

Technology and Telecom

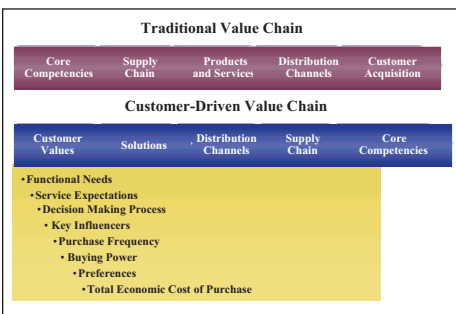
Customer-Focused Business Alignment

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Abt Associates has developed a research-based consulting tool called customer-focused business alignment. Many firms are transforming their organizations to meet the demands of their new competitive environments. These transformations represent significant challenges, involving alignment of systems and structures with business strategies, core competencies, and work processes. Key to the transformation is that the organization becomes more customer-driven. Management and staff must learn more about their external and internal customers – their values, needs, expectations, and priorities. Becoming a successful customer-driven organization requires that this knowledge be used to drive all subsequent steps along the firm’s value chain:

Transformed Business Value

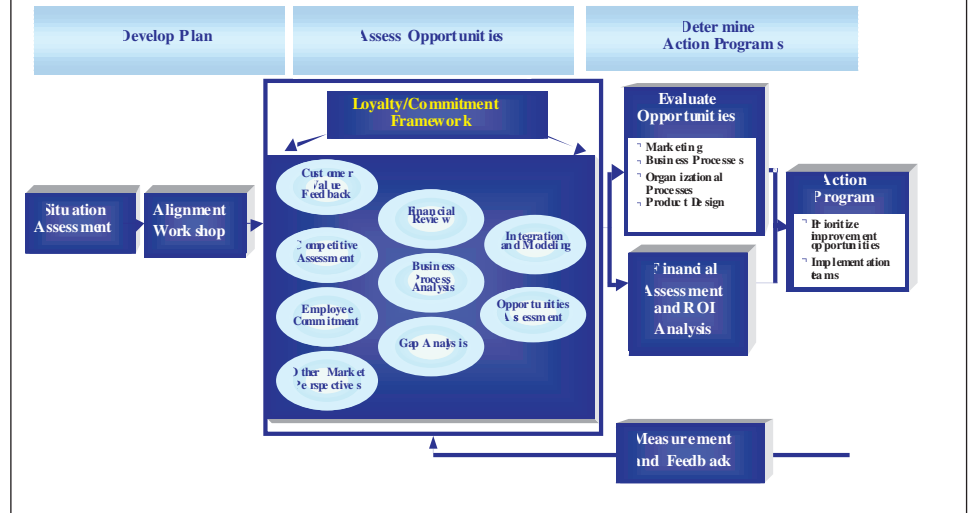
This customer-driven shift has profound organizational implications, from strategy through systems and staffing. To support the transition, Abt Associates’ customer-driven business alignment process moves from developing an overall plan, through assessing the customer needs and competitive environment, to determining specific action programs to focus resources on the requirements of key customer groups.



Business Alignment process

Abt Associates’ Business Alignment Process framework uses various tools to identify key opportunities. These typically include both qualitative and quantitative survey research directed to current

Business Alignment Process



and prospective customers and employees, and competitors. Abt Associates’ approach to these metrics is rooted in our previous research, which shows that high performing organizations create a self-reinforcing cycle of improvement. For example, employees who feel positively about their service performance tend to be more satisfied with their jobs. They also tend to stay committed to the organization. Satisfied and loyal employees tend to give better service to customers, both external and internal. Other Abt Associates tools include:

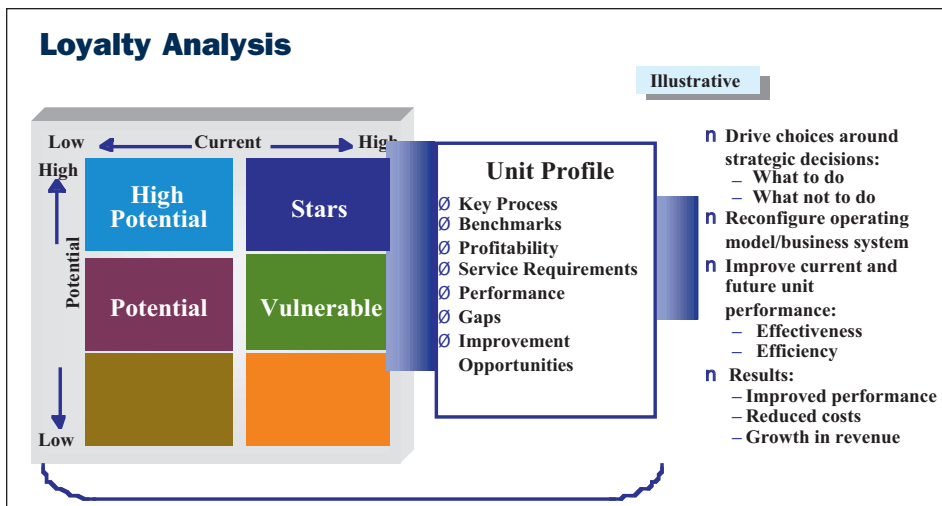
- **Competitive benchmarking:** Identification of organizational models within and outside the immediate market. Through primary and secondary data collection, Abt Associates assesses both the competitors’ approach, and our clients’ relative opportunities.
- **Process mapping:** In some cases, the current organization structure is inconsistent with the core customer-driven business processes. Abt Associates maps the current process against the customer-driven process, to identify gaps that may need to be closed.

- **Cost analyses:** Operational structure needs to be both effective and efficient. Abt Associates analyzes current organizational costs vs. perceived value, to identify potential areas for savings.

In a typical Abt Associates loyalty analysis, each major customer group is profiled based on its current and potential commitment, or loyalty, to the firm. These profiles provide critical data that allow management to assess the value of each segment to the firm, and hence decisions on where to focus resources to address the requirements of the key group.

Business Research and Consulting (BRC) at Abt Associates Inc.

This newsletter is published periodically as a service to Abt Associates clients in the Technology and Telecom industries. This issue’s focus is on how firms can better align their processes with customer needs

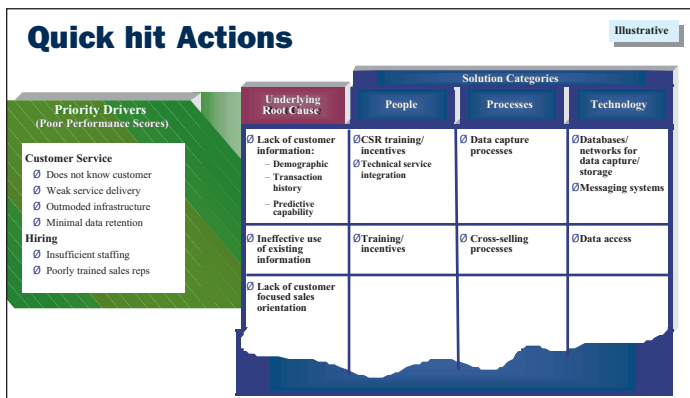


Loyalty Analysis

The value of these metrics is realized when the results are translated into a series of actions throughout the firm. In our experience, a successful program demands:

- Strong leadership from the top of the organization;
- Commitment of adequate resources; and
- A well-structured process for identifying and prioritizing investments for improvement; and a framework of metrics to measure progress.

Many of the priorities for action are out of necessity longer-term initiatives. In addition, Abt Associates often finds it valuable to demonstrate early results, to build momentum for change, and encourage the active participation of those skeptics who are to be found in every organization. We therefore typically identify a limited number of quick hits and drive their implementation as soon as possible, measuring the results as this is achieved. Example of these actions:



Quick Hit Actions

The goal at this stage is to identify solutions that meet three criteria: 1) are clearly important to profitability; 2) can be implemented fairly quickly; and 3) have a high chance of being successfully implemented by the parts of the organization that will be affected.

E-Commerce Developments

As the Internet continues to dramatically impact the way business is being conducted in all segments of the marketplace, Abt Associates is helping both traditional “brick and mortar” and new “.com” companies identify ways to exploit emerging opportunities. With companies now working towards integrating their core business processes with their customers, suppliers and strategic partners, managers need to understand how to leverage the Internet to improve customer service, reduce cost and improve communication with their constituents. Managers must also know how to position unique product, service and delivery options to excite customers in an increasingly competitive world.

Abt Associates’ research techniques are continuously evolving to understand customer attitudes, behaviors, and ever-changing expectations in this new on-line world. This means understanding technology adoption rates in different segments of the B2C and B2B market-

places, preferences for integrated on-line applications, and what it takes to attract and retain users. Frequent e-commerce issues we address are:

Customer Selection – by identifying high-value prospects and their needs for web-based products and services. Product and Service Delivery – by evaluating web site features, functionality, and customer service issues.

E-loyalty – by understanding “sticky” applications and what it takes to create committed customers.

Recent consulting and research engagements include:

- A major Telecommunications Equipment provider to evaluate content and functionality, assess market reaction, and identify optimal target markets for a new integrated information delivery product.
- A large Software and Hardware provider to redefine its relationships with its strategic business partners, identify emerging potential partners, and design a best practice partner program offering compelling value propositions designed to attract and retain key strategic partners.

Abt Associates Inc. at a glance

Abt Associates Inc. was founded three and a half decades ago by social scientist Clark Abt. Today, the firm numbers just under 1,000 full-time worldwide employees and \$198 million in annual revenues. Based in Boston, Abt U.S. offices include Chicago, Washington, and Lexington.

If you have any questions or comments on this letter or other Abt services, please contact Helena Long at 781-372-6520 or helena_long@abtaassoc.com.

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