

The 7-Steps to Profit

Alan O'Neill, Managing Director. Kara Change Management. Kara.ie



As the world continues to come to terms with the madness of these unprecedented times, we are facing lots of uncertainty. Because we haven't experienced anything like this before, many of us are learning and adapting as we go. As we roll with the punches, some businesses are coping really well despite the wider economy being in freefall.

But this is no time for complacency. Consumer demand will be challenged for the foreseeable future, encouraging consumers to be more discerning about their spend.

That means that businesses need to be mindful of protecting their market share and margin in a new world. However, as a general point – when businesses mature and become very 'operations' focused, they often miss a trick. In fact we are all in danger of falling into mundane routine and bad habits, leading to mistakes, poor practices and dangerous norms.

From my work over the years with manufacturers and distributors, I see these errors regularly. For example, *Great Taste Distributors* (a fictitious company invented by me to protect others) is a distributor of branded food and beverages to the retail and hospitality market. Orders come in weekly, through on-line ordering, by telephone and from sales representatives visits.

When a customer places an order and is not informed there and then of an item being out of stock, they reasonably assume the delivery will arrive, complete and on time. GTD's warehouse can prove with reporting that its service levels are at 98.8%, yet customers regularly complain of out-of-stocks of key lines. This leads to all sorts of unnecessary internal conflict and low morale. Customer dissatisfaction follows along with missed sales and margin targets. And while this is an example from the world of B2B, similar issues can be found in B2C companies too.

To prevent this, I'd like to bring you back to the basic principles that are essential to help you tighten up your business model. That will give you the best chance of success.

The 7-Steps to Profit

What is it that makes global brands so successful and iconic within their own industries? What is their secret to success? For many years, I've been privileged to support countless global brands around the world through change. They all have at least one thing in common and it's not that difficult. They all follow a very structured path to excellence. I call it *the 7-Steps to Profit*.

Take any successful company that you know and measure them against the *7-Steps to Profit*. In there, you'll find the answers to how they did it.

Conversely, if you examine any company that didn't make it, you will see the reasons within the same *7-Steps*.

7-Steps to Profit



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1. Brand DNA – Find your North Star

You already know this as vision and mission statements. GTD has not yet considered its real purpose. Consequently, some team members believe it wants to be the best in the industry, while others think the business doesn't care about the customer. The founder wants to create a legacy of a quality company that cares about people, but hasn't told anyone! All very different messages.

Whatever your ambition is totally fine, provided you have considered it. But to not think about it and articulate it clearly to your people is a missed opportunity. Its absence creates ambiguity and confusion. That's why Selfridges came up with a vision that states it wants to be '*the destination for the most extraordinary customer experiences*'. And its purpose is '*to surprise, amaze and amuse – and everyone is welcome*'.

The Selfridges executive team and I worked hard on this, drawing from its heritage, the ambitions of its current owners and its desired position in the UK market. The buyers, the visual merchandisers and the retail operations teams now know exactly what to buy, how to present it and how to treat all customers. Refreshing the culture and shaping a strategy fell into place quite easily thereafter.

2. Refresh your Culture

Culture is the way we do things around here! Culture is a set of behaviours and processes that determine how things get done. If you have been to a Disney theme park, you'll know how much they care about their own people and customers. You can almost feel it in the air as you experience all it has to offer. That's driven by its culture.

GTD has a blame culture. When out-of-stocks happen, the sales teams blames the warehouse. The warehouse blames the order entry team and they blame IT. But if the organisation had a customer-first culture or if agility and innovation were at its core, the response to service disruptions would be very different indeed.

You'll also have heard that *culture eats strategy for breakfast!* And that's because when you have clearly defined your desired culture – using values – it will be with you for a long time, once it is embedded. It will not change every couple of years.

3. Plot your Strategy

Budgets are not plans! They are a set of numbers with no reference to how you will achieve them. Your strategy however, is your big picture route to achieving key milestones in the pursuit of your *north star*. That always starts with looking outside and examining external market forces first, before making key decisions for your business.

For example, think about the implications for GTD of not considering Brexit and all its challenges, given that much of their product range comes from the UK? What if they failed to consider the risks on plastic recycling now that the Greens are in power?

In simple terms, this annual strategy building exercise involves doing a thorough SWOT analysis. Explore the wider market in terms of customer demographics, trends and preferences. Dietary changes is an obvious one, as is the shortage of chefs in the hospitality world. Technology is bringing endless opportunity and disruption. So are economic and political shenanigans.

Then look internally at your own strengths and weaknesses. What have you got going for you that you can exploit and what do you need to correct? All of this should feed into your strategy, so you can allocate accountabilities, responsibilities and metrics to your team.

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4. Develop your Team

While I'm not suggesting that you change your team every year, you might review your structure (organisation chart) on the one hand and the development of your people on the other.

GTD has an organisation structure that is no longer fit for purpose. Tentacles have grown over the years as the business expanded. But now the distribution of workload and accountabilities is lopsided. The company has added new brands, new customer types and new technology and that demands a structure refresh.

It has a team of people that has been with the business for many years. While that is a compliment to the leadership and culture, it also means that old habits die hard. The market has changed and the business needs to change with it. If people are expected to change without considering what new knowledge and skills are needed, that will cause frustration, low morale and conflict.

5. Connect with your Customer

Even before Covid-19, we were experiencing shifts in customer and consumer behaviour. From constantly changing demographics, to high levels of user-acceptance of technology, to dietary preferences and lifestyle changes. Therefore, customer awareness and connectivity has to be high on your agenda.

You have to find ways to use your data to gather quality insights so that you can make quality decisions. Consider what marketing campaigns and messaging to put in place so that you reach your customer.

And it's not all about digital. Granted, the C-19 lock-down has caused a spike in digital activation, but don't forget the other marketing channels have not gone away and are critical in an overall portfolio of brand-building and driving footfall.

6. Your Proposition. Build your 3-legged Stool

All of the previous steps will feed in to helping you to shape the value proposition that customers will judge you on. It's made up of three legs of a stool, your 'product mix', your 'people' and your 'place/route to market'. You might consider answering such questions as what is your best mix product mix? Your price architecture? What is your ideal 'place' or route to market? Your brand DNA, your strategy and your target customer profile will help you to answer these questions.

For example, Brown Thomas confidently defines itself as a five-star store, therefore its product mix and store standards reflect that. In contrast, Penneys is a proud volume retailer but they obviously don't sell Gucci or Chanel. Matching your 3-legged stool to your brand DNA (step 1) will join the dots for you.

7. Execution. Do and Review

This is where you spend 99.9% of your time, doing the day-job and cranking the machine. However, as with GTD described above, this is where the problems with the system can kick in, such as out-of-stocks, conflict and tension. And the reason is, they haven't refreshed steps 1-6.

While there will always be unforeseen and unplanned events that can disrupt the flow of a normal day, even with a great plan, the likelihood is that they will be reduced significantly with regular reviews of steps 1-6. This level of planning will also give you a mechanism for overcoming unforeseen obstacles with more ease.

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Summary

The *7-Steps to Profit* is a tried and tested model that has been around in various forms for hundreds of years. It is being used by the great and the good already. It will work for you too, regardless of your size, B2B and B2C.

In these C-19 times, it's really difficult to thoroughly plan ahead, so use *the 7-Steps to profit* to guide you and perhaps you might incorporate extra flexibility in here too.

Kara *the Change Agents*, are specialists in strategy, culture and people development. Go to www.kara.ie if you'd like help with your business.

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Go to <https://courses.kara.ie/courses> to access FREE on-line course, *Supercharge your Sales*

"Kara have completed some inspirational work for us at Dalata Hotel Group plc over the past number of years. As the Change Agents, their insights into culture, customer experience and customer thought process are second to none."

Stephen McNally, Dep CEO – Dalata Hotel Group plc

"At Ann Summers, I have worked with Alan in Kara over a number of years, and highly value his expertise in creating a future-facing retail business that moves us from a transactional, profit driven model to a purpose-driven brand, inspired and led by our customers. Alan helped us to see that we need to surprise and delight our customers, to attract new customers to our brand based on great product and experiences whether they shop with us in store, online or at a party."

I know that Alan's take on this new generation of retail, will be immensely valuable in helping organisations to grow their businesses in the future. His 7-Steps to Profit say it all."

Jacqueline Gold CBE, CEO – Ann Summers UK

"We've worked with Kara many times across the years and engaged on several subjects, and their passion for culture change and customer experience is always apparent – they get it. They know what customers and businesses expect, as well as being able to stand at the side and point out the routes for success. Their insights have never been so relevant as they are today, and tomorrow!"

Steven Cochrane, Head of Products & Growth Platforms – Allied Irish Banks GB

"In order to be successful in today's business landscape you have to build a winning culture. It is all about being a customer champion and taking ownership. But it also requires careful change management. When working with Kara in deBijenkorf, I found them to be a great catalyst for this change while asking the hard questions and driving productive discussions. I highly recommend them for any type of event."

Edo Beukema, ex HBC Europe - Galeria Kaufhof GmbH and de Bijenkorf Netherlands.

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- Change Management
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With his tried and trusted 7-Steps to Profit, Alan's mission is to inspire others to maximize their potential, with commercial growth strategies that are practical and relevant.

What is it that has made famous global organisations so powerful and successful in their respective fields? What are their secrets to success? They all have one thing in common and it's not that difficult! They all follow a very structured path to excellence that Alan describes as the *7-Steps to Profit*.

For example, voted the best department store in the world and founded by American, Gordon Selfridge, Alan's *7-Steps to Profit* helped Selfridges grow profit from £45m to £200m in a short few years and win multiple 'best department store in the world' awards. But it's not just about retail, whether you're in Financial Services, FMCG, Hospitality, Industrial, IT, Manufacturing, Motor, Retail, Telcos, Tourism to Travel, (B2B - B2C), Alan's *7-Steps* will work for you too.

Alan is a Consultant, Author and Keynote Speaker specialising in Change Management, Organisation Culture and Customer Experience. He is a visiting professor with ESA Beirut. For more than 30 years, he has worked with some of the most amazing companies around the world. He has supported iconic brands like Toyota, Getty Images, Harrod's of London, the United Nations, Dubai Duty Free, Primark, Intel, Moet Chandon with *the 7-Steps to Profit*. Recently, Covid-19 is affecting almost every business in every country around the world. During this crisis, Alan is supporting organisations in person and on-line, to get a clear head, helping them to develop recovery plans and a speedy return to a new world.

Alan has lots of no-nonsense expertise with lots to say. With tailored keynotes on *the 7-Steps to Profit, Change Management, Culture or Customer Experience*, Alan has a reputation for making the complex simple... being down-to-earth and practical... with a commercial focus that brings everything back to the customer. Wherever you are in your journey, Alan can inspire your team with great and practical ideas, taken from *The 7-Steps to Profit*.

Alan writes for several publications, including a weekly advice column for the *Sunday Independent* - Ireland's leading business newspaper. He is the author of *Premium is the New Black (Put the customer at the heart of your decision-making)*. His next book *Culture Matters (The 4 'Must-have' Values in your Culture)* will be released in 2020.



[Alan Showreel](#)

"Change Management, Culture and Customer Experience are very relevant topics in today's world. 'Customer Experience' is indeed the new battleground and differentiator in this digital world. As a highly experienced Change Agent and Speaker, Alan inspires and challenges audiences with his practical business models and stories. The Selfridges Story is just one that brings all of the concepts to life and resonates with businesses of all types, B2B and B2C."

Cosimo Turroturro, CEO – Speaker's Associates

"BT has worked with Alan O'Neill – the Change Agent, not just to help with our own customer service, but to educate and challenge our clients on how they can help their customers. You can't ask for any more than Alan's track record of success. His insights on organisation culture, garnished from customer service case studies across all industries make him a front runner in his field. The feedback from our clients from Alan's keynote made us look good."

Joe Walsh, Head of Unified Communications – BT Telecom