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putting the customer at the heart of the business

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Re-thinking globalism and customers

The way you think about your customers in a shrinking world needs updating, argues Phil Dourado, who sets out to shake up your thinking in this article.

Small is the new big

You don't have to be American Express's size to operate globally. Globalism can live in small places, too. And you don't have to be physically close to your customer to be intimate with them. "I buy my wine from a local South African vineyard I found on the Net," says Dave Allen, Global CEO of Enterprise IG, who is based in London, England. "I have an email conversation with the owner. My wine arrives about ten days later. About five people run this business out of Stellenbosch. The New York Times just voted their Cabernet Sauvignon wine of the year.

"How can these five people communicate with me from thousands of miles away like I'm their only customer, but my globally-aspirational bank down the road still hasn't a clue how to approach me?"

We all have a lot to learn from small businesses about how to become the local supplier to someone thousands of miles away. Not only do you need to re-think 'global', but re-think 'local'. They are no longer opposites. They can be the same thing. You can picture someone like Dave Allen re-configuring his world of local suppliers from being physically based in his neighborhood – the old definition of local – to a collection of local-minded suppliers, ranging from his winemaker in Stellenbosch to a fishmonger on the northern coast of Scotland to a tailor in the suburbs of Delhi.

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Jesse James's mission statement

"I rob banks because that's where the money is".
- Jesse James

Jesse James's mission statement was nothing if not focused. So, where will the skilled employees and customers be for businesses as the 21st century progresses? If 'show me the money' in a global context means 'show me the educated and affordable warm bodies', India's population, to take one figure, is growing more in a week than the European Union's does in a year.

India already produces 10% of the world's drugs and dominates the generic pharmaceuticals market. The world's pharmacy companies moved production to India because it was cheap. Now they're moving their new R&D labs there because the research scientists are as good as or better than anywhere in the world (and because they are still cheap). India produces 3 million IT graduates annually, more than half the working population of Sweden.

So, if the 20th century was dubbed The American Century in recognition of the US as the dominant economic, will the 21st century develop into The Indian Century? One thing looks more certain at the moment: If population age equates with economic vitality, it won't be The European Century without some radical action. US Secretary of State Donald Rumsfeld famously dismissed France and Germany as 'Old Europe'. It turns out he was right. In demographic terms, anyway. If you're focused on doing business in Europe, learn how to sell to pensioners. Penniless pensioners at that.

Germany is the extreme example:

21.7% of the population were over 65 in 1999
49.2% will be over 65 by 2030

Yet that country's pension assets as a proportion of its GDP are pretty negligible. Which, of course, feeds into the current debate on 'export jobs or import people'. Suddenly immigration doesn't look so threatening after all, if the social security contributions of these new workers will be paying the pensions of the ageing indigenous community who so often argue for keeping the newcomers out.

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Would that it were that simple to break down this particular border of the mind. There is a growing trend within economics that we find interesting: an admission that the hard side of economics has been over-stated and the soft side – the psychology that drives people behavior at an individual and at a macro level – virtually discounted, precisely because it can't be counted. Economics assumes we behave en masse as rational beings. We don't, of course.

Import people or export jobs

The offshoring debate - the global redistribution of work and value generation that has moved up the business and political agenda in recent years – is at the heart of the new debate on what constitutes globalism. One of the choices facing government and business leaders is the 'export jobs or import people' question. But, the very framing of this question betrays a one-sided perspective. Offshoring is a statist word. It frames itself with the borders of the state as the reference point.

The interesting thing is not so much corporations lowering their costs by sending jobs to where people are cheaper – there is nothing new in that; it has just moved up the chain from making clothes to taking calls to writing code and designing drugs. What's as interesting, but less commented on, is the growth of a new generation of global citizens who have the skills and outlook to go wherever they want.

Kjell Nordstrom, the Swedish economist, neatly re-frames the debate away from the narrow 'all our jobs are going abroad' knee-jerk reaction by focusing on geographical clustering (see Michael Porter's recent work for more on clustering).

"You can find the place you fit in the world now", said Nordstrom. "For example, 73% of people working in Silicon Valley weren't born in the US. They moved there. They are a foreign legion. This is globalism in action. It's self-selection. There are thousands of valleys around the world – the financial valley of Wall Street or London, the fashion valley concentrated in Emilio Romagna, Northern Italy."

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People think globalization is global corporations rolling out a global brand – McDonald’s, Marlboro – that’s not just wrong, it’s exactly wrong. Globalism is about more fragmented, different markets; you have to go back to medieval city states to find markets as fragmented. The question in the face of such fragmentation is: Can you run a company based on principles of standardization and global brands, or do you need to take a different route?”

All the corporates have the technology to make everyone everywhere part of a globally distributed Head Office, using intranets (or ‘extranets’, as these networks are called when intranets are brought together to connect split-site operations and suppliers across continents), maybe with different parts of the world leading different parts of your global strategy. Astra Zeneca does this with its centers of excellence dispersed around the globe. So, you can indeed be everywhere at the same time.

Source:

This article is an adapted extract from Phil Dourado’s book ***Seven Secrets of Inspired Leaders***, co-written with Dr. Phil Blackburn. You can download Phil’s free eBook, *The Little Book of Leadership*, on www.PhilDourado.com