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Leadership in multi-channel:

The business of the customer journey

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From classic trade to using the potential of the customer journey

Internationally successful retail companies have previously aligned their structures and processes to the relevant functional requirements of the B2B or B2C business model. Purchasing departments or category management have focused primarily on achieving the best possible sales conditions as part of their annual meetings with suppliers. Marketing and sales departments geared toward generating and meeting customer needs, and logistics departments ensured that goods were delivered to the customer on time and to the expected standards.

Most commercial enterprises adjust their management structures to strategic and operational Key Performance Indicators (KPI), and often make salary systems dependent on reaching business and functional goals.

With the growing importance of e-commerce and the accelerating transformation from classic trading model to e-commerce, many companies established e-commerce departments which operated as a subsidiary and were relatively independent.

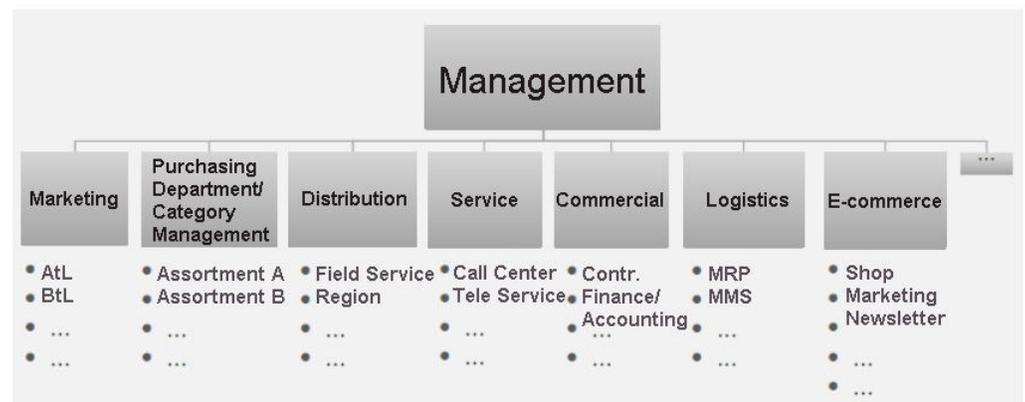


Figure 1: Classic Trade (Source: Hendrik Geissler)

With the increasing importance of e-commerce, the question arises of how classical forms of trading can be better connected to e-commerce to create a win-win situation for both sides. This is where multi-channel paths for businesses start to become important.

This white paper focuses on how traditional business functions can no longer satisfy the customer's needs and that companies will have to adjust in a process-oriented manner to the various channel usages in the customer journey.



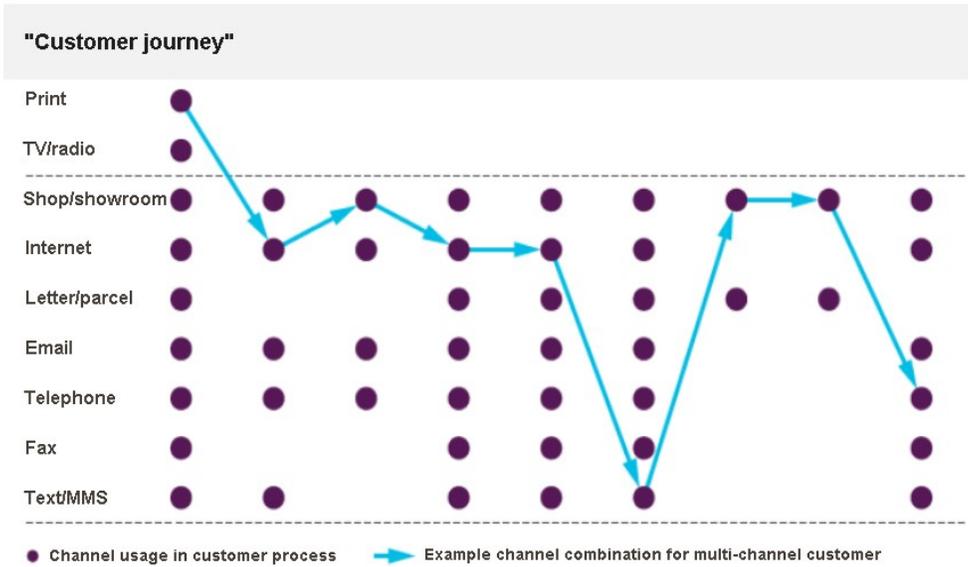


Figure 2: Customer Journey map (Source: Accenture Multichannel Consulting)

If companies want to use the customer journey in an optimal way, it is necessary to further develop the existing functional business structure to a process-oriented multi-channel structure where the achievement of functional sub-goals stands down in favour of an end-to-end view of multi-channel goals. Variable pay components no longer adjust in a functional way, but in a procedural one.

Transforming the traditional business trade model to a multi-channel/cross-channel/"No line" method

Currently, many companies operate relatively separate commercial entities, such as mail-order business, retail stores, e-commerce and m-commerce. Pure play companies show they can achieve above-average market success more quickly, overtaking traditional retail companies.

The transformation from a functional to a process-oriented multi-channel/cross channel /"No Line" organisation is the biggest strategic challenge facing the classic trading company.

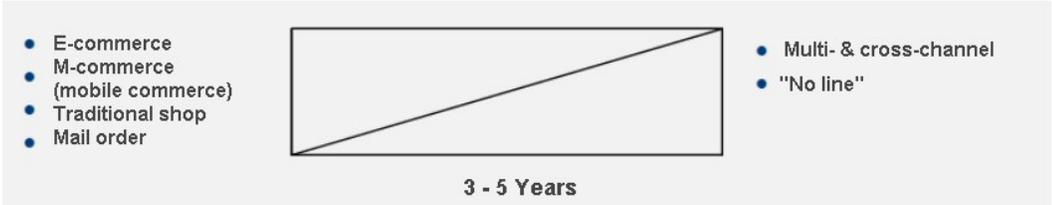


Figure 3: The Business Transformation (Source: Hendrik Geissler)

Benchmarks and experience show that this process can take three to five years. Strategic decisions that are derived from a "make" or "buy or partner" strategy have a significant influence on the time it takes to accomplish.



Does the customer journey force companies into new process structures?

"Make" or "Buy or Partner"

In the future, multi-channel will no longer be just an addition to the company. The major management challenge is to transform all business support functions from the traditional business model into a multi-channel business model.

The biggest challenge here is the mobilisation of individual departments and employees towards an "end-user-benefit" overall goal. The efficiency of an enterprise will be primarily based on the process performance. The strategic and operational target agreements for management and employees align themselves to "customer lifetime" value, while single functional targets become secondary.

Depending on the value proposition of each company, different initial strategic questions on how to apply the multi-channel strategy arise:

- Make: Do we want to hold all the relevant skills in-house?
- Buy or Partner: Which service providers offer me the fastest and best market opportunities?

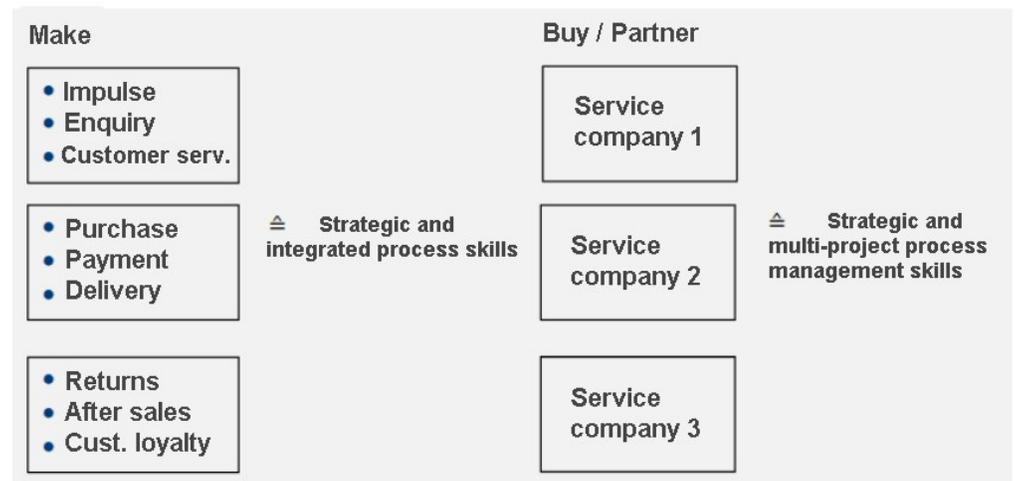


Figure 4: "Make" or "Buy or Partner" (Source: Hendrik Geissler)

If a company decides to use the "make" approach, in addition to the multi-channel strategy expertise, it has to build up and develop integrated process and functional skills in the above mentioned segments further along the customer journey. Companies that follow the "buy or partner" approach, in addition to the multi-channel strategy expertise, need multi-project management skills to control the different service providers.

Companies that transitionally use a combination of the above approaches need to review their own brand and market position in order to derive the optimal business model for themselves. Which of the two strategic options is chosen depends on the Unique Selling Propositions (USP) of the respective company.



Companies that trade with commodities prefer the "make" approach to create customer-relevant benefits through corresponding content-related multi-channel skills. Here the leadership requirements are focused mainly on strategy, as well as function and process skills.

Companies that sell products with a clear unique selling point can choose the "buy or partner" technique. Here, the leadership requirements are primarily focused on strategy and consulting or multi-project management expertise.

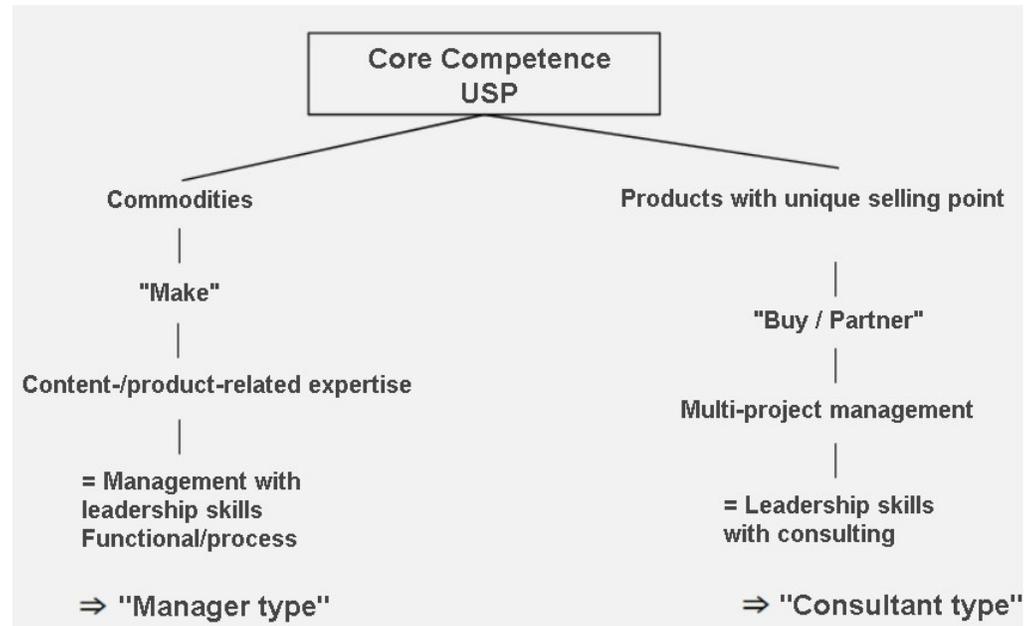


Figure 5: Make or Buy or Partner (contd.) (Source: Hendrik Geissler)

Are leadership skills and Attract/Retain in line?

With the rapid growth of multi-channel operators, numerous options arise for high-profile multi-channel managers in terms of finding the ideal company. The desire for a strong brand, a clear, customer-relevant utility-orientation of the company, as well as a relevant USP, form the basis for the motivation to change the employer.

To successfully recruit and retain multi-channel managers, the location of the company, in respect of relevant networking environments, must be chosen carefully. Successful multi-channel managers are always part of a local community that creates innovation through networking and exchange of experience. It is very important for this type of manager to have an ear to the ground.

Multi-channel managers also expect that their salary model predominantly correlates to meeting customer expectation through lifetime-value assessment.

An interesting and experienced multi-channel manager does not apply for the job- the company often applies for their leadership skills.



A needle in a haystack

The experienced results- and utility-oriented multi-channel manager is often the proverbial needle in a haystack. Therefore, innovative search strategies with several strategic fields are used in the search and selection of relevant executives.

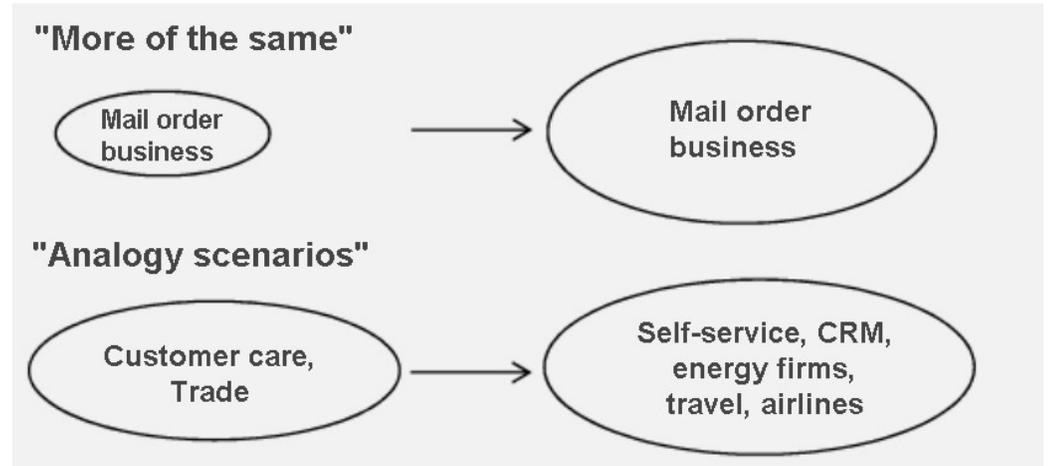


Figure 6: Strategic search fields (e.g.) (Source: Hendrik Geissler)

When a market-segment does not have a sufficient number of relevant managers, candidates can be identified through analogy scenarios. For example, when a company is looking for a customer care manager, highly qualified self-service/CRM managers can be found in the energy or travel/tourism sector or in other service companies.

When looking for the right talent, a strict multi-channel approach is needed due to unique market positioning in this field. The right fit is out there, but they may not be in the areas where you expect them.





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