Put Your Customers At The Center Of Your IT Operating Model

Gordon Barnett
Principal Analyst
Customer obsession has huge business benefits

Customer-obsessed companies vs. non-customer-obsessed companies

- Revenue growth rate: 2.5x
- Profitability growth rate: 2.2x
- Customer retention growth rate: 2.2x
- Employee engagement growth rate: 2.2x

Source: The State Of Customer Obsession 2021
Customer obsession requires transformation

Source: The State Of Customer Obsession, Forrester report

Base: 645 US, 163 UK, and 191 German respondents at director level or above at enterprises with $100 million+ in revenue
Source: The State Of Customer Obsession 2021

Source: Forrester Research, Inc. Unauthorized reproduction, citation, or distribution prohibited.
Customer obsession is driving the operating model transformation

Base: 1,163 Business, Marketing, and IT decision-makers (Director+) from enterprise organizations
Source: Forrester The State of Customer Obsession 2021 (Please consult Rick Parrish before use)

- We have determined what operational resources we need to achieve our vision: 67%
- We have a vision for what putting the customer at the center of leadership, strategy, and operations looks like for us: 68%
- We have aligned employee goals with our vision for putting the customer at the center of our leadership, strategy, and operations: 68%
- We have a clear way of measuring the impact of putting the customer at the center of our leadership, strategy, and operations: 70%
To enable businesses’ growing customer obsession, IT must transform from traditional to modern to future fit

Traditional IT — costs, modernization, waterfall, and stovepipes

Modern IT — value, platforms, continuous delivery, and end-to-end

Future fit tech — adaptive, creative, and resilient

Source: [Customer Obsession Explained](https://www.forrester.com) Forrester report
Business transformations rarely deliver expected results

In October 2020, Boston Consulting Group reported that only 30% of its clients were meeting or exceeding their transformation targets.

Source: “Companies Can Flip the Odds of Success in Digital Transformations from 30% to 80%,” BCG press release, October 29, 2020
Image source: PngImg (https://pngimg.com/uploads/target/target_PNG37.png)
Tech execs are not realizing success through current IT transformation approaches.

“Please rate your firm’s success in its digital transformation efforts to date in each of the following areas.”
(sucessful vs. not successful)

- Only 42% achieved agility through organization restructuring.
- Only 42% achieved success through partner network.
- Less than half achieved success through service providers.
- One-third achieved success through process reengineering.

Base: 2,652 services decision-makers who are involved in their organization’s digital transformation efforts; Source: Forrester Analytics Business Technographics® Business And Technology Services Survey, 2020.
What are the characteristics of successful transformations?

From

- All customers are treated the same.
- Traditional IT services focus on cost and efficiency.
- IT business capabilities are prioritized using inside-out thinking.
- Structure is based on skills and IT functions or misaligned with business needs.
- Governance is based on command-and-control approaches.
- Leadership is based on hierarchies and cascading of communication.

To

- Customers are categorized according to their needs, wants, and expectations.
- IT offerings are value based and cocreated with those that consume the offering.
- IT capabilities are value driven.
- Structure is work based, and IT capabilities are value driven.
- Governance is based on empowerment and trust.
- Leadership is based on value, trust, and innovation.
Welcome to Forrester’s framework for a high-performance IT operating model

Customer-obsessed operating models take a holistic view of how the organization should operate. They are not limited by focusing purely on people, process, and technology. They put the customer at the center of all operating model design decisions.
For tech execs, what does customer obsession mean?

1. Develop a customer-obsessed culture at all levels of the operating model.
   • Build your IT operating model around an adaptive culture to strengthen customer-centric employee behaviors in IT.
   • The leadership, governance, and structure layers of your IT operating model guide tech execs in building an environment for cultural change.

2. Introduce performance management at the team, operating unit, and function level.
   • Create a network or ecosystem of autonomous operating units to deliver value to the customer.
   • The leadership, structure, and capabilities layers of the IT operating model guide tech execs in building a performance management framework that supports performance accountability at the individual, team, and unit level.

3. Adopt best-practice human-centric design to build effective interactions.
   • Focus on best-practice design techniques, tools, and methodologies to help identify similarities and differences between customer and employee experiences.
Where do you start?

- Define the operating principles that guide the future organization.
- Then, follow the operating model design process, starting with the customer.

Source: Build Your High-Performance IT Operating Model Iteratively Forrester report
Thank You.

Gordon Barnett
Principal Analyst

+1 617-613-8102
gbarnett@forrester.com