



LEARNING IMPACT MODEL

EkaneM Puts the Service Profit Chain to Work

“Guys, I do not understand why there is a huge difference between the figures coming out from our Research Unit and the actual figures from the Securities & Exchange Commission - SEC cannot be wrong! These your market-share figures must be wrong!” railed a very upset Dr Modibbo, the CEO of Axiom Capital as he closed the week’s Management Committee (MANCO) at the Company’s Board Room. “It is no surprise that we are floundering - imagine an investment management firm with dubious market research, before you know it our portfolios will start losing money in a bullish market and we will not know why!” “Group will soon have all of us for minced-meat, if we are not careful”

Axiom Capital is one of the oldest mutual fund managers in Nigeria and was part of a very success banking group that had made an early foray into the world of investment management. In the last couple of years since the SEC reduced the minimum subscription amount for mutual funds to N5,000 there has been increased competition in the industry, and Axiom was steadily losing its grip as the market leader. A number of other well-established banks with even larger brands and distribution networks had started to encroach and were giving Axiom a “run for their money”.

Yinka was the Head of Business Development and his presentation at the MANCO suggested that Axiom had lost just 2% of the market share based on the input from their in-house Research team which Modibbo always had reservations about. Finally, the figures from SEC - the regulator of capital markets were published, and it looked like Axiom had lost something around 8.5% of its market share in terms of both new customers as well as total assets under management. EkaneM, the Company’s Head of Operations sat through Modibbo’s tirade - knowing that if he didn’t start to do something about this mess, it would be his head on the chopping block by the next MANCO meeting.

“Doing something about the mess” for EkaneM, a hard-nosed accountant always began with looking at the data, and rather than trying to prove the correctness or otherwise of the SEC Report or theirs, he began looking for trends. Interestingly, there was a lot of new money coming into the market from new subscribers, but most of the assets under management were still from existing subscribers either



increasing their old stock of mutual fund holdings in one fund manager or moving to another.

The industry data was certainly corroborated by the in-house data from the Customer Service Unit which showed that attrition levels of customers was on the rise, and most customers had just chosen “Other” in their redemption requests - which didn’t say much about the reason for their exit. Also, the new subscriber rate at Axiom was much slower than the rest of the industry - could this be due to the more aggressive marketing? Ekanem immediately thought to reach out to an old friend from growing up in Uyo, Edidiong, who now ran a very successful Strategy Consulting firm in Lagos - Edi always had great ideas and he was hoping to tap into her “anointing” today. Thankfully she, didn’t disappoint.

Edi was frank and practical as always - you should look at the quality of customer service. “What are your service metrics telling you?”, she asked. Emm... Emm... Clearly, Axiom had focused so much on product development and sales and had become so comfortable being at the head of their industry that they paid very little attention to customer satisfaction. “You need to improve your Customer Experience Management”. Edi pulled out her classic HBR article - “Putting the Profit-Service Chain to work and began a quick lecture on the RATER framework and how it could be applied at Axiom. “Finding out what customers want using RATER is central to your success. It is similar to the Mel Gibson movie - “What Women Want” or Taraji Henson’s “What Men Want”- if you know it and you build your entire strategy around it then you can get any girl, guy or in this case any customer.

Ekanem shone like a star at the next MANCO meeting and it was easy to get an appointment for Edidiong to meet with the now very interested Dr Modibbo to pitch all the great ideas she and Ekanem had come up with regarding using great customer service as a lever for maintaining and increasing their market share.

Working closely with the guys in Human Resources and Business Development, Ekanem and Edidiong set out to put the Profit-Service Chain to work at Axiom Capital. Some of the quickest wins came from Mystery Shopping around their bank-branches where they had sales reps - the videos were compelling, and each week the videos were streamed on the Learning Portal so that staff could see real-life feedback - good and bad of customer experiences. Doing this each week started to “force” managers and employees across not only Axiom Capital to re-think their attitude towards customers, but also staff in the Group and its other subsidiaries.

The Human Resources Department rolled out a Customer Experience Management program with separate modules for internal service departments like Fund Administration and Investment Operations as well as for external-client facing



departments like Customer Care and Relationship Management. The training was built on the RATER framework and other tools for Service Delivery. It was inspired by something Fidelity Investments did in the United States from as far back as the early 1990s that has kept that fund manager at the top of their industry almost thirty years later.

In addition to the weekly movie series from the Mystery Shopping, Ekanem implemented a Service Survey - it was designed based on the RATER framework too, and for the first year, Axiom decided to deploy the survey each quarter. The results of the first quarter survey were startling but consistent with the sales results and market share that had been declining. New metrics were created to link service ratings to sales and market share and everyone had KPIs that reflected the new strategic pillars.

In the months ahead, a number of employees including some experienced managers at Axiom left the organization - a few because they didn't align with the new changes and service-orientation that the management team led by Dr Modibbo was driving, others in pursuit of other interests. The cultural changes were tough and new initiatives sprang up almost every fortnight across various units and departments where "Service Champions" had been deployed as change agents to drive the new Axiom.

The sales numbers didn't pick up immediately, because unfortunately the stock market experienced many bearish months, just as these initiatives started. It almost discouraged Dr Modibbo - "who wants to be spending time and money on service delivery when the market is declining" he thought to himself from time to time, but with encouragement from Ekanem and the sheer energy and enthusiasm that the newly revitalized employees were showing, he couldn't give up. One interesting trend though was that the videos from the mystery shopping started getting significantly more positive, customers were getting better service, and even with the bearish markets sales were still steady, and redemptions even lower.

Everyone looked forward to the next quarter's industry reports from SEC, but regardless of the figures it was clear that Ekanem had successfully put the Service-Profit Chain to work at Axiom Capital.

There is a relationship between Service Delivery and Profitability that few organizations have allowed themselves to discover and take advantage of. If you are looking to bolster profitability in your organization, then speak to Learning Impact NG on 08181956161 so we can work together to put the Service Profit Chain to work in your organization.

