



creating customer-centric innovation for SUPER FUNDS

Innovation is absolutely essential to the success of 'all profits to members' super funds challenged by a fast changing business, regulatory and competitive environment. How well you perform over coming years will be largely determined by how well you know your customers, how responsive you are to their diverse and changing needs, and how quickly you can adapt to a disruptive business environment.

To remain competitive in changing times super fund boards and executives should focus on understanding the challenges, developing competency and realigning the strategic agenda around customers and innovation.

Understand the challenges

- Your membership is diverse with varying levels of competency and needs. How do you ensure an optimal retirement outcome for all?
- As more members transition to retirement how do you ensure retention and manage outflow ratios?
- Customers increasingly expect super funds to address their specific needs and concerns. How do you respond to each member's needs and create customer value across a member's lifetime?
- SMSF and retail superfunds are becoming increasingly competitive. How do you create unique value, reduce attrition and attract new members?
- Policy makers and regulators will increasingly take an interest in superannuation. How do you ensure sustainability and growth in a changing regulatory environment?
- Digital is not only changing how we engage with members. It's transforming members' needs, behaviours and expectations. How do you apply digital to create exceptional member experiences?
- The business landscape and work place structures are transforming. How do you attract future member markets such as entrepreneurs, contractors and start-ups in the industry you represent?

In today's environment traditional defensive and product-focused strategies will lead to commoditisation and stagnant growth.

Competitive advantage can only be achieved through innovation and placing your member at the heart of all strategic and operational decision-making.

Why customer-centricity?

- It is well established that customer-centric organisations are more profitable.*
- You achieve greater innovation success because strategies are designed around customer needs.
- The cost of innovation and new product development is reduced by realigning resources around what customer value.
- You reduce the cost-to-serve because customer insights allow you to eliminate and reduce the factors customers don't need.
- Competitors can't easily replicate your ideas because they can't access your customer insights.

Customer-centricity is not the same as customer focus. Nor is it about customer satisfaction. You can have highly satisfied customers and not be customer-centric.

Customer-centricity is a way of doing business. It's a relentless commitment to the customer promise and creating exceptional customer experiences. From the Board to front-line staff.

How customer-centric are you?

- Has your Board set the strategic agenda based on a solid understanding of member needs, pathways and experiences – and the specific needs of particular member groups (eg: women 50+).
- Has your Board identified emerging trends including regulatory and demographic changes, the changing nature of work and structure of the Australian economy. Does it understand how this will impact members? Have they prepared a strategic response?

* A recent study by Deloitte found customer-centric organisations are 60% more profitable

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- Are your long-term strategic and operational plans designed around customer pathways, customer experiences, emerging customer needs and market changes?
- Are all available data sources being leveraged to generate untapped customer insights and patterns in customer behaviour?
- Is your brand built around a customer promise and value propositions (specific to each key customer group)?
- Is there an immersive customer understanding (customers unmet needs, customer journeys & experiences) driving new product and service development?
- Do you have KPIs and performance measures for customer experience and outcomes assigned to all staff (beyond sales, satisfaction and NPS)?
- Do you regularly engage customers to provide feedback, co-create new products/services/ experiences and test new ideas?
- Are administrative processes and policies designed around the customer experience?

Creating viable innovation

Viable innovation and growth can only be achieved through the simultaneous pursuit of both customer-centricity and innovation.

Customer-centricity alone will lead to improved customer value but will not lead to sustained growth and competitive advantage. Innovation alone may be market pioneering and futuristic but may overshoot what the customer needs.

How innovative are you?

- Do you have a diverse Board comprising at least 2 independent Directors outside the super industry?
- Is innovation an essential skill set on your Board? Does your board seek Directors with different thinking and decision-making styles?
- Does your Board and executive team regularly report on emerging trends – within and beyond the superannuation and insurance industries?
- Has your fund instituted a framework for continuous innovation and improvement?
- Does your organisation regularly collaborate (across silos) to develop new ideas or resolve customer challenges?
- Do you pilot, test and refine ideas (with customers) prior to launching new products/services?

- Does your budget support the development of new product/service ideas? Are policies and processes in place to support failure and learning?
- Do you look beyond the Australian superannuation industry to other industries and marketplaces to inform innovation and strategy development?

Steps to customer-centric innovation

A clearly defined plan is fundamental to future growth and innovation success. You must be able to clearly articulate where you're going, how you're going to get there and how you will measure your success. The first steps include:

- Develop the innovation competence and skill set of your Board.
- Realign your strategic plan around the customer, innovation and future growth.
- Establish clear customer value propositions for each key member segment.
- Build your operational and functional plans around member pathways and member experience.
- Engage members in member forums, insights workshops and co-design projects for development of improved member experiences, communications and design of new member products and services.
- Design a whole-of-organisation innovation framework (including policies, processes and procedures) to ensure continuous improvement.
- Redesign administrative processes and realign resources to support improved member experiences and outcomes.

Other considerations

- Start at the beginning. Customer-centric innovation is a competence developed over time. Let go of the temptation to pursue a radical innovation strategy. Designing member pathways and value propositions is a great place to start.
- Start now! Any fund waiting to first see evidence of the impacts of customer, digital or regulatory change will have left it too late to make the necessary changes and build the internal competencies required to succeed.
- Whole-of-organisation ownership: everyone – from your Board to front line staff – must be able to speak to and deliver on the customer promise.

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How we help you achieve customer-centric innovation

We work with the Board, executive and management teams of 'all profits to members' super funds to set the strategic agenda for future growth and innovation.

We help you achieve growth by placing the member at the centre for your strategic decision-making.

How we do it

Board & Executive

- **Innovation in the Boardroom** – a program to help your Board develop innovation practices and realign the strategic agenda for future growth. Includes Board evaluation and appraisal, facilitated Board sessions, and board improvement action plan.
- **Strategic Planning Consultation** – we work with your Board and executive to create strategic and operational plans that are member-centric, future focused and growth oriented.
- **Future Growth Program** – we lead your Board and/or executive in understanding future challenges and preparing your organisation for future growth.

Executive & Management

- **Customer Journey & Experience** – we gain untapped insights into the member journey and experience through in-depth research, customer insights workshops and customer journey mapping.
- **Co-design Innovation Programs**– we lead your teams in redesigning customer experiences and co-designing new customer value based on innovative products and services.
- **Innovation Framework Design** – we work with your executive to create a whole-of-organisation framework to facilitate continuous innovation and growth.

About Us

Thinkplayact is driven by the belief that when we place the customer at the centre of our strategic thinking and decision-making, innovation naturally happens.

We work with super fund Boards and executives to develop innovation competence and create a strategic agenda that is future-focused, customer-centric and growth-oriented. We help you do this by bringing together the world's leading innovation frameworks, methodologies and evidence-based governance and strategic practices.

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What should be the outcome?

It is important any commitment to customer-centric innovation comprises a clear objective and roadmap: one built around milestones and KPIs.

You should pursue and expect the following outcomes:

- A diverse Board, competent and conversant in innovation and able to speak to the customer promise. Able to clearly evaluate its performance and take remedial action wherever necessary.
- Ongoing sustainability and growth driven by a practice of constantly identifying and responding to changing customer needs and emerging trends at the market periphery.
- A unique competitive positioning based around customer value propositions and exceptional customer experiences.
- Increased member take-up of new product/service offerings because they were co-designed around specific member needs and their customer journey.
- Increased member engagement resulting from programs and communications framed around specific needs and key concerns.
- A customer promise that engages all your people in a shared commitment and contribution towards great member outcomes.

Disclaimer

This document is part of an Innovation Tools series prepared by Berg Consulting Group Pty Ltd (trading as thinkplayact). The series is designed to provide general information about innovation and customer strategy and is provided as a starting point for Directors and managers. It does not replace, nor should be relied upon as an alternative to strategic advice and/or a detailed evaluation of your organisation and its specific needs.

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