

Marketing & Sales Practice

Case study: Building a customer-centric B2B organization

A Chinese steel manufacturer systematically transformed its operations to be customer-centric—and in the process, improved its bottom line.

by Hai Ye and Will Enger



Customer experience (CX) is an increasingly important strategic topic in the boardrooms of B2B companies in China and throughout the world. Despite the rapid development of the previous decades, the “growth first” principle of Chinese enterprises sometimes implies customer experience can be sacrificed. But CX leaders, globally and within China, drive higher growth, lower cost, and superior customer satisfaction. In times of crisis, they achieve three-times-higher shareholder returns than laggards.

Start with a vision

A successful transformation starts from the top. Cases within and outside China confirm that the CEO must be in charge to continuously push and unify the organization.

The Chinese steel industry has taken an upturn amid the country’s overcapacity-reduction program, and companies have been enjoying robust price and volume increases. In this article, we consider one Chinese steel manufacturer whose CEO set a clear vision to build a customer-centric organization in order to gain a competitive edge and to keep the organization healthy through future downturns. The company took a series of steps to systematically and holistically shift the entire organization toward customer-centricity.

Identify the challenges

Comprehensive diagnostics revealed that the company faced a series of challenges. In fact, interviews with some customers were alarming: the customer voice, though central to the CEO’s vision, had no conduit within the organization and was never heard by decision makers. One key account was lost well before corporate management heard its complaints. Analysis of the research revealed several serious shortfalls in customer-centricity:

Limited understanding of customers

The company had not systemically mapped the diverse stakeholders behind each customer, relying instead in most cases on buy-side

procurement managers and their associates as the only source of customer feedback. Company representatives rarely knew or approached other customer-decision influencers or the users behind procurement, thereby losing many potential customer insights. The company also lacked access to end customers further down the value chain.

Few channels for customer feedback

As is true at many B2B organizations, sales was the major channel through which the company gathered customer feedback. But manual relays of messages could take a long time to reach managers, assuming they were not forgotten along the way. To make matters worse, sales representatives sometimes neglected to report feedback, fearing they would be punished if headquarters learned that their customers were unhappy.

Limited analysis of feedback for insights

What customer feedback and CX data existed within the organization was not centrally managed and synthesized into easy-to-access reports to give top management the full picture. Other stakeholders also found it challenging to access the aggregated customer feedback related to their own roles.

Customer problems not addressed. Many customers complained that issues they had reported many times had not been dealt with, and the same problems continued to persist.

Transform to a CX-centric organization through a holistic ‘diagnose, design, deliver’ process

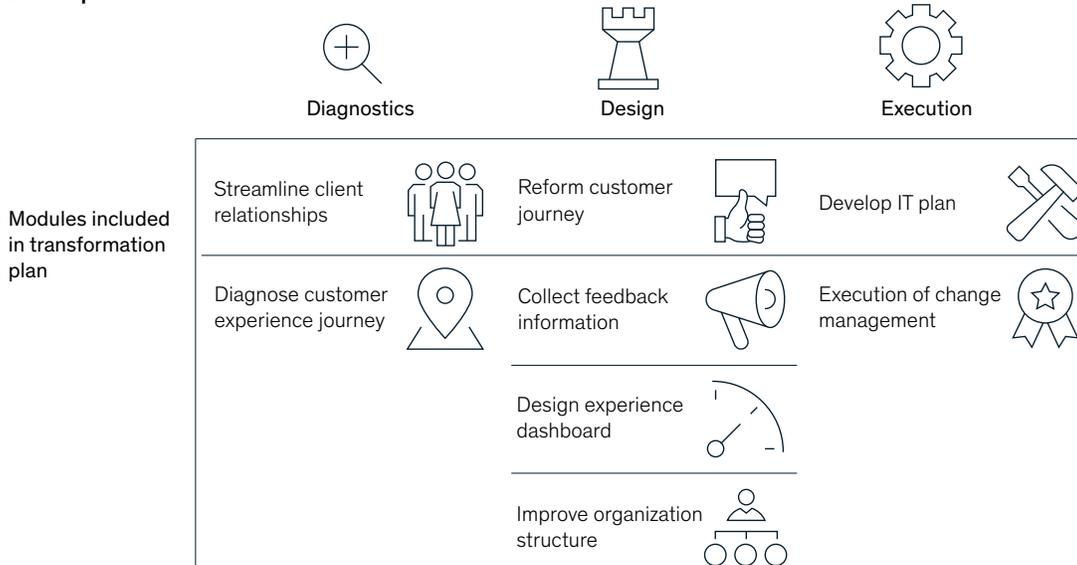
A holistic transformation was crafted to move the company toward the CEO’s vision, knowing that no single silver bullet could address all challenges at the same time. The transformation plan consisted of multiple modules based on a “diagnose, design, deliver” process, which takes two to three years to implement fully (Exhibit 1).

¹ Total return to shareholders tracked for publicly traded companies in the top 10 or bottom 10 of Forrester’s Customer Experience Performance Index in 2007–09.

Exhibit 1

A holistic transformation plan centered on CX and feedback management can help a CEO achieve the company vision.

Developed markets



The company proceeded through the process in three phases:

Phase 1: Diagnose

The first step was to map the customers and identify stakeholders beyond buy-side procurement. To achieve this, customers were divided into segments based on similar stakeholder dynamics and customer journeys. Then the segments were prioritized based on their value and strategic importance.

Phase 2: Design

After the journey diagnostics, the company built a structured “question library” based on the journey breakdown, with customized questionnaires and feedback forms for different stakeholders. This enabled the company to collect feedback and experience data, and perform a consistent longitudinal analysis across feedback channels. Using these designs, the company was able to systematically analyze experience data, dig into root causes, and identify improvement areas.

Phase 3: Deliver

An IT backbone had to be built to implement all the designs discussed in the previous paragraphs. To achieve this, the company broke down the system

design into several modules and assessed how each one should be tackled. Among the three possible development options, “customized third-party solution, locally deployed” was chosen as the best option based on five evaluation criteria: feasibility, customization, data security, timeline, and price.

Key learnings: Prioritize segments, and collect feedback on multiple channels

The company eventually prioritized three segments: (1) section-steel and steel-sheet-piling dealers, (2) section-steel manufacturers, and (3) steel-sheet-piling leasing companies, with the biggest customer in each category selected for deeper analysis. In analyzing the different customers, the company discovered a pattern: three journeys—scheduling inquiry, transport and delivery, and quality discrepancy—were deemed crucial by all customers.

A new, multichannel system was designed to address the company’s various challenges in collecting customer feedback. While customers can still share feedback directly with sales reps, the system incorporates new channels, including

periodic on-site interviews and feedback sessions conducted by marketing personnel or the CX team, surveys on mobile devices, and a WeChat portal where customers can submit feedback whenever they want.

This system also allows the company to reach out to previously inaccessible or remote customers, who can simply scan product QR codes to submit feedback on features and quality, or even solicit technical support. A dashboard was designed to create CX transparency across the organization, allowing different stakeholders to analyze the data and generate insights. The multichannel-backed (PC and mobile) dashboard can make customer feedback and experience data visible for stakeholders from different divisions, so they can easily analyze data and generate insights.

Manage the change to maintain success

McKinsey research indicates that 70 percent of change programs fail, mostly because of human factors. Design-phase initiatives don't stick without procedures for proper change management.

McKinsey has a useful framework for change management (Exhibit 2), from which the steel manufacturer adopted key elements.

Real impact to the bottom line

To date, the company has already generated an estimated 4 percent increase in gross profit, or an 8 percent increase in pre-interest and pretax profit—a number matching the CEO's initial expectations of the project. Moreover, the company believes that its transformation will have a lasting impact, producing better products, more satisfied and loyal customers, and a healthier, more efficient organization overall.

All in all, customer experience is an effective tool that Chinese B2B players can utilize to create long-term competitive advantages. A company should first define its priorities, lay out an implementation path based on its current reality, and use it to work toward a superior customer experience and, ultimately, excellence.

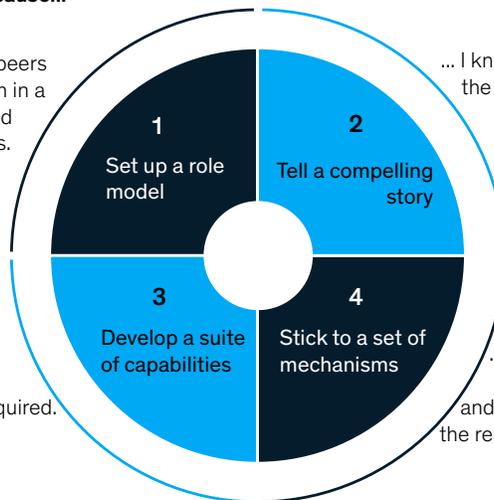
Exhibit 2

Four key actions succeed in changing mindsets.

If my mindset changes, it's because...

... I can see that my leaders and peers practice what they preach, march in a new direction, and are recognized and rewarded during the process.

... I have the chance to get relevant capabilities, tools, and support to realize the change required.



... I know clearly what to do to achieve the new vision.

... I can clearly see the adjustments to organization structure, process, and incentives to support us in making the required changes, and I see that they are thoroughly executed.

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