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INNOVATION IN FINANCING  
**CUSTOMER INSPIRED INNOVATION**  
**NICK GALLOP**

**Make more & smaller improvements, guided by customer priorities, to deliver significant change.**

A series of small improvements offers the promise of steady progress. For companies impatient for change, a culture that encourages effort on smaller projects is more likely to consistently reward the investment of time & resources than working on a few mega projects. The right cheap experiments can offer more than big ideas.

These small projects can also be low risk. In a 'suck it and see' trial, if it doesn't work, there's no harm done. And when it does work, it delivers a quick win. Particularly in our industry, it may be easier to work through compliance issues on small projects and experiments, so you can get started.

There are many ways to improve a financing service, so many ways the challenge can be to know where to start. IAA-Advisory's Captivation Workshop™ offers an approach to prioritise improvement starting from a very clear statement of the organisation's mission and goals, and then evaluating its processes, and selecting the most important and worst performed to deliver improvement.

And that's where the customer can help: with an independent view of process delivery.

Larger companies nearly always measure customer satisfaction in some way. It's clearly a good thing to do: it gives an independent measure of how well you're doing, though in isolation whatever your satisfaction score you don't know how good or bad it is.

Even so, by continually measuring customer satisfaction, you get trend information. You still don't know whether your score is good or bad, though you will know if your efforts to meet customer needs are getting better, or

worse. You can share the information internally to thank the team and encourage them to re-double their efforts.

But on its own this only goes so far: the exhortation to improve the customer satisfaction score gives scope to do so many things it's impossible to know where to start; and the unguided choice is unlikely to be the best place.

Customers can help to provide guidance when you take a step beyond simply measuring customer satisfaction and ask a supplementary question at the same time. Ask customers how you could improve their experience and they will tell you. And while your survey process may also give them the opportunity for a free format rant, probably the most powerful question to include is a variant of:

*What's the one thing would you improve?*

Customer satisfaction is usually measured in a sample of customers. Careful selection of the sample will help explore different parts of your service. For example, the customer who just installed financed equipment and made the first payment last week, will give answers about very different parts of the financing process compared to the customer who just extended a lease. Careful sampling will let you explore the complete financing activity, from inception through to end of lease, and highlight the processes that let you down.

The sampling should include intermediaries too. If resellers are involved in sales to lessees, explore the reseller view of the process and get their view of the one thing they would improve as well. Work with intermediaries is probably the only way to get a view of the business you didn't do: for example, what effect did a credit decline have? How did it damage your reputation?

Not all your processes have external effects, so customer and intermediary feedback cannot guide everything you do. Its power lies in the independence it offers. Combine systematic customer feedback with a planning approach like the captivation workshop to prioritise improvement efforts. The result is an improvement plan that is a response to customers' issues. With small projects, experience shows that the marginal cost of improvement is low, usually being achieved with a more effective use of existing budgets. Provided the right small projects have been chosen, noticeable improvement can be delivered within weeks. If the effort is consistent, there comes a tipping point when a series of small changes deliver the innovation that gives you a competitive edge.