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# Redefining the Customer Experience

Technology may be reshaping the retail sector, but The Good Guys CEO Michael Ford understands that the vital thing for the company's ongoing success lies in the consumer experience.

Images by Estelle Judah Photography

The last time we spoke with Michael Ford, CEO of well-known Australian retailer The Good Guys, he discussed the future of the consumer electronics industry, noting the importance of e-commerce and online technology. While this remains a central aspect of the company's operations, the focus for the company is change, particularly in the area of customer experience.

As part of The Good Guys' change initiatives, the retailer implemented a new sales development program throughout the business. "In my 10 years as CEO of The Good Guys, I have watched the retail marketplace go through rapid consumer transformation and change. Today, customers walk into stores with the ability to instantaneously know what the price of the product is across all competitors

and channels. When you get it wrong—and you will—they immediately share their not-so-great experience with everyone they know through social media.

"And if that were not enough, the internet has enabled the emergence of new business models and new competitors—some of which have a much lower cost of doing business. Even if only one in 20 customers opts to do business in this fashion, it still results in a loss of 5 per cent of your customer base. As a retailer, 5 per cent matters, so you constantly have to find new ways to delight your customer to stay in the game and change the rules.

"Seeing this seismic change coming, I knew we had to invest in the customer experience and move quickly from customer transactions to customer relationships. Competing on price alone was no longer 'good enough'. As we all

know, sustainable customer loyalty is never driven by a price point; it's driven by a strong relationship. We have watched the competition drop—and drop quickly when they have engaged in a price war without the foundation of a solid relationship with their customers. So everything we had to do at The Good Guys, from the front end to the back end, needed to start and end with our customer. Anticipating the needs of our customers and delighting them both online and in the store had to be at the centre of everything we did."

In developing this new program, The Good Guys had to remove or streamline numerous non-customer-facing responsibilities of the stores, which took a while, according to Michael. "Then we were able to turn our attention to the design and implementation of a world-class sales capability. We have a strategic partnership with >





working on enhancing the employee engagement, particularly where the manager-employee relationship was concerned.”

Implementing such a massive change to the organisation didn't come without its share of challenges. “The day-to-day work commonly gets in the way of doing the heavy lifting of change. We found that the change management process for my senior leadership team was as important, if not more important, than for the workforce in the field. There was a lot of resistance to this change; but while we did not make the change optional, we were intent on ensuring we captured the voices and perspectives of those who were directly and indirectly impacted and actively worked to honour their fears and concerns. We were committed to making sure they felt that change was happening with them, not just to them.

“When we introduced our stores to this new customer engagement model, there was excitement, but there was also some resistance as well as some apathy towards it. We were dealing with experienced salespeople, a number of whom have been with us for many years. To try to tell them that the way they needed to sell and interact with the customer needed to change—when they had used their own approach, and successfully so, for many years—that was tough!

“We had employees who were worried that installing a customer engagement model meant that we were trying to create a bunch of robots who sold the same way. In reality, the philosophy of C.R.E.A.T.E. couldn't have been further away from wanting to mandate sameness; rather, it was designed to deepen relationships and ensure that the right kind of dialogue was happening with the customer to make sure they were finding the right experience-based solutions for our customers. It took a while for our sales team to buy in and realise our intention and embrace it. To this day, we still constantly reiterate why we have made the change, and we continue >

a US-based consulting firm, whose consultants, unlike other large consulting firms, all possess deep experience in senior leadership positions within some of the largest retail companies in the world and specialise in transformation and change management.

“Together, we developed an entire, new sales capability complete with the right metrics, performance management, sales leadership, and recognition

and rewards to complement the new sales model we call C.R.E.A.T.E. This program was built to move us from a sales transaction to a relationship-based shopping experience with our customers. Most importantly, we worked on driving employee engagement and enhancing our relationship with our employees. I strongly believe that you will never delight your customers better than you delight your employees, so we spent quite a bit of time, effort, and energy

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*"We have had a long relationship with Electrolux, and The Good Guys have been active supporters of their brand. Electrolux successfully partnered with us recently on 'The Block' television show and I am pleased to say that all appliances in the winning apartment were Electrolux products"*

Michael Ford, CEO, The Good Guys



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to ensure that every employee understands that they are a major character in the story but that it was up to them to write themselves into that story."

One key concern for The Good Guys was how to get thousands of employees across 100 locations to impact thousands of customers. "We created a new department dedicated to helping support the stores and our merchants to make the change happen at the line level. We redefined roles and responsibilities both at the store level and at our support centre. We invested in an online platform that enabled social networking, learning, and best-practice sharing. We call it 'The Good Guys Community' because we needed as many voices as possible, not just leadership, driving this change. All of these efforts helped us to overcome our challenges and ensure that our acceleration maintained momentum."

Michael notes how vital his frontline staff have been in creating a seamless consumer experience that resonates throughout the organisation. "Those closest to the customer are paramount in our success. They are our brand in the last metre of the sale. Without an inspired

frontline team dedicated to the customer, all you have is a model. Without an aligned frontline team, strategy never migrates to execution. It just becomes nice words on paper.

"This is why in everything we do, we are looking to find ways to help the employee write themselves into the story. They are the nucleus of our customer engagement model. They are closest to the customer and therefore one of the most important assets the company can have. This series of changes that we have implemented, and the subsequent customer satisfaction awards we have won over the last few years, are because of our frontline staff—and it is because our leadership has invested the time to make sure they are along for the journey."

By taking a customer-centric approach to retail, The Good Guys is putting consumers at the centre of everything the company does. "When you start with the consumer in mind, it changes everything. There is no moral authority higher than that. We know that when you focus on delighting the customer and the employee, profitability follows. Price, although still very important

at The Good Guys, becomes less important when you are driving customer loyalty through relationship, when customers feel less like a transaction and more like a part of our community.

"The energy and excitement that comes from the moments of success are incredibly energising for our teams. I am continually inspired and motivated by our field teams' stories about their customer experiences—and growing belief ensures that what we do really matters."

As part of this company-wide customer focus, The Good Guys works closely with its key suppliers to ensure consumer experience is at the forefront of everything the retailer and its partners do. "Fisher & Paykel is regarded as an industry leader in areas that The Good Guys are also passionate about: the development of superior product design, and continually exceeding the expectations of our customers. This strong partnership has brought about continued mutual success over many years.

"Panasonic, traditionally a consumer electronics supplier, has entered the home appliance market in partnership with The Good Guys, and this has been a >

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- Michael Ford



1940



1950



1960



1970



1980



1990



2000



2010



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positive experience for both companies. Challenged with the decline in plasma television, Panasonic's long-term collaborative planning with The Good Guys has enabled a successful transition into the LED market.

"Sunbeam has been a longstanding and integral partner of The Good Guys. Our shared commitment to growing the food-preparation and beverage markets has enabled us, as retailers, to be innovative with product selection, marketing, and in educating our customers on product benefits. Sunbeam has helped us become the preferred destination for small kitchen appliances."

Last time we spoke with Michael, he noted the bullying culture that

had existed within the company. Today, the culture and strategy are much more aligned with the customers' wishes, which is transforming the way staff engage internally with each other and externally with consumers. "A customer experience model is important, but the power is in the execution, and the execution rests with those who are face to face with the customer. Every employee has to decide that he or she is going to make the model come to life. Every manager has to decide that it isn't as much about reinforcing the model, although that's important; moreover, it is about extracting greatness from those closest to the customer, removing those things that are getting in the way of the employees' success.

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"It's been said that culture eats strategy for breakfast and, boy, is that true. So a customer engagement model is great, but enabling each of the team members to breathe life into it, that's where the real work lives. The stores that get it, their teams are excited about what they are accomplishing, not just from increased profits but also their engagement, their job satisfaction, the excitement in coming to work every day. And it is cyclical: the more they work for the customer, the more the customer responds and the deeper the impact. When the store is firing on all cylinders, the employees are engaged and you can feel the electricity in the air, and the customer is let in on the secret. It is powerful. We are seeing stores accelerate beyond what we even predicted as possible, and that success is contagious."

While trying to focus on consumer experience, it seems important to clearly define what outstanding consumer experience looks like. "I think the more important question is: what does the consumer believe an outstanding experience looks like? When we truly listen to them and try to figure out what they want versus what we want them to want, that's when we position ourselves to win. >

"Rewarding! Over many years, we have established a strong, respectful, and mutually beneficial working partnership. The Good Guys team are always willing to share the benefits of their retail expertise which, while challenging, has always enriched our thinking and planning." - Karen Hope, CEO, Sunbeam Corporation Ltd





“While we have the great customer engagement model C.R.E.A.T.E., which provides guidance to govern the interaction, the power of the model is enabling a real dialogue between the employee and the customer. It drives the importance of our employees creating unique and dynamic interactions with our customers every time: online before the sale, in the store—whether virtual or physical—during the sale, and after the sale.”

There are a few key factors that constitute a benchmark consumer experience in the eyes of The Good Guys. “When a company positions itself to listen to consumers—and ensures it’s agile enough to react quickly and respond—that’s powerful for the consumer. People want to be heard, and I’m not sure enough companies listen and respond to consumers.

“We have stories where our team members have employed this relationship-based approach to selling and customer engagement. They have identified the experience the customer was really looking for, and the customer ended up spending a bit more than she anticipated, but she is absolutely delighted with the end result.

“It requires all of your team members—leaders and line level—to have great listening and problem-solving skills in addition to great selling skills. And really, when you think about it, aren’t listening and problem-solving skills key ingredients in any great relationship?”

The Good Guys has also forged a relationship with Jamie Oliver’s Ministry of Food and the Food Revolution. “One of our key philosophies at The Good Guys is to do good in the communities where our stores operate. This not only supports our customers and employees right where they work and live; it also provides essential support to those in the community who need it the most.

“Through our local giving program, which sees a percentage



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- Michael Ford

of every transaction instore and online donated back to community organisations, The Good Guys has made significant contributions to causes across Australia. Although each of our stores supports a unique charity in its local area, The Good Guys nationally also helps drive the message of good nutrition through our support of initiatives such as Jamie Oliver’s Ministry of Food program and Food Revolution Day.

“As the founding partner of Jamie’s Ministry of Food, we have helped the team at Jamie’s Ministry of Food grow the program, which consists of two permanent cooking centres and two roaming mobile kitchens in Victoria and Queensland, each delivering cooking classes to those who need it.

“We have a passion and an unwavering belief that with the right community partners and engagement, Jamie’s Ministry of Food has the ability to change the way individuals and families interact with food. Important initiatives like these help to educate and arm our customers and members of our community

with the basic cooking skills required to cook good, healthy, and nutritious food every day. We know that good nutrition in the home and creative cooking in the kitchen boils down to having the right appliances. We understand that the needs of customers vary, and so do individual budgets and ideas.

“Our strategy is to showcase what we have available online and across our store network every day of the year to teach customers quick and easy kitchen tips and help customers create good food in their own kitchens. Our assortment of brands is world class, our value is unbeaten, and our team has the skills and knowledge to help people achieve their cooking ambitions.

“Communicating this message is important to us, as we want everyone to know that there is a destination where you can find what you need, get what you want, and have a great experience doing so.”

Another important element of The Good Guys’ marketing has been

the work the retailer does with the hit DIY television series *The Block*. “Channel Nine’s *The Block* motivates individuals to create new spaces in their homes and to dream about what is possible. The synergy there is that, at The Good Guys, our customers are acting on those visions every day of the year.

“For that reason, it made sense to align with the program and showcase some of the product offerings at The Good Guys that the public may not quite know about yet. That includes the latest technology, the best appliances, and our wide range of kitchens.”

By building a relationship with *The Block*, The Good Guys has been able to further establish itself as the go-to retailer for DIY enthusiasts. “Our focus is on providing the best and the most suited appliance, technology, and kitchen solutions for customers. *The Block* certainly captivates the DIY market sector; however, it is critical to understand that The

Good Guys already plays a huge part in this process.

“In each room of any given new or old home, you will most likely find appliances we sell that help make life easier. Products such as small domestic appliances are often complementary to the design of a home, whilst larger appliances such as audiovisual, refrigeration, laundry, and kitchen appliances are often the focus of a room. Either way, our aim is to continue to be a leader in our sector and to provide customers with a huge range, the best value, and the most knowledgeable and friendly customer service team available.”

With retail growing more dynamic and increasing competition coming from overseas and online retailers, The Good Guys is using its consumer-centric ethos to ensure the company’s place in the future. “While focusing on an outstanding consumer experience cannot make any company impervious to economic and industry-related

downturns, in today’s socialised world it is an imperative to sustainability. I don’t believe the consumer will long tolerate anything less than an outstanding consumer experience. Why would they?”

“Those companies that get it, that offer their consumers positive, memorable interactions at all touchpoints, are going to inspire customer loyalty; and in a world where brand loyalty is getting scarcer and scarcer, it becomes absolutely critical to the destiny of your brand.”

Big-box retailers are facing some challenging conditions, particularly with retail rent rates and increasing online competition making it difficult to remain buoyant. The Good Guys is stripping retail to its most basic notion: customer satisfaction. By focusing on the consumer and aligning staff to this vision, The Good Guys is securing its position in the consumer-electronics retail sector. •



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