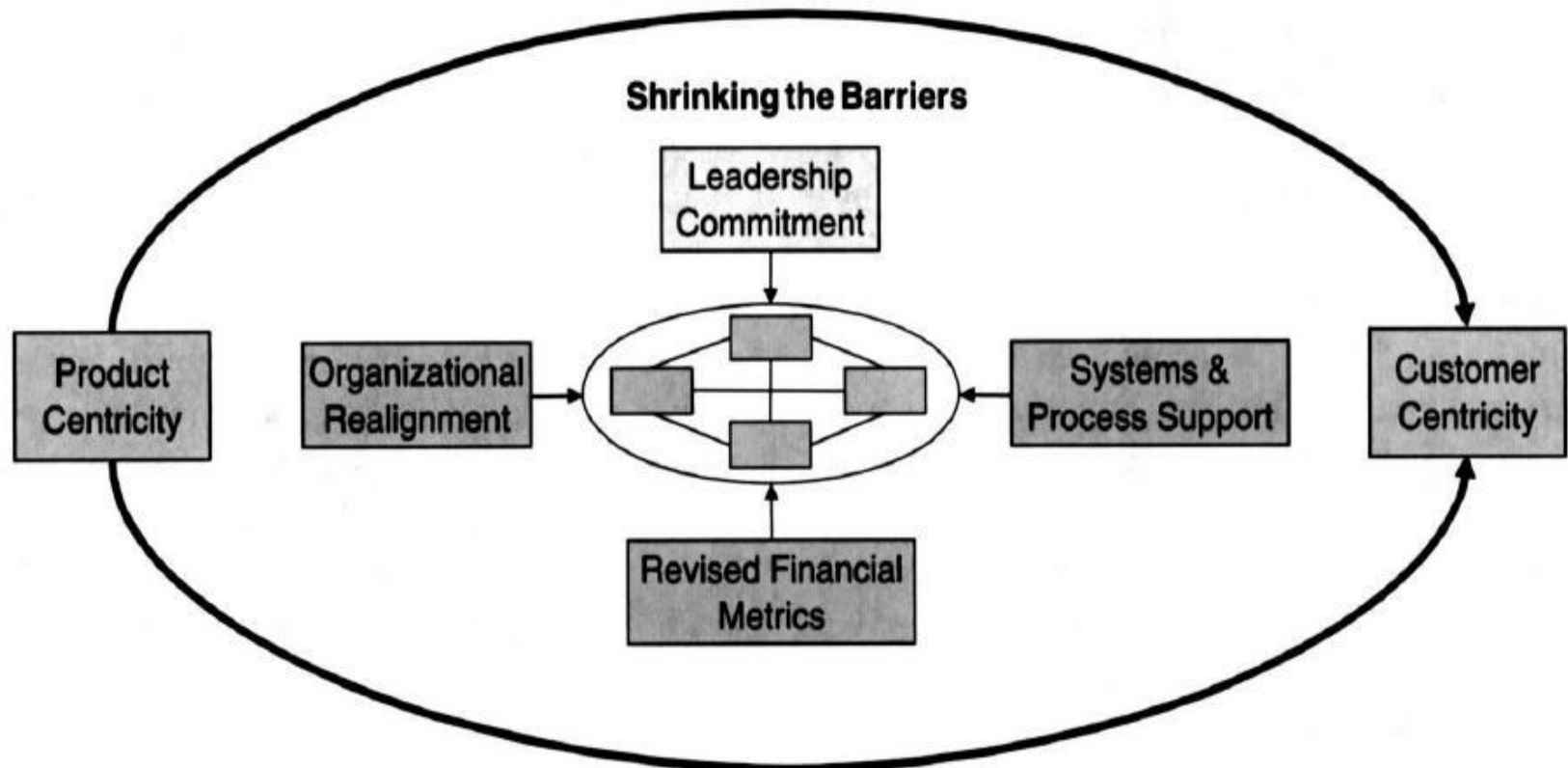
3.2 Leadership Commitment and Organizational Realignment
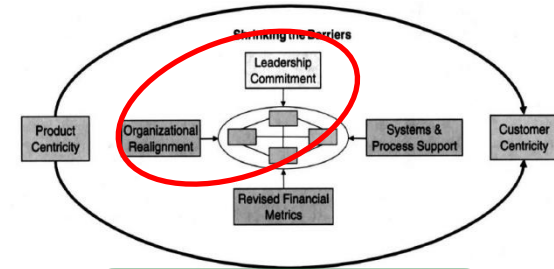
Restructuring of the IT-department, combining admin IT and service production

Status of customer work

Account managers to act as interpreters between customers and IT

A collaboration program

Matrix organization

- 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.
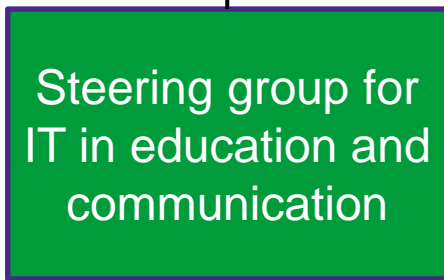 - To implement collaboration models to better support the core functions of the university.

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Organizational Culture
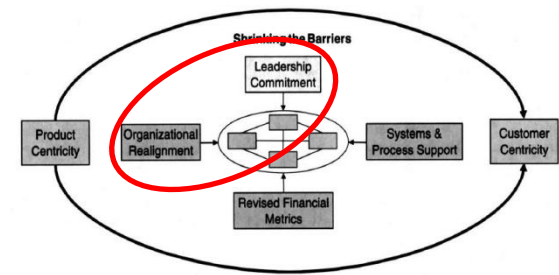
- Culture as "a **pattern of shared basic assumptions** learned by a group as it solves problems of external adaptation and internal integration, that have **worked well enough to be considered valid** and, therefore, to be taught to new members as the **correct way to perceive, think, and feel** in 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 Goverance Model and IT Investment Lifecycle Model

- High-level priority setting
- Tope level IT budget decisions
- Mandate setting for domain specifics

IT- portfolio Steering Group

Shrinking the Barriers

Leadership Commitment

Product Centricity

Organizational Realignment

Systems & Process Support

Customer Centricity

Revised Financial Metrics

Steering group for IT in education and communication

Steering group for services' IT

Steering group for IT infrastructure

ICT Groups in Schools
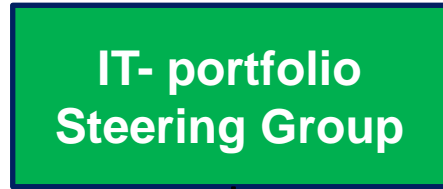
- Project approvals
- Priorities within the domain
- Domain specific target setting

Project proposal

Project approval

IT-Collaboration networks at departments

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

IT investment life cycle model

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)

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Customer → Service Design → Service Transition → Service Production → Continuos Improvement

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)

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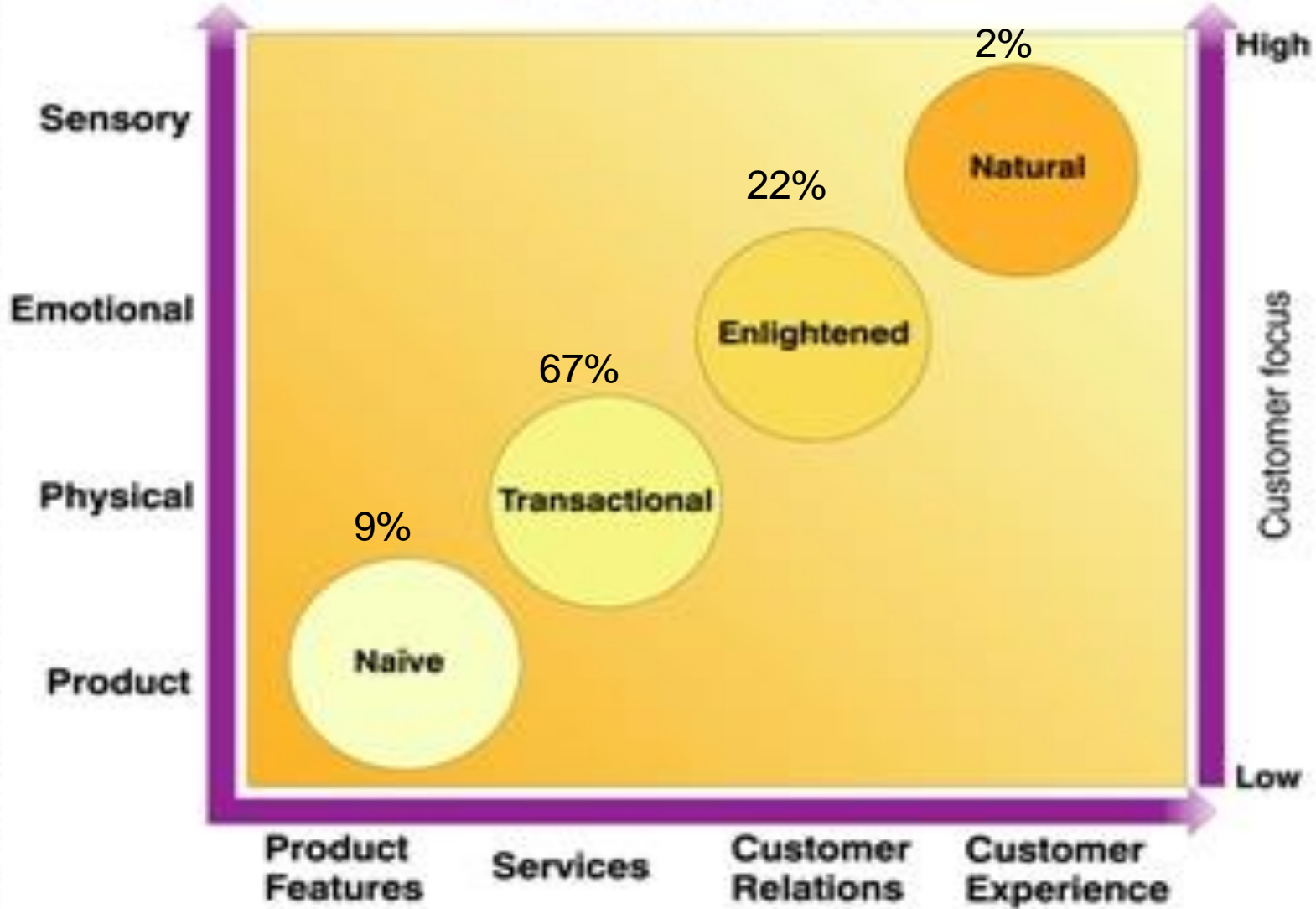
How customer-centric is your business?

(Thompson, 2012).

Customer-?

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.*"