

HOW TO BECOME BIONIC

EIGHT TAKEAWAYS FROM BCG'S 2015 EUROPEAN LEAN SUMMIT

By Nicolas Harlé, Yann Letourneux, and Manu Decroix

“**H**OW TO BECOME BIONIC: Using Lean to Develop Hybrid Customer Journeys” was the intriguing theme of The Boston Consulting Group’s fifth European Lean Summit, held in Paris on November 5 and 6. To deliver the products and services that customers require, companies must become “bionic”—that is, they must blend digital technology and the human touch. More than 70 participants representing 14 countries and a wide range of industries gathered to learn about evolving concepts in lean methodologies and digital technology. Here are eight takeaways.

1. Big data won’t replace human creativity. BCG’s Luc de Brabandere argued against the notion that big data eliminates the need for conceptualizing, modeling, and testing in the creative process. In applying big data, companies analyze historical information to identify correlations, but creating a new concept requires forgetting the past and discovering causalities—which is why people, not data, will continue to be the driving force in innovation.

2. Today’s customer journey moves across many channels. Oded Karev of NICE Systems, a software solutions company, and BCG’s Nicolas Harlé presented the key findings of a joint study on customer engagement. The study found that in interactions with service providers, customers use an average of five or six channels; 30% use more than seven. Companies, however, are often not aware of the extent of multichannel usage or the challenges customers face when switching among channels.

For instance, companies expect that call center use will decline as they make more information available through mobile apps, but the increased availability of information and the ease of connecting with representatives by clicking a button within an app have actually promoted call center use. Interactions between customers and reps are expensive and frequently fail to resolve issues, generating even more traffic. To understand the true nature of the customer

journey, the speakers recommended that companies conduct short but systematic surveys to assess the quality of the customer experience, understand why customers contact the call center, and identify the root causes of bad experiences.

- 3. Digital must be in your DNA.** Sharing insights from a recent study in the banking sector and lessons from tech innovators, BCG's Elizabeth Kaufman stressed the importance of both people and organizations in making digital disruption a reality. Winning in digital requires establishing clear ownership of digital initiatives and implementing new approaches to leadership, talent, culture, and ways of working. Kaufman espoused a three-phase transformation journey—from opportunism (dispersed and uncoordinated digital initiatives) to centralism (centers of excellence with specialized capabilities and processes) to activism (all people “live and breathe” digital). To evolve as a digital organization, companies must develop capabilities for using big data, improve the customer experience, automate lean processes, and establish innovation labs.
- 4. Organizations need to adopt agile ways of working at scale.** Payam Djavdan, of ING Netherlands, and BCG's Martin Danoesastro said companies must emulate the leading digital innovators by embracing “agility at scale.” ING Netherlands—which sees itself increasingly as a tech company, not just a financial-services firm—has done this so that it can respond more quickly to changing customer requirements, break down organizational silos, and attract and retain digital talent. The bank reorganized its business and IT units into squads, chapters, and tribes, each empowered to increase the predictability, simplicity, and security of customer journeys. The bank measures the success of the units' initiatives using a “customer effort score,” which evaluates the ease of doing business from the customer's perspective.

- 5. Investing in a full-scale digital transformation pays for itself.**

Leading brands have recognized that it's less expensive to invest heavily in digital for a positive customer experience than it is to pay the churn costs of a negative one. Deep digital transformations have unlimited potential, explained Marc-Henri Desportes of Worldline, a transaction services company. He discussed how companies can decrease their cost per customer as they increase customer centricity and combine digital automation with human interactions to create successful customer journeys. The stakes are high for optimizing digital investments: the winner takes all in an environment where companies are pursuing a global customer base, betting on the mass adoption of their products and services, and applying real-time data to improve performance.

- 6. To gain customers' long-term trust and loyalty, companies must deliver the right products and services.**

Because customers are engaging with your business through more channels than ever, the ability to unify information and experiences across channels has become essential, explained Salesforce's Olivier Derrien. Companies inspire customers' long-term trust and loyalty by delivering experiences that are personal, contextual, proactive, and predictive across channels. Leading companies use speed, precision, and mobility in their interactions to close the gap between customers' expectations and their experiences. Success in maintaining strong connections should be measured from the perspective not only of customers but also of employees. Skilled and satisfied employees are crucial to delivering a cost-effective, world-class customer experience.

- 7. Cognitive capabilities are transforming how people interact, engage, and transact.** Jean-Philippe Desbiolles, of IBM Watson Group, discussed how cognitive capabilities complement the digital agenda by enabling conversa-

tions between banking systems and people (clients, prospects, partners, and employees). IBM's Watson cognitive system understands natural language, generates and evaluates hypotheses, and adapts to and learns from users. Those capabilities allow Watson to respond to voice-activated queries with the best and most relevant information. The technology promotes trust in the client relationship, supports and empowers people (rather than replacing them), and creates a consistent customer experience.

8. **Lean supports digital transformation.**

The summit concluded with a panel discussion in which senior executives shared how they have used lean methodologies to support a digital transformation. Christian Molt described Allianz Germany's initiative to map and optimize each of the company's 150 customer journeys and its top-down innovation process to develop simple, personalized products and seamless interactions across channels. Paul-Louis Moreau, of BNP Paribas, emphasized the importance of using social and collaborative digital plat-

forms to improve the productivity of legal, finance, IT, and HR functions. The platforms promote problem solving by providing mobile access to a single source of information and allowing knowledge to flow across the organization. Danske Bank's Simon Haldrup explained how his company is transforming processes by thinking like a customer, not a bank. For example, to make buying a house as simple as buying a book from Amazon, the bank offers recommendations and counseling to customers at every stage, from finding the best house to obtaining the right mortgage.

Finally, John Juhasz discussed Adidas Group's efforts to promote continuous improvement, emphasizing the importance of role modeling by top management. Recognizing that people, not only technology, drive the success of a digital organization, the company assesses managers' responsibilities and constraints, maps processes step by step and across teams, and conducts daily performance discussions at the team level informed by up-to-date metrics.

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