



# Customer-centred transformation drives results



Martin Griffiths, CEO of Stagecoach Group, explains why modern leadership is about understanding that innovation flows both from your people and your external partners.

For Stagecoach Group, a public transport operator which manages more than three million customer interactions every day, the move from being an operationally-led to customer-focused business has been crucial to its success.

CEO Martin Griffiths says that being aware of changes in consumer expectations has been fundamental for accelerating growth and delivering the quality that drives customer loyalty.

"In a business like ours, customer expectation is always at the forefront of our thinking, but you can't anticipate all of it, because it changes so quickly," he says. "The only thing we know for certain is that customers, rightly, want the best service that they can get, for the best value and with the best information. We have to continue to provide that."

## Invest in your people

Achieving that standard of service requires staff who are properly trained and who enjoy their work, Griffiths highlights. "Supporting employees so they can manage work pressures is key to delivering this. And keeping lines of communication open is vital for any CEO, particularly when steering an organisation through a period of transformation," he says.

This strategy can be formalised in an organisation's procedures. Regular staff surveys, Griffiths points out,

can encourage honest feedback and foster a culture of positivity. "Keeping your staff morale up is, I think, probably one of the most important jobs of leadership, not just for the CEO, but for the whole senior team," he says.

He adds that communication with people at every level of your organisation is key. "Making sure you understand what your staff are going through and recognising those pressures over the long-term will always give you positive results," he explains.

## Be prepared to fail

Founded in 1980 by Sir Brian Souter, Stagecoach has thrived through almost four decades of change, including the significant technological advances of the past five years. While, in the 1980s and early 1990s it was itself a market disruptor, the digital age has changed the group's direction. It's not just about technologies that are already here, but innovations to come.

"What is important is how we respond to these challenges," Griffiths says. "This includes recognising that we don't have all the skill sets internally, and choosing partners who can help us build our business."

Stagecoach has always encouraged its people to be innovative, to experiment and – as long as things are well thought-through – be prepared to fail. "This is because we learn lessons and get it right next time," he says.

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Griffiths had first-hand experience of the benefits of this approach as he travelled up through the ranks of the group, under the previous CEO's watchful eye.

"The culture at Stagecoach has always been to challenge its people," he says. "Give them a task today that perhaps they might only be ready for tomorrow – and provide the mentoring and support they need. Largely, it has been a successful strategy."

### Partners who can deliver

As technology progresses, and at an escalating pace, developing partnerships with external parties has become increasingly important in guaranteeing that businesses can deliver what their customers want, when and how they want it.

Warren Middleton, KPMG Head of Consulting, highlights that this has become a vital aspect of the CEO role. "Business leaders are now working much more closely with both their teams and external partners to make sure their organisations stay one-step-ahead of the competition," Middleton says.

It is the practical approach and one, KPMG research shows, that is being adopted by CEOs around the globe.

The 2017 Global CEO Outlook survey found that 47% of business leaders said they were 'balancing innovation with pragmatism'. And they are preparing for the future by increasing investment in key partners – people who bring specialist knowledge to the organisation in fields such as geopolitics or cognitive technologies.

"We have talented people with good skill sets, but if you want to take the business to the next level, finding the right partners – whether they're in technology, delivery or customer experience – is essential," says Griffiths. "You simply cannot commit management time and resource to do all of this yourself."

### Time for well-considered risks

The transport sector has faced huge disruption in recent years, from regulatory change to increasing customer expectations – developments which inevitably bring increased levels of risk.

Indeed, KPMG's 2017 Global Outlook survey highlights that risk management is one of the top three issues faced by CEOs today.

But, for Griffiths, the only response is to face this challenge head on. Managing reputational risk, he says, is about learning from the past, managing hazards in a controlled way and looking to see what challenges could be transformed into opportunities in the future.

Indeed, today's CEOs, as revealed in the recent KPMG research, are acutely aware of the risk to their business from reputational damage. This issue has risen in importance for business leaders, having not even featured in the top 16 concerns amongst CEOs the previous year.

Today's chief executives, in contrast, believe that reputational damage will have the second biggest impact on the growth of their organisation over the next three years.

### Invest in transformation

Avoiding risk altogether is, however, not an option for any future-focused CEO, according to Griffiths. Stagecoach is, thanks to the nature of its industry, completely focused on the safety of its customers and its own people. Yet, Griffiths claims there are always going to be risks when driving an agenda of innovation in your business. The secret is making calculated, sensible decisions.

While Griffiths knows that trams, buses and trains will continue to be an essential part of communities and the wider economy, complacency must be avoided.

"We need to be looking at what our customers want, embrace new technologies and continue to invest in our people. It's the only way we can respond to challenges brought to us by new disruptors."

Middleton agrees by saying: "Transformation is not simply about sourcing and investing in new technologies – but creating a culture where management and staff are empowered to innovate and transform the way they deliver products and services to the customer."

#### Key takeaways

- Communicate with staff at every level of your organisation to foster a positive culture and provide a good quality customer experience.
- Encourage transformation by giving your staff the freedom to innovate, to experiment and – if well thought-through – to fail.
- Find the right external partners in technology, delivery or customer experience – so your organisation can keep pace with transforming customer expectations.
- Respond to disruption by embracing this change, from customer expectations to new technologies.

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