

# KINETIC™

YOUR BEST OPTIONS IN MOTION



**Organisational Change to Compete**  
***In the Age of Hyperconnectivity***

## Understanding the Nature of Competition in the Age of Hyperconnectivity

Before we identify what needs to change in the organisation, we need to understand the underlying reasons why organisational change has become a critical and essential mandate for companies if they want to remain sustainable and grow in the future in a new age characterised by hyperconnectivity.

The age of hyperconnectivity is defined by the Collins dictionary as:

*“The state of being constantly connected to people and systems through devices such as smartphones, tablets and computers - and sometimes through software that enable and promote constant communication.”*

It can be argued that the internet, social media, smart mobile devices, the open source movement, and digitalisation have together changed the competitive landscape on a global basis. The basis for this argument is evident in two key areas:

1. The item being sold by a company offers minimal differentiation in the marketplace as competitors are able to mimic and deploy similar offerings in equivalent markets using the global reach of the Internet and the ease of developing software applications in a short amount of time.
2. Consumers have changed the way they buy goods and services. The internet enables them to easily research a particular item before purchase and social media has enabled them to influence others through their feedback. Mobile devices have enabled consumers to have control over their buying decisions regardless of location or time zone.

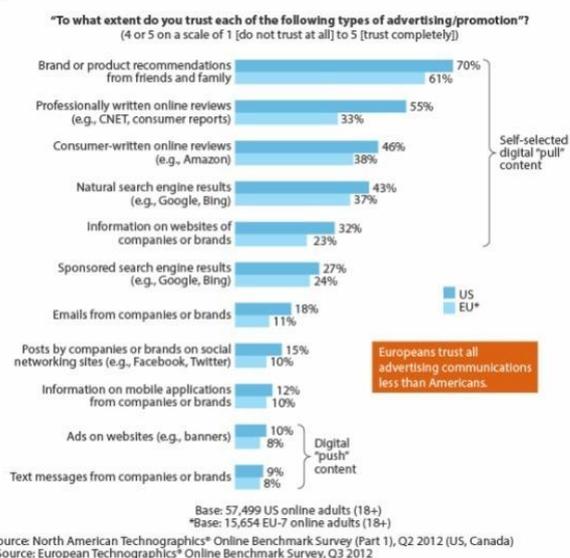
Both of these key changes have created a different competitive landscape. The primary shift is around control. Before the age when people were globally connected to each other through smart technologies, the corporation had the upper hand. A company was largely in control of

how and what they would sell to a consumer. Marketing was also easier since companies could predict the number of sales they would make if they spent a certain amount on advertising and distribution ( $Y = A + B$ ). What the age of hyperconnectivity has done is shift the control of purchasing decisions to the consumer. When consumers connect together and share their thoughts about a particular product or service, they form the same influencing power of a large corporation with a hefty marketing budget.

This shift in control to the consumer has empowered the consumer and disempowered the corporation. Shifting brands because of a poor customer experience or negative feedback from a network of peers has become as easy as point and click. Loyalty to brands rests with the collective feedback responses of consumers on the internet. Research confirms that consumers today no longer trust what a company says. The Nielsen Company reported as early as 2009 that 90% of respondents trust recommendations from people they know and 70% trust consumer opinions online.

Similar research was undertaken by Forrester in 2013 and this confirmed that 70% trusted brand recommendations from friends.

Figure 1 Consumers Trust Self-Selected Content More Than Push Communications



This highlights how consumers are no longer a lone voice. Their collective voice has redefined the competitive landscape.

Corporations can no longer organise themselves in specialised structures that operate

independently of each other, as they have for many years because they had a trusted and predictable formula around how and what they would sell to consumers in well-defined markets. The marketplace is now global and choice is everywhere. The well informed consumer can only be loyal if their experience with a company is better or at expected levels for the price they pay. This experience has to be the same across any touch point and channel the consumer chooses to interact with a company.

The key point made is that the landscape of competition has changed in the age of hyperconnectivity. The key dimension to compete on has now become how well a company can deliver ongoing "great" (requires specific definition in each industry) customer experiences on an ongoing basis to become sustainable and grow faster than the competition.

## Organisational Models That Lead to Extinction

Most organisations that were founded prior to the age of hyperconnectivity were structured around traditional business structures. These structures were the legacy of business thought introduced by the "father of economics" Adam Smith in 1776. The concept of the division of labour around specialist functions to speed up production became the basis for many companies adopting a structure that was either one of the following:

1. **Simple Structure:** this structure had centralised control and minimal specialisation with minimal rules to govern the operation
2. **Functional Structure:** focus on grouping similar occupational specialities together that have a common function in the company. This structure is often considered departmentalisation. Occupations such as human resources and finance, and research and development are examples of such groupings.
3. **Divisional Structure:** larger companies would create highly specialised and autonomous division to address a specific

need in the company. They usually have their own objectives to achieve.

All these structures are based on traditional hierarchical models where the CEO sits on the top and reporting lines are tiered. A simple structure has the flattest reporting lines and usually worked for smaller companies.

Larger companies mostly adopted functional or divisional structures. Supporting these structures were budgets and performance metrics. Budgets were allocated to departments or divisions based on the company's growth plans and overall contribution to the bottom line. Each department was allocated specific targets to reach based on their area of control.

Whilst these structures worked well in a period where the company had control over its markets and had the luxury of internal control over product design, manufacturing and distribution, they no longer work in the age of hyperconnectivity. Most larger companies with traditional structures currently lack the nimbleness and agility required to respond to the hyperconnected consumer who has control at their fingertips and demands an effortless, fast and emotionally enhancing experience when they make a purchase. When the consumer has access to multiple channels using many different smart devices and has the ability to influence how a brand is perceived in the marketplace, a company needs to have a structure that will enable its people to have a holistic view of their customer and have metrics that enable them to deliver exceptional customer experiences.

Many larger companies are facing extinction if they do not change their current antiquated structures. These companies currently face problems that inhibit their ability to compete for a market share of the hyperconnected consumer. The key problematic areas for companies are:

1. **Staff work in silos** not sharing information with each other, creating a myopic view of the customer.
2. **Staff are given targets that are specific to their area of control.** This leads to self-interest and often to counter-productive behaviour in the company. Departments are often competing against

each other to demonstrate their worth to the company.

3. **Culture of the company is focused around sales and how many items are sold.** This leads to a product-centric culture that is counterproductive to the customer-centric environment required in today's environment that is focused on service.
4. **Staff do not have the technology or data analytics** to support them in understanding the changing needs of the hyperconnected consumer.
5. **Budgets are misaligned based on poor management information around the changing marketplace and customer needs.** As a result budgets are incorrectly proportioned around channels and areas that are no longer as relevant.
6. **Companies are not able to innovate fast enough** to deliver experiences that will keep customers engaged and loyal over the longer term. Staff in these companies are usually hampered by the bureaucracy inherent in the organisational structure.
7. **Lack of knowledge of the economic value in delivering differentiating customer experiences at the top level** makes it difficult for CEOs to articulate to their board why it is important to make a radical change in the organisation. As a result, change does not occur and inertia prevails.



1. **Breakdown silos within organisations** and enable staff to work towards common company goals as opposed to individual departmental ones
2. **Change the reporting and approval process** to enable greater agility and nimbleness in responding to customer needs.
3. **Increase data analytic capabilities** to give senior managers accurate and real-time information around the new landscape and the impact on the business.
4. **Realign budgets towards growth channels** and make investments in the areas that will make the business a leader in their respective industries.
5. **Create the structure and make the investment to ensure innovation**

becomes a core component in the company.

6. **Ensure the company culture evolves** from product centric towards customer centric.
7. **Ensure metrics are changed** to ensure uniformity across the

company and alignment of the quality of service delivered as opposed to sales.

The organisational structures better suited to the hyperconnected age are:

1. **The matrix organisational structure:** Staff are grouped by both function and project. The purpose of the matrix structure is to maximise the use of cross-functional teams to get work done. This enables a project to be completed utilising the specialities of a number of different people within the company.
2. **Team organisational structure:** Teams are formed from different functional areas to harness the richness of diversity to solve larger complicated problems. The aim is to

The next section covers some of the changes required to evolve the organisation towards meeting the needs of the new competitive landscape.

## Structures for the Hyperconnected Age

The evolution of the competitive landscape requires traditionally organised companies to make some significant changes to address the problems outlined above. These changes need to achieve the following outcomes:

breakdown functional barriers and strengthen working relationships across the organisation with common objectives.

### 3. Network organisational structure:

This structure acknowledges the limitations of trying to become nimble and responsive in a larger organisation. Speed, agility and expertise are gained by outsourcing non-core functions to a network of providers and retaining only core functions. This is designed to give larger companies the benefit of acting like a smaller and flatter company

The key component of the organisational change required is the breakdown of silos between specialised groups in the company to form teams of rich diversity working towards a single goal. The team environment with the right culture forms the foundation for building the organisational structure necessary to address the unique aspects of the new competitive landscape.

## Changes for Customer Experience Excellence

To achieve a differentiated customer experience on a sustainable basis (for the hyperconnected consumer) is not an easy task. It's even more difficult for larger companies with legacy structures and operating models based on outdated assumptions. Banks with a large established retail branch network are a good example of the effect of hyperconnectivity on companies and the importance of making changes to remain relevant. In this example we can isolate the significant shifts in consumer banking habits where changes need to be made. The key characteristics of the hyperconnected consumer across industries is as follows:

### 1. Time is of the essence.

Waiting in queues to get a product or service is unacceptable. Retail networks for distribution of products and services is slowly becoming antiquated. Retail outlets need to move away from transactional business towards higher value experiences. The Apple flagship stores or the café style bank stores with couches offering mostly advice are the way forward for retail. Consumers today are all about point, click, download or home deliver!



### 2. Effort needs to be minimal.

Closely related to the concept of time as a precious commodity, is the concept of the amount of effort required to do business with a brand. The hyperconnected consumer has become accustomed to using services online that reduce the effort to perform a task. For the Millennial generation<sup>1</sup> the concept of doing a task that is not linked to online services is simply unheard of. Customer experience has now become synonymous with the amount of effort required by a customer to do business with an organisation. This effort needs to be measured beyond the first sale and covers all touch points across the entire customer lifecycle, making sure it incorporates research and service phase interactions. Simply put, the less effort required by a customer to do business, the better the customer experience.

---

<sup>1</sup> The Millennial generation defines the first generation to have grown up with the Internet. It is normally associated with those born from 1982 to 2005

### 3. **Access needs to be ubiquitous.**

The hyperconnected consumer wants to reach a company anytime and using any device or application they choose. They require 24x7 access and a comparable experience whether they are contacting the company via the phone or via their tablet. They reasonably expect retail outlets to have limited operating hours but will not accept limited functionality online or a difficult online experience. The key point is that customers are now in control and they want to choose how and when they contact a company.

### 4. **Personal emotional gratification is paramount.**

The hyperconnected age has created a new dependency as to how an individual views themselves in the world. The internet and social media created a platform for people to self-publish anything and everything about themselves and their likes and dislikes. The responses gained from their network of friends and associates about their postings creates a barometer of how a person feels about the world and themselves. The instantaneous nature of receiving positive feedback over a "selfie"<sup>2</sup> has created an important emotional link between social media networks and the way a person feels. This bond is stronger with growing young adults in the process of forming their adult identity.

The control aspect of the internet age also plays an important role in how people feel about themselves. Being in control gives people a sense of self-gratification. The emotional association with online interactions has driven the shift of sales to self-service online. This gives the consumer the sense of control they require to feel good about themselves. They choose what they want and when they want it. Companies able to provide an emotionally gratifying experience for their customers, deliver a customer experience that is expected from the hyperconnected consumer.

### 5. **Authenticity and transparency keep it real.**

The hyperconnected consumer is seeking to have a relationship with companies who are authentic in their approach and transparent in their dealings. Since time is of the essence and less effort is optimal, consumers are looking to deal with companies who don't use "fine print" in their agreements to "catch them out". Consumers have control and don't have time to deal with complicated rules and procedures. Consumers are seeking companies with simple commercial arrangements and a service model that can address the problem without asking numerous questions or going through red tape. Consumers want to be able to walk in and simply get the problem fixed quickly. This is also emotionally gratifying for them and results in an overall high quality customer experience.

These five customer experience components highlight the need for an organisation to change aspects of their organisation in order to address the challenges of the hyperconnected age. Companies that want to outperform the competition will need properly address each key component in their organisation to deliver a competitive customer experience.

### **Where to Next?**

Kinetic BPO is committed to accelerating customer experiences for organisations. We provide a range of services from full outsourcing of front or back office through to consultancy and training.

Feel free to contact us to learn how we can assist your company.

**If you would like to know more about how we can help you improve your customer experiences, contact us at:**

**Email:** [joe.tawfik@kineticbpo.com](mailto:joe.tawfik@kineticbpo.com)

**Phone: Australia: 1 300 780 556**

**Phone: Middle East: +971 4455 8410**

**Web:** [www.kineticbpo.com](http://www.kineticbpo.com)

---

<sup>2</sup> A selfie is defined as a self-portrait photograph, typically taken with a hand-held digital camera or camera phone.