

# PricewaterhouseCoopers Clever Companies Insight



## Taking the lead on leadership

In 2009, we seek to respond to a market that is changing faster than ever before. In lieu of an annual survey, we are taking the pulse of New Zealanders quarterly so that you can keep abreast of the changes other businesses are making that are having the biggest positive impact on their performance.

The key message that shone through in our Clever Companies Insight 2008 was that planning pays. Few businesses could have anticipated and effectively planned for the major events that have been impacting the global and New Zealand economy since September, when the Insight was released.

I know from experience that leadership has taken on a whole new dimension over the last 18 months. So, in this edition of the Clever Companies Insight 2009, we're putting the spotlight on leadership in a challenging environment.

We understand from talking to our clients, that irrespective of size or industry, there is commonality in various challenges business leaders are presently facing. Our clients are asking us:

- *Where should I be leading my business next?*
- *How do I continue to motivate my best people?*

We surveyed New Zealanders and have considered their response to these two issues from a leadership perspective. We trust that our revised Clever Companies Insight continues to help New Zealand businesses find clever solutions for sustainable success.



**Robbie Gimblett**  
Lead Partner – Private Client Services



# Leading your business to focus on your customer

## Our survey findings indicate that the best business results over the last year have resulted from focusing first and foremost on customers.

We asked New Zealanders what factors in their workplace over the last 12 months have had the biggest positive impact on their business performance. 32% of respondents cited increased revenue through better customer focus. Other factors included technology improvements (23%) and improving human resource capability through recruitment and training (21%).

Many New Zealand businesses have committed time to looking internally and getting their businesses in order. However, focusing on internal processes is only one element of growing a clever company - the best results are delivered through better customer focus.

When under pressure, businesses can fall into the trap of focusing too much on themselves instead of on their markets. Taking your eye off your customer, even for a month, leaves you exposed to competitors who are anticipating and responding to what the market wants. Your customer needs to know that he or she can trust you and your team to deliver what they need. Ask yourself 'How well do you and your team truly understand why customers buy from you?'

Business leaders need to take time out from day-to-day operations to communicate this message to every employee - a culture of customer focus needs to come from the top.

**32% of respondents cited increased revenue through better customer focus had the biggest impact on performance.**

## Are you leading your team to focus on your customers?

Questions to ask **yourself**:

- What percentage of my leadership team's time is focused on costs versus growth?
- How do I create a culture that drives customer focus?
- What are my customers telling me that they value and that they are willing to pay for? How has this changed and am I feeding this information back to my staff?
- Has the way my customers interact with product/service changed? What are the new opportunities? Have I challenged my staff with this question?
- What would my customers be happy to sacrifice? How does that impact my staff?
- Which customers have declining orders? Do we know why? How can we mitigate against it?
- How am I empowering my staff to provide our customers with exceptional service? What are the constraints or barriers to making this happen?
- Why are my customers switching to other providers? Do I encourage my staff to ask the question?
- What can my customer-facing staff tell me about new conversations they're having with our customers?
- How well does everyone in the business understand who our best customers are and how to treat them accordingly?

A total of 44% of employed respondents plan to focus the next 12 months primarily on increasing revenue via better customer focus, followed by increasing revenue through new markets (35%) and cutting operating costs (23%). This suggests that business owners who are looking only internally to grow their business, are at risk of failing to respond effectively to their customers' needs.



# Motivating your team to win

**Our survey respondents identified the top three motivating factors in their jobs to be salary increase or bonus, flexibility in working hours, and the opportunity to work alongside an inspiring leader.**

There were other factors that also rated highly as motivational to employees. These included being given greater responsibilities, as well as opportunities to work in other parts of the business.

So what can you do in the current economic conditions when financial rewards alone may not always be possible? What are your other options?

There is no silver bullet, but now is the time to consider motivating your talent differently rather than relying on the financially based reward structures that were used in boom times. Consider offering your employees new challenges in a different part of the organisation or the chance to shadow leaders. Think about challenging your emerging leaders to step forward with innovative growth ideas and make sure this effort is recognised and celebrated.

Communicating your business strategy and the importance of each employees' role will make a significant difference to the amount of discretionary effort they will use to help your business succeed.

**Are you leading your team to put their best foot forward?**

Questions to ask **your team**:

- How well do you understand how the current economic environment has impacted our business performance, strategy and tactics?
- How is the current economic environment affecting your work? Your life?
- How can we use your skills and talent differently to reflect our changing revenue streams?
- Are you feeling sufficiently rewarded and motivated to do your best? Why? Why not? If not, what can we do to rectify that?
- What do you value most about your job? What would you like to change?
- How effectively do you think that our current performance ratings recognise both your individual and team contributions effectively?
- How well informed do you feel? Would you like me to communicate with you less or more regularly?
- How committed is the leadership team to upholding our business culture and values?

Rewarding performance when money is tight can be challenging, but there will be other personal advantages for your employees in staying with you, so now is the time to communicate, be transparent and re-emphasise the advantages.

**Regularly communicating with your people will reinforce their commitment to your business and increase your chances of retaining them now and into the future.**

## About the survey

This publication is an overview of findings from a quarterly survey conducted by PricewaterhouseCoopers.

A total of 620 New Zealanders responded to the survey questions asked in July 2009.

## About our team

We have a team of locally based experts dedicated to helping our clients grow their businesses and their personal wealth.

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