



Measuring the C-Centricity of a B2B/G Company With a Focus on the Aeronautic and Defence Sector

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In light of the current phenomenon of businesses striving to be increasingly customer-centric, SémioConsult® is supporting Quentin Jardot and his work to develop an index that would measure the C-Centricity of a company in the aeronautic or defence sectors. Indeed, as of date, it is difficult for a director or manager to know at which stage they are in the process once it has started, or to determine what their starting position is when they wish to pursue such a transformation strategy.

Please do not hesitate to contact us for further explanation or if we can help you with any related desiderata: info@semioconsult.com.

Introduction:

In 1996, R. S. Kaplan and D. P. Norton revolutionised indicators by redefining them, dividing them by type, and, most notably, by explaining how to use them. They claimed that managing a business was similar to being the pilot of a plane: one needs a suitable dashboard.

However, comparing a plane to a business seems unfair. Contrary to a plane, a business does not have a motor that tows or an automatic piloting system. If pilots were to stop looking for ways to progress, most companies would eventually crash (bankruptcy, OPA...). Evidence of this exists today as we watch businesses with product-centric models lose speed, leaving space for their customer-centric competitors.

A business more closely resembles a glider, moving forward is a competition that takes place daily. To stop striving for progress signifies a descent that will slowly, but surely lead to the ground. In a glider, every kilometre that is travelled, every goal that is reached, is a challenge.

If there are multiple gliders with the same objectives, and a single cloud to pull them up, they must compete against the environment (and not one another) to pilot as smoothly as possible and come out unscathed. Finally, the glider needs help from external sources; help is needed to take off and for guidance once it's in the air.



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To pilot well, one must constantly consider external factors. To do this, the dashboard must be quick to read and cover all essential information. For example, when a gauge is in the red, we instantly understand that we must react quickly. If a dashboard were to read $CA = +0,5\%$, it would not be as helpful.

Is this the only positive figure to be found in a sector in crisis, or rather in an industry with double-digit growth? Therefore, a legible dashboard is necessary, especially to optimally pilot the path to achieving one's goals. In finding inspiration from the glider, we can understand that the dashboard must be quickly understandable.

This study will focus on the following points:

- The **specialisation** of indicators, so that they serve a specific domain and are more personalised, in contrast to major works which often offer more generalised solutions.
- The **appearance and legibility** of indicators, in contrast to the dashboards used by large companies that more closely resemble a table of figures.

After a brief state-of-the-art and field study, a C-Centric indicator created specifically for the aeronautic and defence sector will be presented.

State of the Art of Indicators:

Today, one of the top concerns of large businesses is their **performance**. A quick look at the company websites of those included in the CAC40 shows that this term is commonly used in the language of large enterprises. Performance can be translated as the “best result” (Le Robert, 2022). From financial to production and even topics regarding the environment, the term “performance” is found in every branch of a business.

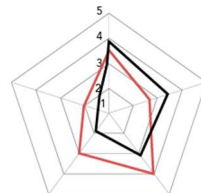
Large businesses' most commonly used method to measure and pilot performance is the **Balanced Scorecard** (BSC), a system that measures performance at the executive committee level. Typically, it consolidates information from approximately a dozen indicators, which allows executives to steer the strategy put in place and to unite the company around this common vision. These indicators are carefully selected and are used to measure the performance of the company as a whole. One of these indicators is commonly known as a **Key Performance Indicator** or a KPI. By combining KPIs with objectives, it is possible to reflect the performance of an entity.

Currently, this tool provides a framework for the indicators used by large companies. The work *The Balanced Scorecard* (Kaplan and Norton, 1996) is the founding book for this tool. The concept of the dashboard, in which all of the company's management tools must fit, is a metaphor for the cockpit of an aeroplane. Today, the pilot needs to have a multitude of easy-to-understand instruments to navigate his or her aircraft through congested airspace. According to the authors, the same is true for a company.

Thus, a new indicator created for a business must be adapted to this environment and can be easily integrated into the BSC or juxtaposed with it.

Graphic Lense

It is important to choose the best-suited graphic representation. The most commonly used representation in a BSC is a number. In a plane's cockpit, the indicators are the needles, because **our brains can quickly interpret the position of a cursor on a dial**. This study will use a radar diagram:



The graphic radar (A. Fernandez, 2018)

Today, the indicators used in the aeronautic/defence sector are mainly numerical and global indicators, which **do not permit a quick interpretation of a situation**. Moreover, the concept of C-Centricity is complex and composed of multiple concepts. In order to represent several uncorrelated pieces of information in an instant on a single indicator, the radar diagram appears to be an appropriate base. It allows us to superimpose data sets and avoids having a global indicator that is too synthetic and uninterpretable.

State of the Art of C-Centricity:

To create a realistic state of the art of C-Centricity or “Customer Centricity”, it is important to identify the main actors that gravitate around this subject and to understand their positioning regarding the C-Centricity of a company. Doing so will allow the identification of the main dimensions that can be used to assess the degree of C-Centricity of a company.

To define a term properly, one must first consider its origins. Lester Wunderman is seen by many as the pioneer of C-Centricity. He created the concept of **direct marketing** in 1960 (Fader, 2012). C-Centricity emerged when evolving the concept of sales. C-Centricity can first be defined as the opposite of **product-centricity**, whose strategy is based on the product and its associated expertise. The concept of product-centricity is based on selling more and more items in order to decrease production costs and increase revenues (Fader, 2012).

Once having mentioned the origins of C-Centricity and what it is not, it is possible to take interest in what it is. C-Centricity can be viewed as the concept of **“knowing absolutely everything about one’s best clients”** (Fader, 2012). Another possible definition of C-centricity is the “fact that a company puts its client at the heart of its organisation and decisions” (definitions-marketing.com, 2020). This definition has the advantage of clarifying an important part of C-Centricity, but it blurs an important aspect of the C-Centric strategy.

A more complete definition would be the following: **C-Centricity is to identify the clients the most likely to bring us value, then to put in place everything in our power to earn as much money as possible from them and to find more clients like them. These clients will give us an advantageous strategy compared to our competitors and are surely the company’s best route to success.** A second point needs to be addressed in order to define this notion more accurately; it is necessary to consider the heterogeneity of clients and not to work for 'the' ordinary client but to group clients into heterogeneous categories (Fader, 2012).

This implies that one must evaluate the value of their clients in the long-term and not on short-term profits. Regarding the products, client heterogeneity implies that all products and services must be **systematically personalised** (Marsh, Sparrow et Hird, 2010).

One of the principle concepts of C-Centricity is to identify and serve the best clients, all while maximising profits. The objective is to go beyond simply paying attention to the client. It is necessary to successfully identify, track and interact with a client so that a product or service can then be tailor-made to meet the needs of that particular client (Peppers, Rogers, Dorf, 1999).

To illustrate this notion, it is important to mention the main examples of C-Centricity in the world today and recognised by the principal authors: **Amazon, Netflix, Starbucks or IBM**. It is also a common concept in **airline companies** and **hotel chains**.

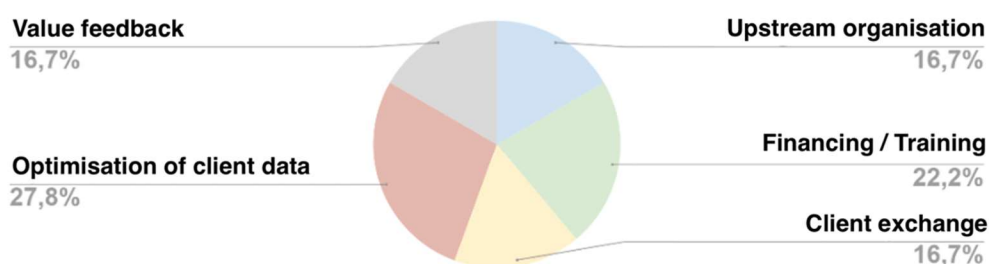
In short, C-Centricity means segmenting customers, organising around key customers and ensuring a unique customer experience (with the idea that every detail for every customer counts). In practice, C-Centricity can also be seen as the sum of several concepts implemented within the company. Every initiative, however small, should be in favour of the client and bring visible benefits (Marsh, Sparrow and Hird, 2010). Therefore, **each initiative should be able to increase the C-Centricity indicator**.

Field Study:

An indicator must be able to show the grain of sand that blocks the machine. This is what is missing from current indicators, which tend to be generic and not adapted to the sector of activity or the type of company. It is difficult to link these indicators to more abstract notions like C-Centricity (a non-mathematical notion). An indicator is based on a formula that must work systematically, whereas C-Centricity advocates a principle of heterogeneity and constant adaptation. C-Centricity hides in the detail; if you consider a client without going into detail, without considering them as a unique client, it is easy to miss crucial information. C-Centricity must therefore have **a corresponding indicator**. The aim is to create an indicator capable of placing value on this **client focus that is specific to C-centricity**.

After reviewing the existing literature on the subject of C-Centricity and indicators, an aspiration emerged: **to create a Customer Centricity indicator adapted to large international companies in the Aeronautics & Defence sector**.

It is possible to synthesise the ideas from the literature and to identify the most important dimensions for assessing the degree of C-Centricity. Then, by reworking the dimensions extracted from the literature with the aim of assessing different aspects of C-Centricity, we obtain five categories for the indicator:

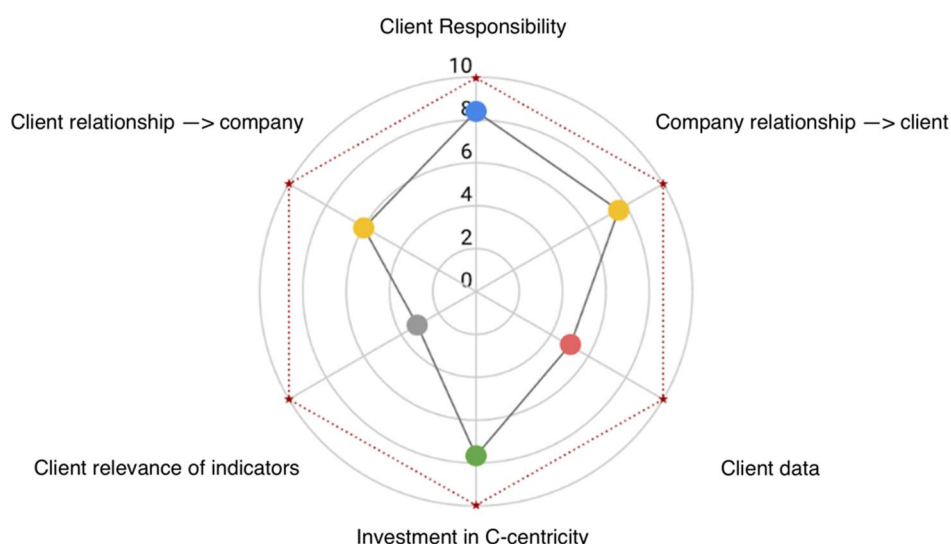


As a second step, it is necessary to transform these ideas into one or several concrete indicators, adapted to the aerospace and defence industry. This creates the link between indicators, C-Centricity and the aerospace/defence sector.

This work is based on numerous interviews from those in the aeronautics and defence sector, readings, field reports, testimonies and conferences. The exchanges were carried out with people directly in contact with the customer and sometimes managing other people in contact with the customer in order to study the customer relationship as closely as possible. This allowed the categorisation of the areas in which C-centricity intervenes and the determination of the elements to measure to obtain an indicator of C-centricity specific to the industrial sector.

C-Centricity Indicator:

The resulting indicator is a **radar diagram** whose **branches represent the key dimensions of C-Centricity**, adapted from the field study. It can be assessed at the level of an international company or a company department.



- This indicator was tested on a large enterprise in the aeronautic/defence sector by interviewing four individuals, one from each of the client phases (prospection phase, offer phase, project phase, and after-sale phase).
- The key result provided by the indicator is that serious clients are well taken care of by maintaining a good relationship and taking responsibility for their needs. However, the indicators are very product-focused, which makes it more difficult to segment customers and thus to detect key clients. This comes with the risk of investing too much energy in an ordinary customer or too little in an important future customer. Finally, client data is the path to progress for a company that wishes to focus more on its client.
- The diagram gives an indication of the degree of C-Centricity. Here, the evaluated entity appears rather customer-centric. However, the indicator also shows the **margins for progress** towards a less product-centred strategy. The advantage of this indicator is that it does not provide a preferred

direction for developing C-Centricity, but rather multiple avenues for progress. The company can thus develop a client strategy based on several dimensions. It can choose a dimension to start with and can prioritise one or abandon another.

- Finally, a positive evaluation in one dimension does not offset a weaker dimension. In concrete terms, a strong investment in C-Centricity (score above eight in this dimension) without an adequate customer indicator (score below 2 in this dimension) prevents energy from being injected where it is needed. The information does not flow as well and the strategy is negatively impacted. A diagram with a balance between the dimensions seems more appropriate.

Advantages, Limits, and Deployment Strategy:

These results highlight the advantages and disadvantages of this C-Centricity indicator. Its **main strength is that it interacts** with the **company strategy**, based on concrete data, and the **intuitiveness of client managers**, two initially very distinct worlds. This will be summarised by a SWOT analysis of the indicator.

SWOT	Strengths	Weaknesses
Internal	Strengths S1: Summary S2: Easy to read S3: Multidimensional S4: Quick to evaluate and inexpensive S5: Does not impact the dashboard and the current organisation of the companies	Weaknesses W1: Very analytical W2: Subjective evaluation method
External	Opportunities O1: Self-evaluation O2: Comparable results	Threats T1: Indicator race *

*T1: The indicator focuses solely on the assessment of a few strategic criteria. Considering that the other criteria are validated only if this one is validated; therefore, it is easy to bias the results compared to the reality.

When we cross its first weakness with the second opportunity, we can use the following TOWS strategy to deploy and optimise the use of the indicator:

W1O2	Tailored display of the indicator: for a specific department, for a specific client, for a specific dimension of the indicator, etc.
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Conclusion:

This study is not designed to answer the question "what is the most important point of C-Centricity?" but aims to bring together the essential elements of a client-centric approach to help companies move towards a C-Centric model.

To go further, various avenues can be explored. For example, to better integrate the C-Centricity indicator into the current system, it is possible to correlate it with classic performance indicators in order to show the connection between the company's overall performance and its level of C-centricity. However, one must do so with care, as elements other than the C-Centric strategy may explain variations in performance. Finally, numerous adjustments to the C-Centricity indicator are possible by adjusting the indicator to other sectors of activity or by superimposing various data series.

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