

Customers still king - supplychainforesight survey

Today marks the release of Barloworld Logistics' 11th annual supplychainforesight survey, which tracks key trends across South African businesses and supply chains.



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Based on independent research by Frost and Sullivan conducted on behalf of Barloworld Logistics, the theme of this year's survey is 'The rise and fall of customers and companies', and it examines the perceptions of the level of customer centricity across a wide range of industries. It explores how companies are adapting to the shift in consumer power and how they are realigning their supply chain strategies and business models to meet customer expectations.

"What has emerged in the survey is the gap between understanding customer centricity and implementing it," says Barloworld Logistics CEO Steve Ford.

Transforming traditional business

He says a challenge facing many businesses is how to transform from traditional business structures and distribution models to those that are fully aligned with and consistently deliver what customers want.

More than two-thirds of the respondents to this year's survey are at director level and above or logistics and supply chain managers from companies of different sizes.

The top ranking strategic business objective for respondents is growth and expansion into new markets, up from fifth place last year, says Kate Stubbs, marketing executive at Barloworld Logistics.

"The second top ranking objective is financial returns, which is a new entrant into the top five ranking."

Depths of customer centricity

She says it is encouraging to see that the understanding of customer centricity in SA goes far deeper than simply offering good service.

"To be truly customer focused, an organisation must reach and sustain a high level of intimacy with its customers, understand their needs and be fully engaged in delivering in line with their customers' requirements," says Stubbs.

Ninety percent of survey respondents agree that customer centric companies enjoy better returns than those that are not, and 71% believe human relationships with the customer are far more important than processes and systems. But only 11% agree that most South African companies are very customer centric.

Respondents generally believe their employees view their company's level of customer centricity as acceptable to good, but only 6% consider them to be excellent at embracing customer centricity.

"Interestingly, the retail and FMCG industry respondents, the two largest customer-facing industries, rated their customer centricity the worst," says Stubbs.

Theory vs reality

While respondents showed a deep understanding of customer centricity and the value it can create for a company, there is clearly a disconnect between theory and reality.

The top four perceived constraints to achieving customer centricity were lack of appropriate skills, lack of a structure or plan to innovate or embrace continuous change, lack of alignment within business functions, and the perceived cost.

Stubbs says responses to the survey show a critical need for alignment across all industry sectors to enable the management and measurement processes to ensure customer centricity at all levels and by all functions in the business.

92% of survey respondents agree that customer centricity cannot be achieved without a supply chain strategy focused on delivering customer value.

Alignment

The alignment of all functions to enable customer centricity was rated as important or extremely important by 97% of respondents.

The majority (57%) rated their measurement systems to deliver customer centricity as quite aligned or they need improving, and 19% rated them as not being aligned. Only 19% rated them as being very aligned.

Changing organisational culture to be more customer focused, improving organisational flexibility and responsiveness, and focused alignment of departments and customer interfaces were seen as the top three actions that would be hardest to implement to improve customer centricity.

"The issue of company culture, together with challenges of change management and the ability to get company-wide alignment to business strategy, highlights the need for management, leadership and direction," says Stubbs.

Source: Business Day