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‘Moments of truth’: move quickly from principles to action

Engaging leaders and employees in making progress – more focused and faster

How do you move an organisation from principles to action, faster? One under-used approach is 'moments of truth', a concept first described in the 1970s by Richard Norman (in his book *Service Management*) and then made famous by CEO Jan Calzon as he turned around SAS Airlines in the 1980s.

It has subsequently been used by marketing, sales, and HR teams in a range of organisations. In recent years it has been popular in consumer goods, retailing and banking businesses. Using the moments of truth concept is particularly useful if you are driving rapid changes in strategy, values and behaviour. It helps leaders and employees move fast to implement clear and practical actions that will make a difference.

We looked at some of the literature to summarise key approaches and experiences. Among the material we looked at was the book by Calzon on his SAS experience, Goleman's *Emotional Intelligence* as well as work in this area by Accenture and McKinsey.

Moments of high emotional energy

A moment of truth is a key interaction between an organisation and a customer, employee or other stakeholder, where the emotional energy is at its highest and where handling it well can create a high emotional bond, and handling it badly can have long-lasting impact. The experience of that moment will either increase loyalty or damage it. The key tests of loyalty are that you:

- recommend to family and friends
- feel expectations have been exceeded
- will seek to repeat the experience.

If it is a bad experience you will also tell family and friends, but with a very different outcome.

A well-known moment of truth for banking customers is the loss of a wallet with identity and cards. The immediate experience which follows - how easy it is to contact the bank, how empathetic they are to the situation you are in and how they promise to deal with it - all significantly build or damage loyalty to the bank. A typical moment of truth for an employee is a performance appraisal in a new job - what it really tells you about what the company values and how it works.

All companies use scenarios or 'typical situations' to make decisions, develop plans and tell stories. With moments of truth, you can focus on the few that make a real difference and then work backwards to make sure the organisation continually creates the right type of experience.

Three steps to develop moments of truth

Moments of truth are used in two ways:

- a.** to help determine what needs to change, with practical solutions and priorities
- b.** to engage people in enacting a new strategic direction or set of decisions.

Either way there are three main steps:

1. *Identify the moments of truth.*

What are the interactions with a customer or employee with high emotional energy invested in them which significantly shape their commitment and loyalty to the organisation and what it does? This can involve using research and analytical techniques such as frequency and impact analysis, behavioural segmentation modelling and process analysis. Or it can be defined more simply just with observation and experience and shared by a group of people with the right knowledge.

When looking at a particular process there may be dozens of key components. Only certain ones have high emotional impact, while other equally important ones do not. For example, managing the performance of employees effectively requires a range of connected elements including the objective setting (perhaps the most strategically important), regular feedback, reward and so on. However it is usually the annual appraisal that has the highest emotional impact (and so the biggest opportunity to build or damage the engagement of employees).

2. *Focus on what is required at that moment.*

This must be seen from the perspective of the customer or employee. What experience will provide an emotionally satisfying and intelligent outcome? The answers are not just the obvious technocratic ones, they require emotional insight.

For example, queuing in a line for service (or to pay) can cause a negative reaction from customers. The best solution may be to decrease the waiting time. If this cannot be achieved or afforded, another solution is to show genuine concern to those waiting, or to make the waiting experience more satisfying (with something else to look at, or do) or simply to show that you have noticed. It is obviously essential that the wait was worth it when the customer is finally served. The key

question is: for that customer of that company at that moment, how vital is the length of time spent, as opposed to how they are treated or how well they are eventually helped? It will be different in different situations. What matters is to look at the moment from the customer experience point of view.

3. *Change what you need to do to deliver such an outcome.*

Some companies create a project team for each identified moment of truth to develop the best solution. This should include going back and asking customers or employees their views and testing and piloting plans. It also requires identifying and articulating exactly what is needed to mobilise employees to successfully address the moments of truth.

To deliver exceptional moments of truth requires employees to know what they are supposed to do (in terms of the purpose of the company, its strategy and its services), and why (the emotional and subconscious benefits being delivered).

Implementation and follow-through

Finally, as with any plan, success depends on ensuring that employees are fully equipped and supported to deliver. Developing and implementing this and showing measurable results can take 12 months or more, but progress can be made and the impact felt within weeks of starting.

Success also depends on following through and monitoring progress. Wachovia, for example, altered the design of its performance management and reward framework to give weight to the impact of their customer service at key moments, rather than just sales, productivity or short-term customer acquisition. Among other devices, they use independent research to monitor and measure the desired emotional impact with customers and employees at the moments of truth.

Preparing for higher emotional delivery

Goleman, in his well-known book *Emotional Intelligence*, identifies four interconnected characteristics of using and developing an emotion-aware approach to business:

- A strong sense of empowerment and self-control which helps employees make the right decisions on the spot
- A positive outlook, promoting constructive responses to challenges
- Awareness of your own and other peoples' feelings, creating empathy and bonding conversations

- A mastery of fear and anxiety and the ability to tap into selfless motives which allow empathy and when delivered can create enormous satisfaction.

When employees can discover and create their own emotional motivations, it produces sustainably higher performance and better moments of truth for colleagues and customers.

The leader as role model and mentor

Another essential part of success is the role of the leader and manager as role model and mentor. This is not just about showing how customer and service focused they are as a leader (very important), it is also about displaying empathy, constructive attitude, selflessness and other proof-points of emotional intelligence in their dealings with others.

Making a difference to the business

In the end, all of this matters because it makes an overall difference to the effectiveness of the organisation to achieve its goals.

One US bank studied the 50% difference in results between high performing retail branches and low performing ones. It concluded that it was the handling of moments of truth that made the difference. In contrast a European bank which invested heavily in high quality online and automated banking services that were very efficient and trouble-free, still found low levels of loyalty, because it was the 'routine', low-emotion interactions that were being improved.

In the 1990s Southwest Airlines became the best US airline, in the view of consumers, by switching their attention from many traditionally standard services (for example on-board food and drink) and instead focusing on the areas with the biggest emotional triggers such as reservation quality, baggage handling, punctuality and customer information about flights and delays.

The Starwood hotel group has built its brands such as Westin and W by obsessional attention to a few key points, such as the design of beds to ensure the best sleep. So much so, that many of their customers spend thousands of pounds to buy these beds for their homes.

Whatever the precise context and process for using a 'moments of truth' approach, the discipline of focusing on the few most important, high-emotion contact points, as seen through eyes of the customer, employee or stakeholder, and then designing an organisation which delivers them, will provide a fast route from intention to action.

Brief

Sources

Sources used for this article include: *The Point: Delivering on Branded Experience* (Accenture); Beaujean, Davidson and Madge: *The Moment of Truth in Customer Service* (McKinsey); Bidmead, Massoud and Romanowski: *Bank Branches that Meet Customer Needs* by (McKinsey); Calzon: *Moments of Truth*; Goleman: *Emotional Intelligence*; Norman: *Service Management*; Sorensen: *Inside the Mind of the Shopper: The Science of Retailing* (Wharton); Sullivan: *Retain Customers - Align Moments of Truth with Voice of the Customer* (Accenture).