

# CUSTOMER CENTRICITY

**Inversion.** The old logic of wealth creation worked from the perspective of the organization and its requirements—for efficiency, cost reductions, revenues, growth, earnings per share (EPS), and returns on investment (ROI)—and pointed inward. The new logic starts with the individual end user. Instead of “What do we have and how can we sell it to you?” good business practices start by asking “Who are you?” “What do you need?” and “How can we help?” This inverted thinking makes it possible to identify the assets that represent real value for each individual. Cash flow and profitability are derived from those assets.

- Shoshana Zuboff - Creating value in the age of distributed capitalism, McKinsey

Companies’ upstream activities—such as sourcing, production, and logistics—are being commoditized or outsourced, while downstream activities aimed at shaping customers’ perception and reducing their costs and risks are emerging as the main sources of competitive advantage.

To compete effectively, companies must shift their focus from upstream to downstream activities, emphasizing how they define their competitive set, influence customers’ purchase criteria, innovate to solve customer problems, and build advantage by accumulating customer data and harnessing network effect.

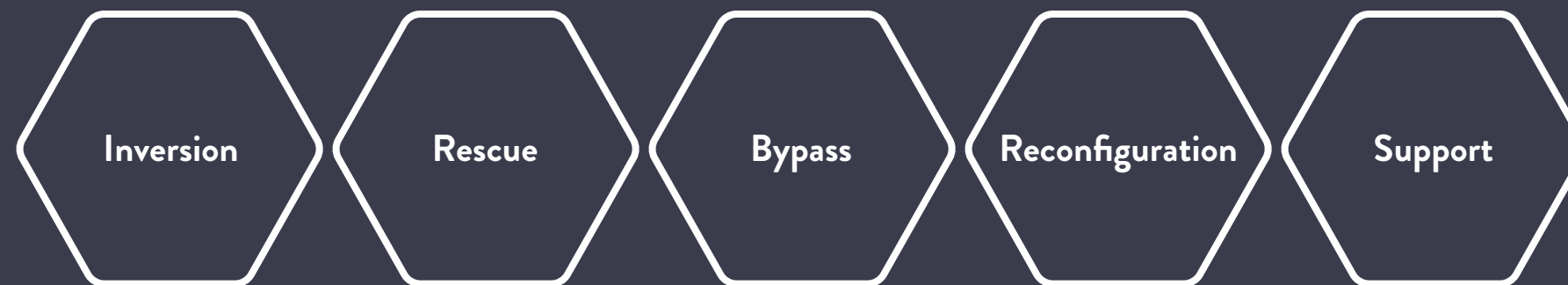
- Niraj Dawar - When Marketing is Strategy, HBR

We come up with technology, then find a use for it and then try to invent meaning through advertising and communication... we have to push meaning to the beginning.

- Anne Kirah

For many organizations, the challenge lies in finding innovative ways to capture the “voice of the customer” and infuse customer insights across all business functions, from the point of sale to the call centre, in order to create business value.

- The Economist Intelligence Unit and SAS Institute, Voice of the Customer. Whose job is it, anyway?



**The old logic of wealth creation worked from the perspective of the organization and its requirements**

*(For efficiency, cost reductions, revenues, growth, earnings per share (EPS), and returns on investment (ROI)—and pointed inward.)*

**The new logic starts with the individual end user.**

**Assets** - such as knowledge, music, books, medical diagnoses and treatments, teaching, information, skills, and people - **have been concentrated inside organizations, where they can be managed and controlled to fulfill corporate goals, procedures, and targets.**

**Rescuing assets means digitizing them whenever possible for easy and affordable distribution to users in I-space.**

*By leveraging digital technologies and new social arrangements, these mutations are bypassing existing institutional structures - human, physical, organizational, technological, or financial - and connecting individuals directly to the assets they seek.*

**Mutations like iTunes or distance learning simply bypass the unnecessary costs, out-dated assumptions, and value-destroying practices of legacy systems.**

**Once individuals have the assets they want, they must be able to reconfigure those assets according to their own values, interests, convenience, and pleasure.**

**The emerging logic of distributed capitalism rewards enterprises that realign their practices with the interests of the end consumer and punishes enterprises that try to impose their own internal requirements or, worse yet, maximize their own benefit at the expense of the individual end user.**

- Shoshana Zuboff, Creating Value in the Age of Distributed Capitalism, McKinsey