

A hand holding a lit sparkler against a dark background with bokeh lights.

# The Foundation's 20th Birthday

Thursday 3rd October 2019

the  
Foundation

Over the past two decades we've helped hundreds of organisations across thousands of projects, all with the aim of creating customer-led success. On the occasion of our 20th anniversary, we celebrated as is only fitting – by over-indulging in cake and wine, and reflecting on our story so far with our nearest and dearest.

This idea of customer-led success that's kept us busy for twenty years then, where did it come from? That story starts back in 1994 with a Korean car company and some outlandish targets for their UK launch. The impossible challenge and unorthodox solution led to the clear realisation that lasting success really only comes from understanding what your customers value, then working out how to provide that value in new and better ways.

It sounded so simple. Why on earth wasn't this happening in every organisation?

The way we see the world is naturally unhelpful as you'll find if you ask a group of people to draw the world map.

Most people draw the UK right in the middle, and many forget to draw Japan at all.

Apply these principles to the context of an organisation and you see the business version - people are close to their colleagues and the products they already sell and the ways they sell them, distant from their customers, the outcomes they're really trying to achieve and new and better ways they could be helped to achieve them. What's needed is a fresh perspective - an outside-in one.

We then found that organisations aren't lacking the kind of outside-in information that could lead them down the path of customer-led success.

In fact, many businesses have far more data than they can use. What it lacks is the impact it needs to convince leaders to make inconvenient decisions. We learned that outside-in information isn't enough – senior teams need to connect with an outside-in view in person and only then do they start to believe in what's really going to make a difference with action and market leading commercial success.

We've spent two decades helping organisations connect with outside-in perspectives with impact by immersing them directly into the worlds of their customers and of parallel organisations – with some surprising and unexpected results, as we heard from Partners Charlie, Anna, John and Charlie at The Foundation's 20th Birthday Party.



**Charlie Dawson** established The Foundation on 1 October 1999 with the aim of helping organisations be more successful by being customer not financially led. His original inspiration came from working on a new car company launch, Daewoo, that did this by happy accident to great effect, breaking records for speed of growth and disrupting an inward-looking market. Since then he's learned a lot and is now writing it down in a book that should appear in 2020.



**Anna Miley** is a strategy and insight specialist with a knack for uncovering what really matters to customers and helping clients design an innovative and commercial response. She was previously Head of Innovation at brand consultancy Clear, leading the growth of their international innovation and behavioural sciences practice. A Unilever marketing graduate by training, Anna's claim to fame was scientifically validating that Lynx deodorant does indeed make the wearer more attractive.



**John Sills** has spent most of the last 20 years working on customer experience innovation with companies around the world. Before joining the team in 2014, he was Head of Customer Innovation at HSBC and before then had been in global teams creating the strategy, innovation teams designing the propositions, and front-line teams delivering the customer experience. He writes regularly for WARC and Management Today, and considers himself a professional commuter.



**Charlie Sim** brings an ability to make the complex clear, balancing enthusiasm for customers with understanding of commercials. He loves tackling problems where the answer isn't obvious, building strong relationships with clients where he has been described as the nicest agitator you can come across. Charlie previously worked in a number of marketing roles, within government focused on behaviour change and then learning more about commercials and operations with Capgemini Consulting.

**The Foundation's 20th Birthday, summed up by Simon Caulkin**

That the celebration of the Foundation's 20th birthday should take the form of a Forum was entirely apt.



Friendly, often funny, inclusive, enquiring, provocative and (as Felix Dennis on his poetry tour used to say, 'Did I mention the wine and cheese?') generous, the 5-times a year gatherings are a Foundation signature – the triple presentation plus Q&A format so productive that even when you thought you knew everything there was to know about a subject (even when you thought you'd written everything there was to know about a subject), you always learn something, and meet someone, new.

That part was no different on 3 October, and although for once the three presenters and chair were all from one organisation, the format proved just as good at evoking the Foundation's history and essence as with any other of the tricky subjects that the Forums have tackled over the years. In effect, the evening turned into a master-class in 'customer-led-ness', the centre and foundation (hence the name, at least in the authorised version) of what the firm was all about.

As the audience heard, the Foundation was born out of the UK launch of the Daewoo car brand, which counterintuitively focused not on the car but on servicing it – in retrospect, very Foundation, and the firm's founding 'moment of belief', a concept of which you will hear more in the future.

The wildly ambitious launch target was narrowly missed 'but from our point of view, it felt like something significant had happened. [It] felt like customer-led success, and we wanted to work out how to do it again,' explained founder Charlie Dawson, for once, and not always to his liking ('This is really hard, this answering the question thing, I much prefer to be asking them,' he protested later), not the evening's sole chair.

**"You don't start with what the business makes and try to sell it, you start with what the customers want and try to make it"**

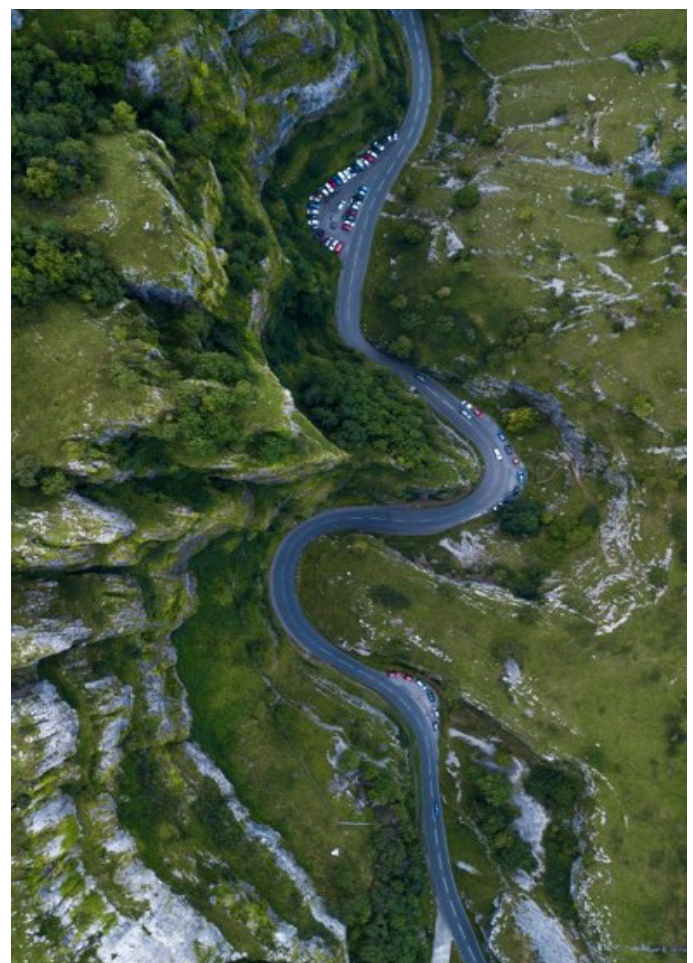
Customer-led-ness is management's will o'the wisp – present at the edge of vision, but as hard to pin down as smoke. 'You don't start with what the business makes and try to sell it,' said Dawson. 'You start with what the customers want and try to make it. In that order, really obvious, really straightforward. It's talked about incessantly.'

Yet, it's rarely done for real. That's because as the 'aha' moments recounted by the other three Partner-speakers would illustrate, explaining and getting to customer-led-ness isn't obvious at all.

Thus, in both John Sills' stories, the obstacle to progress was an elephant blundering around in the room that no-one could see. In the case of HSBC's Expat team, looking to differentiate its banking offer from those of rivals, it was no surprise that for the appointees themselves the expat life was almost all upside: exciting but not too exciting, because they knew the job, the company and sometimes even the colleagues, and arrangements had been made to bed them in. So far so unpromising for even the friendliest bank.

By contrast, in their wake came a cloud of unhappiness, so well-known in the industry that it had a colloquial name – the 'trailing spouse', the accompanying partner, often sans job, sans social network or even domestic role. Yet no-one had even considered this to be a commercial opportunity. When the bank made a sideways step and developed a proposition based on bettering the life not of the principal but the neglected spouse, and indeed of the whole family so kids get supported too, it had a winner. As with Daewoo, the answer was there, but at an angle. You had to turn your head to see it.

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By contrast, in Sills' second case, the retailer Morrisons, the answer literally was straight ahead. Entering a big Morrisons store, part of a then floundering company, Sills was struck by a distant vision at the back of the store of a butcher with a large saw expertly dissecting a side of beef. The invisible question to which 'this piece of incredible theatre' was the answer was, what makes Morrisons special and valuable to customers and staff? Morrisons, with its fishing fleet and abattoirs (by no coincidence it was conspicuously untarnished by the horsemeat scandal that damaged many of its rivals), should have been, and now is again, proud to be 'a foodmaker as well as shopkeeper', a phrase lifted from a subsequent customer focus group that has powered its recovery ever since. Morrisons' route to customer-led-ness was hidden in plain sight, behind the entrance display of discount snacks and soft drinks that had turned it into a pale replica of Lidl or Aldi.

**"In moments of stuckness, I ask 'what keeps you awake at night?'"**

Later, an audience member would ask about the 'killer questions' that triggered insights such as these. For Charlie Dawson and Charlie Sim, the last presenter, the answer was listening and a blank sheet of paper rather than a direct approach: 'Sort of, being quiet and occasionally saying "that's interesting, I wonder why that is?". Because it just feels like lots of stuff emerges', said Dawson. But sometimes insights aren't enough. In moments of stuckness, 'I ask, "what keeps you awake at night?"', said Anna Miley, the second story-teller. As a student of behaviour, Miley found her way to the Foundation because she was passionate about turning insights into proper change – not just among end-customers, but clients too: 'Yes, it's you, clients, you're the tricky ones!' she said. Sometimes it was in listening and quiet conversations, 'but other times it requires a big bang, a moment of "aha-ness" to get people to shift.'



Take Harvey Nichols, which after a heyday in the Ab-Fab decades of the 1980s and 1990s had dropped off the radar, with a growing disconnect between store personnel who were fixated on fashion, and its customers who were put off by the herd-like need to be fashionable and were looking instead for style and class.

Convincing buyers and sales staff, all of whom were wannabe influencers, fashionistas and bloggers, that they should change their proposition was tough going until the team hit on the brainwave of 'getting the influencer to influence the influencer' – having designers of the fashion speak to on film about what customers had told them about their preference for 'style'. Reason alone didn't work. Unless you spoke the same language you were talking past each other, Miley sighed.

Likewise, the insight that made Post Office Money's proposition – to create savers rather than sell savings products – successful wasn't the proposition itself, but the intervention that made it do-able – in this case, improbably, the training regime of an Olympic rower. If over six weeks a rowing pair could shave three seconds off their race times, why couldn't the savings team persuade a customer to stop spending at Starbucks once a week? 'There was definitely a moment of "aha!" in that workshop, where people took that insight from rowing and were able to apply it and say "we can actually do this!" It's not enough to have a really great insight and make it pretty, she summed up. 'It's got to come from the right person, said in the right way, designed in the right way, and it can't just come from us.'

Charlie Sim's stories, meanwhile, showed how deceptively easy it is to drift away from customer-led-ness – in effect, to ignore, forget or lose confidence in your bedrock principles. For example, in its efforts to defeat perceived bad behaviour by a minority of seller-customers, eBay laid down so many rules, barriers and restrictions that it turned almost all of them into unwitting offenders. It took a briefing from a previous customer director at HMRC, who had undergone a similar experience, to coax managers into accepting that the problem was internal, not external: not bad people, but an assumption of bad people and so imposed conditions that made it near impossible for them to be good ones. When it streamlined its selling conditions to recreate trust, eBay unblocked a self-created bottleneck, making it easier for existing sellers to do business and opening up new sectors for trade.

As for one of our larger clients trying to figure out how to deliver 'the best service in the country', an ah-ha moment came when it got behind the favourable official (and easily manipulable) Net Promoter Score figures to discover an inconvenient truth. One of their own people realised he had become reluctant to tell his hairdresser who he worked for because what followed was a dressing down and not just a haircut. A classic moment of belief, this illustrated a fundamental truth about customer-led-ness: managers will only accept inconvenient truths about what customers think when it's visceral – when they have seen it and experienced it themselves. Only then, when the need for a different approach is unarguable, does the road to insight open up.

Managers will only accept inconvenient truths about what customers think when it's visceral

But clever as these insights and nudges are, there are other things about the Foundation, too, which wouldn't appear on a balance sheet.

Looking back, Dawson ruefully conceded that in 1999 he had been a bit naive (meaning 'innocent, unsophisticated, inexperienced (definitely), guileless, unworldly, childlike, trusting, dewy-eyed, starry-eyed, wide-eyed, unpretentious (not so bad), natural, unaffected and simple – all those things', as he helpfully added).

Later, when asked what with hindsight he would do differently, he replied: 'Sometimes it feels like it's been 20 years of making mistakes, for example around how to confidently start a conversation about what we do. I can't believe how long it takes. I don't know if there's a way of making mistakes faster somehow – that would be handy but I don't know if I could fit any more in'.

Reflecting on feeling slightly stupid on his first encounter with his future employer, Sills noted that 'every single day I hear something from a customer or from another organization, or from one of our super-smart colleagues, that makes me really question the way I see the world and how I understand. And it's a real privilege to work in an organisation that makes you feel that.'

"Every day I hear something that makes me question the way I see the world...it's a real privilege to work in an organisation that makes you feel that"

Everyone attending the October 20th Birthday Forum would agree in a heartbeat that that kind of naïveté, an ability to learn from mistakes and be open to other people's cleverness, could be useful. It's a pretty good set of qualifications for surviving another 20 years in a world beset by the unfolding unintended consequences of tech, the environmental crisis, and struggling to make sense of the trade-offs between being ethical and making money.

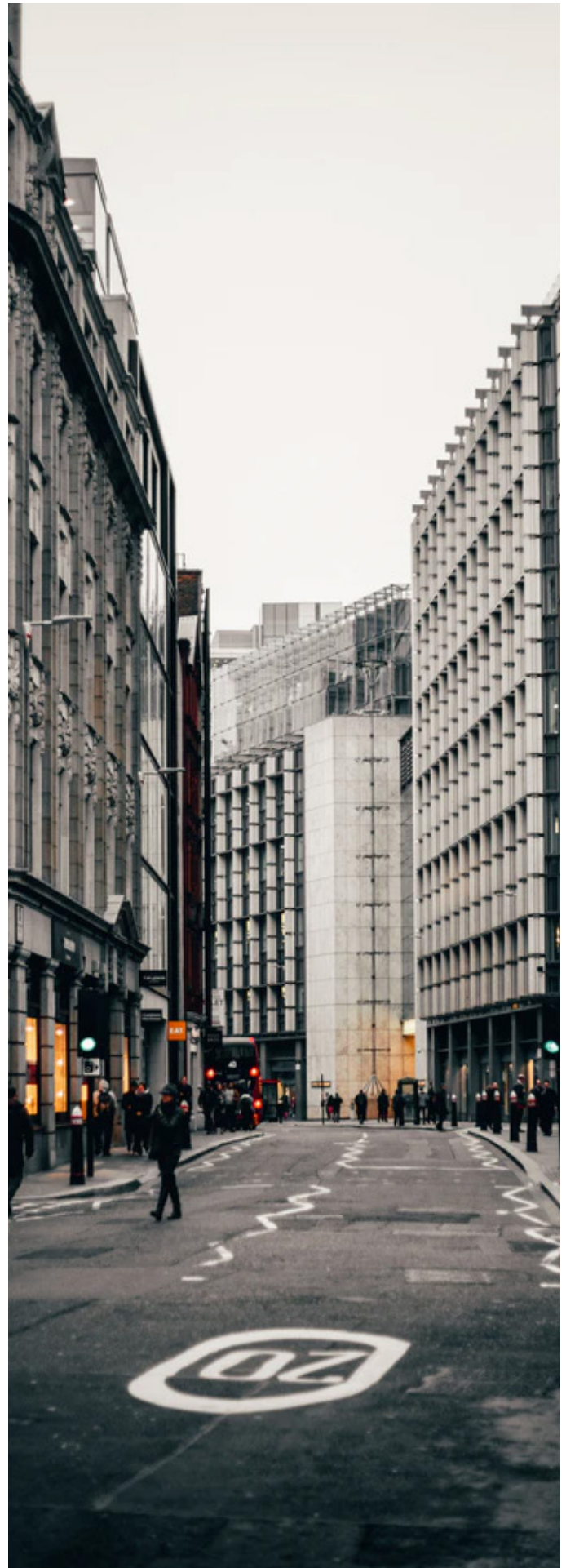
Add to that a measure of optimism, a generous belief in human nature, and an appreciation of 'the value of a good chat and a cup of tea', and the proposition is irresistible, even though you wouldn't find it in a management textbook.

Call it customer-led plus.

Oh, and please keep our Forums going.

Happy birthday, The Foundation.

Simon Caulkin

## About The Foundation

We are a 20 year old (just!) management consultancy working with all kinds of organisations to achieve customer-led success. This means tackling big organic growth challenges; growing faster, growing into new markets or fending off threats to growth by starting with what matters to customers and then making it work for the business as well.

The aim is to influence customer behaviour, but this is inherently tough. Why? Because people in any organisation naturally see the world from the inside-out, with colleagues close and customers distant, and lots of assumptions about how things work that aren't challenged

We help clients look from the outside-in, re-connecting them with what customers really value (the problem they want to solve, not usually what the client sells), then finding new and better ways to create this value

This means working both as expert advisors and facilitators. The issue with simply gathering outside-in information is that it lacks impact to get senior teams to tackle inconvenient truths in what customers want, and to believe their own organisation can be different

By using 'Immersion', personal conversations with customers and leaders of organisations in other sectors who have tackled parts of their challenge, we help teams get around the natural and limiting inside-out beliefs that stand in their way. This helps them develop better answers for customers and new ways of achieving lasting success

We answer three sizes of question:

- Small – a new proposition or an improved customer experience
- Medium-size – growing value per customer or improving retention (a sub-set of the former)
- Large – creating customer-led business success, often by uncovering a true outward-looking purpose and the genuine belief needed for it to be acted on

Our clients include HSBC, the John Lewis Partnership, Sky, Vitality and Ebay, with achievements including helping create Plan A at M&S, adding £100m of value to a Travelex travel money proposition, and giving Morrisons a competitive direction contributing to their return to growth

Behind our work our most distinctive characteristic is our team and their outlook. Each individual is motivated to and experienced in crossing the border between the worlds of customers and business which often resist mixing well

This link will take you to more information about us and our Forum events: <http://www.the-foundation.com>

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