Gordon Institute of Business Science
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Enablers and barriers of transitioning product-led business model to being customer-centric in a selected financial institution

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Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Philosophy in Corporate Strategy at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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ABSTRACT

Despite the popularity of customer-centricity as a business priority and a subject of academic discussions, extant literature focuses on the importance of customer-centricity. However, it does not provide guidelines for enabling organisations to transition business models from product-centricity into customer-centricity. Thus in this study, enablers and barriers of business model transformation from product-centricity to customer-centricity are explored.

This qualitative study conducted semi-structured interviews with ten senior-level business unit functional heads at selected financial institutions in South Africa. The study found four enablers that can also be barriers to transforming an organisation to customer-centricity.

This study contributes to the literature by providing guidelines and factors to be considered when transforming a business model from product-centricity to customer-centricity. A guideline framework is also provided to highlight business implications when transforming a business model.

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1. Introduction to the Research Problem

Globally, financial institutions are under pressure to move from the commoditisation of their product offerings to more personalised customer experiences. This means that they seek to become more customer-centric, thus transforming their organisations from focusing merely on selling products and offering services to being more customer-focused (Marous, 2019). Therefore, businesses' main aim is to transform existing business models to support this new way of thinking and re-evaluate customer relationship marketing capabilities (Sullivan, 2018).

Over time, the South African banking landscape has evolved at an unprecedented rate. Merely ten years ago, the banking industry was dominated by the four biggest banks: First National Bank, Standard Bank, ABSA and Nedbank, famously dubbed 'The Big Four'. However, during the last ten years, the industry has witnessed new entrants such as Discovery Bank, Tyme Bank, Capitec and African Bank with innovative digital solutions that place the customer at the centre, driving a customer-centric strategy. Tyme Bank is now serving 1.6 million customers in its first year of operation and has 850 000 active accounts. Discovery reported to have opened 180 000 accounts within a year, and similarly, African Bank reported that 214 000 accounts were opened only eight months after launching its transactional account (News24, 2020). These challenger banks appear to be more attuned to customers' ever-evolving and demanding needs and high expectations, as is demonstrated by their offering of low-cost digital banking solutions (Camarate & Brinckmann, 2017).

Customer-centricity and related implications as a strategy have subsequently soared to the top of many financial institutions' agenda. Consulting firms state that many chief executives have moved beyond the 'Why' of this strategic direction, based on the consensus that it is a business imperative to compete and survive during the digital era, attending to customers' needs. Therefore, executive suites' real burning issue is how they can adapt, rather than why (Morris & Alpert, 2015). Unfortunately, many organisations embark on this transformation journey, using existing structures and

capabilities without an appreciation of the impact on the organisation. Mostly, therefore, the extent of changes in organisational design, internal process reconfiguration, and impact on culture are vastly underestimated (Sharma, Gill & Kwan, 2019). Many organisations tend to become lyrical about customer-centricity as their strategy, although failing to understand that this approach requires a deep understanding of unarticulated customer needs. Ideally, such a transformation should also be supported by a business model configured around doing what is right for the customer, despite the company's dominant logic of what is more comfortable to execute (Latinovic & Chatterjee, 2019; Marjanovic & Murthy, 2016).

1.1 Background: Customer-Centricity

As early as 1997, Jeff Bezos, founder and Former CEO of Amazon, announced that their company perceives itself as "The earth's most customer-centric company. We see our customers as invited guests to a party, and we as hosts. It is our job every day to make every important aspect of the customer experience a little bit better" (Wilson, 2018, para. 1). From the start, Bezos articulated Amazon's promise to focus ferociously on the customer. In so doing, that aimed to ensure that the organisation stays ahead of the ever-increasing customer expectations (Wilson, 2018).

Scholarly research on customer-centricity also refers to it as a customer-focus or customer-orientation (Latinovic & Chatterjee, 2019; Marjanovic & Murthy, 2016). Many admit that while organisations view customer-centricity as a business imperative to ensure sustainable competitiveness, leaders are still challenged with how to move their organisation to be customer-centric, making this an invitation for further research to understand the enablers and barriers to the transition (Ulaga, 2018). With a predominant focus on the "why" and the "what" of this strategic change, very little focus and attention have to date been devoted to how leaders can accomplish customer-centricity, through elevation of the key drivers that can facilitate this change, as well as the identification of barriers that are the potential stumbling blocks in this journey (Ulaga, 2018).

Other scholarly research in service science purports that the transition from a product-focused view to a service/ customer-focused view has been primarily studied within manufacturing organisations. Therefore, related literature is sparse. Marjanovic and Murthy (2016) highlight this as a pertinent research gap based on manufacturing-focused insights skewed towards interrogating products, technology, operational efficiencies and

associated costs. This skew jeopardises an organisation's customer-focused perspective, such as a banking institution (Marjanovic & Murthy, 2016).

1.2 Research Problem

Historically, business models were mostly designed around manufacturing and product sales, mainly neglecting the customer context or personalisation. A business model is defined as the chosen way in which an organisation is organised to provide value to customers, to lure them into purchasing commodities that they perceive to be of value to them, to subsequently unlock revenue and profit streams for the business (Simon, Van Den Driest, & Wilms, 2016; Teece, 2018). In today's connected world, where the customer has more choice because of exposure to a multitude of alternatives, it has become crucial for businesses to be more customer-centric to gain a competitive edge (Teece, 2018). Over time, ever-evolving customer needs have driven businesses to seek a deeper connection with their customers to enable them to transform their traditionally product-focused business models to become more customer-centric. The rationale behind the initial product-centric approach was flawed because it assumed that customers' purchase decisions were primarily driven by price, thus economically driven. A matter of concern is that, amidst ever-changing customer expectations and demands, organisations find it very challenging to adapt and put the customer at centre of the business and organise themselves to be customer-centric fully (Latinovic & Chatterjee, 2019; Marjanovic & Murthy, 2016). Amid existing evidence, businesses such as financial institutions that are vastly different to manufacturing companies, as an example, are not necessarily clear about the enablers and the barriers that might influence their intentions to become more customer-centric in how they conduct business so that they can avert increased competition in the market place.

1.3 Research Problem

Considering the background provided for the research (Section 1.2) and the summary of the research problem (Section 1.3), this exploratory study seeks to explore and identify the key enablers and barriers that financial businesses need to acknowledge in their pursuit towards a successful transition from existing product-focused business models, to a customer-centric alternative.

Therefore, the research aims to answer the overarching question: *What are the key enablers and barriers of transitioning a product-led business model to a customer-centric model in a South African financial institution?*

To further enrich the overarching question, attention will be given to gaining an understanding of the journey of a financial institution towards becoming customer-centric, honing in on four aspects, namely: (1) to identify the enablers that will drive business success when opting for a customer-centric approach; (2) to identify potential derailers and barriers during such an endeavour; (3) to identify and describe critical milestones that an organisation needs to be mindful of while transforming; (4) to unearth critical attributes that can aid in the development of a framework for best practice.

1.4 Significance of Research for Business and Theory

The literature on customer-centricity argues that businesses that are relentless in focusing on the customer, obsessing about understanding customers' needs - whether articulated or unarticulated - and providing contextualised personalised customer experiences are growing revenue faster than their counterparts. A 2017 study by Deloitte (Horn, Sloan & Benjamin, 2017) asserts that client-centricity is the essential element of a successful business in today's market place. Client-centric companies are 60% more profitable than their counterparts who are not focused on the customer. The key drivers to gain a competitive advantage and increased market share is no longer driven by pricing and distribution channels. The fundamental principle at the heart of customer-centricity is understanding and deeply connecting with one's customer base (Simon, Van Den Driest, & Wilms, 2016). Therefore, a business need exists to transform an organisation into being customer-centric. The key to that transformation is understanding what enables the transition and what could potentially derail it.

Academic literature distinguishes between customer-centricity and customer service and why customer-centricity is a business imperative for unlocking long-term profits (Simon et al., 2016). The narrative on product-focused organisations and customer-focused firms has primarily focused on the descriptors. It provides valid reasons why a transition towards customer-centricity should be considered by organisations (Simon et al., 2016). Some studies have explored this transition from a Work Systems Theory perspective and the researchers' line of enquiry was influenced by that perspective (Marjanovic & Murthy, 2016). It is argued that the work system theory can be understood as an analytical framework and an explanatory theory that can provide a standpoint for understanding various elements of a system in an organisation (Alter, 2013). This approach has provided extensive insights into the organisational elements such as the influence on strategy, customer, culture, products, intending to contribute to service research (Marjanovic & Murthy, 2016). This study endeavours to explicitly bring closer

together the business model and the customer-centricity concept to contribute to the literature by unearthing significant barriers and key drivers that would enable the transition process towards a customer-centric business model.

1.5 Scope of the Research

Existing academic literature on the transitioning of an organisation from product-focused approaches to customer-focused approaches spans across topics such as leadership attributes required for such a change, culture as a catalyst for change, a service-oriented view, and the importance of information science. This research's scope was limited to how an organisation (bank/ financial institution) in a South African context can transform its business model to become customer-centric. The intent is to understand the enablers and barriers to success to contribute to a growing body of knowledge on business model transformation as a critical lever to drive customer-centric solution in an organisation. Based on the recommendations in previous research (Marjanovic & Murthy, 2016), this research aims to develop a framework that identifies the elements within a financial organisation that will enable such a transition and reveal barriers and related mitigating factors that need to be noted.

1.6 Research Approach

A qualitative method of enquiry was used to explore business model transformation to customer centricity in selected financial institutions in South Africa in order gain rich insights into the enablers and barriers of transforming a product-focused organisation into a customer-centric one. Data was collected through semi-structured interviews with selected heads of functional areas in the selected financial institutions that were included in the study. Data collected was coded, analysed and categorised thematically, using a combination of the themes outlines in the literature review found in chapter 2 and the research questions posed.

1.7 Quality of the Research

Research is valid when observations are correctly and adequately interpreted, when inferences can be supported by data and make sense in relation to earlier research. With interviews, it is crucial to establish whether the views that participants share genuinely

reflect their personal experiences and their general opinions outside of the interview environment (Silverman, 2016).

In this study, the researcher applied the qualitative research alternates to validity and reliability, known as trustworthiness and authenticity throughout the entire research process. Trustworthiness entails four components, namely, credibility, transferability, dependability and confirmability, as discussed in more detail in Chapter 4, in terms of how these principles were applied in this research. INDICATE REFERENCES HERE!! PLEASE MORE THAN ONE

1.8 Ethics

Ethical conduct refers to an obligation that the researcher has to respect the rights, needs, values and wishes of research participants (Creswell & Creswell, 2018). It is stated that ethical challenges at any stage of the research may arise and therefore a researcher must anticipate possible consideration and ensure that they are addressed in the research. In order to ensure adherence to the ethical conduct as outlines in the university's ethical guidelines, ethical considerations are outlines by the research addressing considerations taken prior to the study, at the beginning of the study, during data collection, data analysis, reporting, sharing and storage of data.

1.9 Structure of the Document

The structure of the document begins with defining the problem and the purpose of the study, which introduces the research and articulates why it is relevant to business and academic theory.

Chapter 1 outlines the research problem and the purpose of the research.

Chapter 2 presents the literature review, which outlines existing literature on business models and their transformation, customer-centricity, a comparative view of a product-centric organisation in relation to a customer-centric organisation, measurements of customer-centricity, lastly a theoretical perspective on the topic, specifically looking at Work Systems Theory and its application to the topic.

Chapter 3 articulates the research questions and the use of a theoretical framework and its relevant to the topic.

Chapter 4 provides a detailed methodological approach to the research, the research philosophy adopted by the researcher, questionnaire design, data collected, measures taken to ensure validity and reliability, and steps taken to analyse data, ethical consideration that the researcher had to be mindful of and a detailed account of the limitations to the study.

Chapter 5 is a discussion of the findings of the research, commencing with a coding framework, identified themes and a detailed report per research question.

Chapter 6 focuses on the discussion of the results in relation to the extant literature, critically evaluating similarities, differences found in the study compared to available literature. A proposed framework to guide financial institutions on how to enable a transition into customer-centricity and mitigate identified barriers proactively.

Chapter 7 features implications for business, identified limitations to the study and recommendations for future research opportunities.

The below figure provides a visual overview of the research process
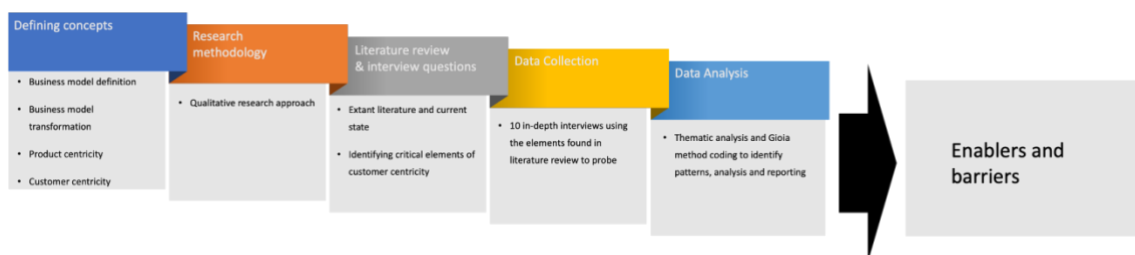
Figure 1: Overview of the research process (researcher's own design)

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2.1 Introduction

This section outlines the literature review that underpins the constructs, concepts and theoretical perspective of the research. The literature review is divided into two sections, firstly the business concepts underpinning the topic, and secondly, the theoretical perspectives that will be used to anchor the study. The literature will discuss business models and focus on customer-centricity. These topics will be unpacked, looking at the key definitions, comparisons, and previous scholarly research. Secondly, the theoretical perspective underpinning the study is introduced, specifically looking through the Work Systems Theory framework lens to understand the concept of customer-centricity. Figure 2 outlines the flow of the literature review for the study.
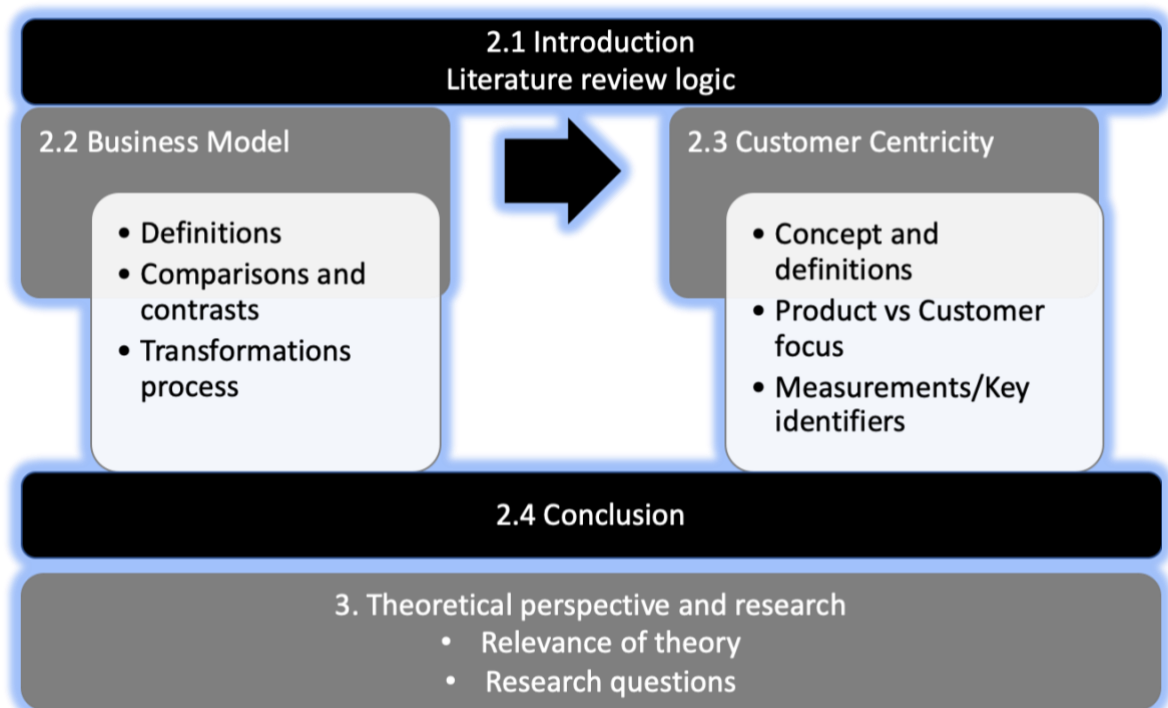
Figure 2: Literature review logic (researcher's own design)

2.2 Business Models

2.2.1 Definitions

A business model refers to how an organisation aligns itself with delivering value to its customers and how it provides a reason for customers to perceive that value and generate revenue and profits from the exchange (Teece, 2010). Rapid changes worldwide on how business is conducted have fundamentally changed the relationship between the customer and its suppliers. As a consequence of a more connected world and global economy, customers now have many choices at their disposal, with their needs being met in various ways, implying that they now demand more from the brands they interact with (Teece, 2010).

In 2010, Teece noted that "a business model articulates the logic and provides data and other evidence that demonstrates how a business creates and delivers value to customers. It outlines the architecture of revenues, costs, and profits associated with the business enterprise delivering that value" (pg. 173). He further stated that five elements make up a design of a business model; namely, the benefit a customer will derive from using the product or service, identify the target market and segment it, determine revenue streams available, design the process to capture the value and superior technologies and features that are to be embedded in the product or service offering. Simply put, it is the business logic employed to serve customers, resulting in financial gain. As a result of this rapid change, organisations now need to adapt and become more customer-centric because of the evolution of technology and the availability of information and many customer solutions at consumers' disposal. This evolution demands a re-evaluation of how businesses present themselves and their value propositions to customers. There is a greater need to focus on customer needs and new ways to unlock value from customer value propositions (Teece, 2018).

Lozano (2018) agreed with the assertion by Teece, defining a business model as an articulation of the logic, the data and evidence such as customer research that would be used to build and support a value proposition for a targeted customer segment, followed by a cost and revenue generation model for delivering value. This is summarised as a detailed presentation of how an organisation does business. This author further indicated that a business model description must have the following elements, a value proposition to position to customers, a targeted customer segment, a value creation strategy and a value delivery system, and a system to capture the value. Additionally, it is purported that these elements should be viewed as continuously interacting within a system, and

a change to any of the elements has implications for the business model. Furthermore, a business model comprises tangible assets, which can be technology, raw material or manufacturing equipment, followed by human assets, which are mainly skills within the organisation and intangible assets such as capabilities in the organisation, intellectual property and institutional knowledge (Lozano, 2018).

Wirtz, Pistoia, Ullrich, & Ottel (2015) defined business models as organised management tools considered critical for an organisation's success. The authors further stated that a business model could be understood as an approach to the conceptual representation of an organisation's structure or architecture. It is further elaborated that a business model is a practical translation of an organisation's strategy, taking concepts and articulating the logic of how the business intends to create value by consolidating all the necessary activities in order to achieve its objectives. In line with this definition, Dahan, Doh, Oetzel and Yaziju (2010) further elaborated that a business model articulates guidelines for the logical and coherent strategy execution. Therefore in their view, a business model is a link between an organisation's strategy and the operationalisation and execution of the strategy.

According to Johnson, Christensen and Kagerman (2008), a business model comprises four critical dependent elements that create and deliver value to the customer. The emphasised that any successful organisation focuses on what is essential to the customer, famously referred to as "jobs to be done", followed by a profit formula defining how the organisation will create value for itself while delivering value to its customers, thirdly resources such as tangible and intangible assets required to deliver the defined value proposition to the targeted customer segment, and lastly processes required to deliver the value to the customer.

Similarly, Peter Drucker (as cited in Fjeldstat & Snow, 2018) stated that a business's purpose is to create a customer, contending that an organisation should organise its resources and capabilities to generate revenue and profit thus to produce perceived value. In any description of a business model, it is first essential to define its customers, to identify the resources that businesses have to unlock its purpose to create a customer, what the customer will buy, as well as the perceived value from customers' point of view (Fjeldstad & Snow, 2018). Accordingly, a business model is characterised by five elements, namely the customers (who is the customer), value propositions (what does the customer buy), products or services value creation mechanism and value appropriation mechanism (what is valuable to the customer) (Fjeldstad & Snow, 2018).

Fjeldstad and Snow (2018) affirmed Peter Drucker's earlier definition of business models by translating his earlier work into modern-day business language, relating it to the five attributes mentioned before. Table 1 presents a comparison of the elements.

Table 1: A comparison of business model definitions

Peter Drucker (as cited in Fjeldstat & Snow, 2018)	Fljestad and Snow (2018)
The purpose of business is to create a customer	Business models are customer-centric
A comparison of the five elements of a business model descriptions	
Who is the customer	Customer
What is the perceived value for the customer	Value Propositions
What does the customer buy	Products and service offerings
Resources to produce products to the customers	Value creation mechanism
The proportion of value retained as profit	Value appropriation mechanism

Wirts et al., (2015) stated that due to the concept of business models not stemming from a single discipline and defined across information management, strategy and organisation theory. This had led to heterogeneous definitions of the concept and its related terms. Michael Porter (2003) further supported this view as he stated that "the definition of business models is murky at best most often, it seems to refer to a loose conception of how a company does business and generates revenue" (p. 13). Therefore, it is crucial to look at various authors' comparative view to understand the components of a business and identify differences and similarities. Below is a comparative table of the components of a business model by various academic authors.

Table 2: Comparative table of the components of a business model

Wirts et al., (2015)	Chesbrough (2010)	Dahan, Doh, Oetzel & Yaziji (2010)
Market offering model which includes the value proposition, a clear understanding of competitors and the market structure	Articulated value proposition, defined as the value given to a customer when they use an organisation's product	A description of a state or the strategy of an organisation

Customer's role as an essential component, concerning product and services	Identified market segments and the mechanisms to generate revenue	Includes a value proposition
The core strategy of the organisation as a critical component	Defined structure of the value chain necessary to create and deliver the product offering	Who is creating and capturing value
Material and immaterial resources	Estimated costs and profit opportunities	Governance and procedures, structures, and capabilities
Service proposition which is defined as the value creation of the business model	Articulated position of the organisation concerning its networks of connecting suppliers and customers	Revenue and cost structures
The revenue model the organisation adopts	A competitive strategy that gives the organisation a competitive advantage	A description of the organisation's environment, including political, social and economic views
The financial model is related to the flow of capital and an analysis of the cost structures		
Networks and partnerships the organisation has that influence value creation		Networks and partnerships

A comparative table to business model components by various schools (Wirts et al., 2015; Chesbrough, 2010; Dahan, Doh, Oetzel & Yaziji, 2010)

The comparative analysis of a business model's components from the literature, as mentioned above, indicates varied understandings and definitions of a business model. A consensus exists regarding the components related to market offerings and the internal or external resources in nature as being of most importance. While some authors mention that strategy, revenue generation and the procurement of resources as vital components, there are still dissenting voices on whether or not the components mentioned above are critical.

Osterwalder's nine-point decomposition model of a business model's components (as cited in Chesbrough, 2010) simplistically depicts the components, demonstrating the various components' interrelatedness.
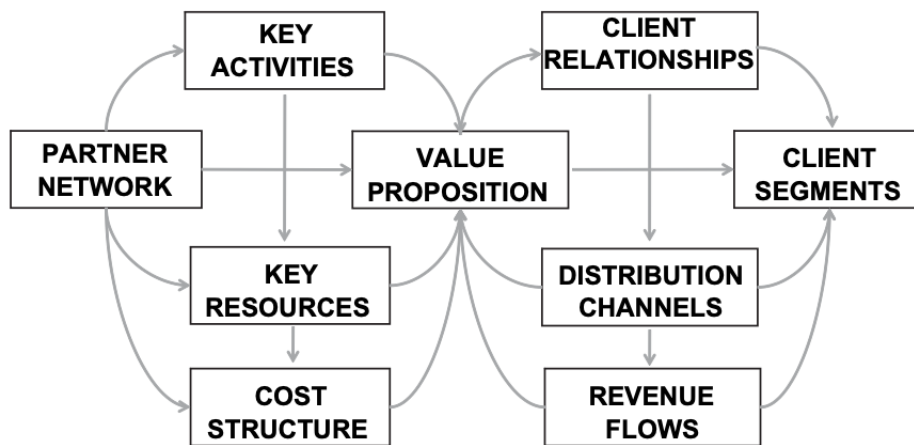
Figure 3: **Osterwalder's nine-point decomposition of a business model (Chesbrough, 2010)**

The business model essentially represents a guiding framework that helps an organisation compile how it will create value while generating profits.

Inversely, according to Fjeldstad and Snow (2018), two key elements dominate business model literature, namely the *operational* and the *dynamic* dimensions of a business model, as explained in the following section:

● **The operational element of a business model**

This element of a business model is said to refer to how an organisation runs its business. It involves decisions about what the organisation offers as products and services, who its target market is, and how it plans to produce and deliver its products and services to customers. These choices allow the firm to coordinate activities to meet customer needs and sustainably derive value. This literature contends that the purpose of a business model is to provide organisations with a framework that gives guidance and helps the business stay on course regarding the focus areas outlines and ensure that set-out execution activities are coordinated logically and coherently. These activities articulate an understanding of decisions the organisation makes regarding creating value and the mechanisms used to extract that value. (Fjeldstad & Snow, 2018).

● **The dynamic element of a business model**

A business model's dynamic dimension is understood to be concerning how an organisation transforms itself to respond to the ever-changing external environment. This

adaptation is driven by changing the organisation's design, governance processes, and policies to respond to a changing business environment. It is recommended that when adapting a business model, the organisation begins with defining the value proposition and then aligning all efforts and activities to delivering that value proposition. This adaptation is a continuous interaction between the external dynamic environment and the various components.

It is contended that a business model consists of four elements (Christensen, Bartman, & Van Bever, 2016), namely the value proposition for customers, which refer to the "jobs to be done", the resources of an organisation, that includes people, finances, technology and processes that are used to convert activity inputs into a completed product offering, a profit formula which determines the cost structures, the margins, assets and scalability required to derive a return on investment and lastly the processes that are employed to deliver on the value created.

While the concept of business models has become pervasive and commonly used by academics and business professionals, there appears to be no consensus on the definition of a business model or what it is (Rayna & Striukova, 2016). One then wonders how organisations can effectively and efficiently adapt and transform their business models amid a general lack of alignment in the fundamental definitions and the components of a business model. Lack of consensus concerning the components and the attributes that a business model comprises is the cause of the typical lack of understanding among practitioners and academics (Teece, 2010). Notwithstanding, there are some standard features that the majority of literature refer to, namely: value creation, value proposition, value capture, value delivery and value communication (Rayna & Striukova, 2016). In their effort to define and consolidate all the components that make up a business model, Rayna and Striukova (2016) composed a so-called 360º Business Model Framework that they believe encompasses all the components of what a business model represents. This includes:

Value creation – the process used to ensure the right products and services acquire value that can be encapsulated and allocated. How the value is created stems from the organisation's core competencies, critical resources, assets, networks, and governance combined to create value.

Value proposition – the method of delivering the value created to the market, clearly articulating the product or service offering and the price.

Value delivery – the channels used to deliver the value proposition to targeted customers.

Value capture – the benefit the organisation derives from the value created to a targeted customer; this includes revenue-generating models and cost structures to make a profit.

Value communication – this refers to how an organisation chooses to communicate with its customers about its products and the value they create in a customer's life.

According to Kavadias, Ladas, and Loch (2016), there are multiple definitions of business models, despite the consensus that a business model speaks to how an organisation creates and captures value. The authors agree with formerly mentioned scholars that a business model's features should include a value proposition offered to customers, a pricing strategy, the required resources and capability alignment to produce the value and an articulation of the value chain. Teece (2018) believes that a business model is the architecture of how a business creates and delivers value to its customers and the value delivery system needed to unlock a share of that value. He asserted that a business model is comprised of components such as cost flows, revenue and profits - a view that elaborates on the financial considerations. In contrast, the key to the model is anchored in identifying unmet needs, specifying how an organisation will organise itself to meet those needs, lastly, indicating how to unlock the value from those efforts. In essence, this is the encapsulation of *what* a business believes a customer wants, *how* they want it *when* they want it, and *how* a business allocates its resources and capabilities to meet those needs to get paid while creating shareholder value (Teece, 2018).

In addition to this assertion, a business model is viewed as a theoretical concept that can be further broken down into various components (Wirtz et al., 2015).

2.2.2 Business Model Transformation

Business model transformation occurs within an industry when new business models are introduced primarily by new entrants. Many scholars associate an industry's transformation with the adoption of new technology. However, some also state that although new technologies are often significant factors that influence transformation,

they are not the sole reason for the said transformation (Kavadias & Lock, 2016). What determines the achievement of industry transformation is a business model that can closely link the new technology to a customer need, emphasising customer-centricity (Teece, 2018). Thriving in an increasingly dynamic business environment requires businesses to understand their customers deeply and increasingly operate personally, where they become a customer's "go-to" place for lifestyle and financial needs (Weill & Woerner, 2015).

Kadadias, Ladas and Loch (2016) explain that industry transformation occurs when a new business model of a new entrant supersedes key industry players or when the incumbents adopt the new business model. They further assert that in order to transform a business model, it has to meet a specific, pre-determined success criterion. Their study indicates six success criteria for a successful business model transformation, As discussed below:

● *Personalisation of products and services*
It is asserted that most new business models used to transform a business offer customised products or services relevant to customers' individual needs compared to the existing dominant models. This change is typically implemented by leveraging new technology that allows such personalisation as reasonable prices.

● *A closed-loop process*
This refers to reusing existing products, which allows for a reduction in resource costs, allowing an organisation to compete on price.

● *Asset sharing*
A famous example of this model is Airbnb – where the platform allows property owners to share their home with travellers. A market place that reduces barriers to entry and meets client's diverse needs, while the organisation does not need to own the asset.

● *Usage-based pricing*
This model's basic premise is only to charge customers when they are using the product or service, as opposed to paying a full price upfront. The benefit to customers is that they do not incur unnecessary costs, and the organisation has a more significant opportunity of growing its base because of the value created.

● *A more collaborative ecosystem*

This entails leveraging technology to secure better partnerships with suppliers, shared risk and a cost reduction. The author states that some transformations succeed due to an improved partnership and collaboration brought by the innovation, ensuring partners, which are external suppliers and the organisation, can have a mutual risk mitigation benefit and reduce costs.

● *It is agile and adaptive.*

It can adapt to changing market needs in real-time to remain competitive and serve customer needs.

The assertion is that for a business model to be considered transformed, it has to meet three or more of the six attributes defined as crucial success elements. The more of these elements a business meets, the more transformed it is deemed to be. However, the implications of what the finding means for business model transformation must be examined within each industry's context because the definitions of what each element entails may vary. For example, personalisation in a clothing retail store may mean customising certain items, while the same in a banking environment may mean personalised credit offers (Kadadias et al., 2016).

In contrast to Kadadias et al. (2016), Christensen et al. (2016) proclaim that business model transformation involves three stages that an organisation would have to advance through in order to transform, namely:

● *Creation,* when an organisation creates a customer and searches for an unmet customer, need to develop a compelling value proposition. During this stage, customer insights inform the questions of what jobs are customers are trying to get done and how an organisation can fulfil those tasks adequately. The focus at this point is the customer.

● *Sustaining innovation* is a stage defined by the need for an organisation to scale its operations to meet demand post product launch. This phase entails building a reliable and loyal customer base and building its capabilities to ensure that value delivery is consistent without fault. In the quest to transforming a business model into customer-focused, it is essential to note that at this stage, as the sales increase, the voice of the customer becomes louder, diminishing the voice of the job. However, this is perceived to be a positive outcome as it provides lessons to scale and hone

in on the customer's ever-changing needs to keep the customer at the centre. At the same time, this is said to allow the business to build efficient processes in supporting the new business model.

● *Efficiency:* while it is vital to uncover unmet needs of clients, create product and services that meet those needs, the authors stated that an organisation reaches a stage where investment in product no longer generate additional profit. The focus shifts to creating efficiencies, such as cost reduction measures and product redesign as new technology and more cost-effective components emerge.

Christensen et al. (2016) further assert that in order for a business model transformation to be successful, the organisation has to determine how the newly identified opportunity is aligned with the existing business model. They argue that the only types of transformation an organisation can execute within an existing business either build on or improve the existing business model. Therefore, the objectives of the transformation are aligned with current business priorities. Subsequently, organisations must evaluate to what extent a transformation opportunity aligns with its current business model's existing focus areas. It is stated that the more closely aligned the business priorities and the new opportunity, the higher the likelihood of success in transformation (Christensen et al., 2016).

Inversely, other studies suggested that organisations can transform their business models in response to market disruptions by adopting a second business model in the same market. They argued that especially industries such as banking, airlines, and media might require this approach due to their long-established maturity and new entrants' rate invading their market place. This approach's motivation is that for legacy businesses who have seen success with an existing business model, they may be resistance from some leaders within the organisation, who might be concerned about cannibalisation and therefore would want to throttle any inroads that the new business model may potentially make. Therefore by separating the two business model, the organisation can mitigate against existing processes, structures and culture, stifling the new business model (Markides and Oyon, 2010). Kopalle, Kumar and Subramaniam (2020) also supported the above, stating that creating independent business units from the legacy units allowed for an ability to break from existing routines and processes, and thus creating new procedures that support the transformation.

However, Markides & Oyon (2010) cautioned against this separation, indicating that it is not without challenges. The first challenge they highlighted was that, while a separate

business model may be a solution to prevent contamination and resistance by managers in the legacy business model, this approach prevents the separate business models from cross-pollinating and does not allow both business models to leverage off synergies. The study further highlighted that "underlying organisational environment creates the behaviours in a company" (Markides & Oyon, 2010, pg 31). The environment in this context referred to the organisational culture, which is the values, norms and beliefs, the structure of the organisation, which includes not only the organogram but the architectural designs of its systems, information, data, human resources practices, and lastly the people, referring to skills sets, attitudes and mindset. These elements are stated to have a significant influence on organisational behaviour and thus can make or break the transformation (Markides & Oyon, 2010).

Other studies posited a similar view that organisational structures, measurements and incentives, and culture have a significant influence on transforming the organisation's business model. These studies highlighted that to support the new business model. The new structures have to break away from the current routine. This can include creating new business units structured to break away from existing processes. Secondly, they specified that legacy measurements such as sales growth, market share and siloed profit growth hinder the change. Thirdly, it was suggested that to transform towards customer orientation, a culture of creativity, risk-taking and experimentation needed to be advocated (Kopalle, Kumar & Subramaniam, 2020). There appears to be no silver bullet or the ideal formula to business model transformation, except that a careful balance exists among various moving parts of a business transforming itself into a customer-centric organisation, where an outside-in approach is required and also a careful consideration of multiple factors to foster a sustainable organisational transformation.

2.3 Customer-Centricity Explicated

2.3.1 Definitions

Customer-centricity is also referred to as customer orientation or customer focus in literature. It is defined as when an organisation's core focus is its customers, how the organisation is structured and reflects the customer as being in the centre (Marjanovic & Murthy, 2016). Customer-centricity is also defined as an organisation with a deep understanding of its target market and the ability to deliver exceptional value and experience consistently (Frambach, Fiss, & Ingenbleek, 2016). It is further defined as putting a customer at the centre of an organisation's strategy (Latinovic & Chatterjee, 2019). In the age of technology and digitalisation, customer-centricity is centred around the smart use of data regarding customer purchase behaviour, preferences, needs, and wants to personalise product and service offerings (Kadias, Ladas, Loch, et al., 2016).

Customer-focussed oriented thinking is stated to be one of the fastest-growing topics in today's business world. According to Simon et al., (2016), customer-centricity is often confused with customer service. They argue that the two concepts have in common that the customer is prioritised to ensure that the desired customer experience and service are delivered. They further explain that customer-centricity pertains to making a profit and maximising profits generated over a long period. Inversely, customer service aims to obtain customer satisfaction, sometimes at the expense of cost and profit.

Customer-centric organisations are stated to outperform their traditionally product-focused counterparts massively continuously. Departure points for customer-centric organisations vary from incumbents who are transforming their business models in response to market conditions or new and challenger organisations disrupting industries. These companies create new expectations for customers and set expectations for the rest to adapt (Vandermerwe, 2014).

Fader (2012), (as cited in Simon et al., 2016, pg.161) define customer-centricity as "a strategy that aligns a company's development and the delivery of its products and service with the current and future needs of a select set of customers in order to maximise their long-term financial value to the firm". This approach requires a sufficient understanding of an organisation's target market to create value consistently to the identified segment of customers. An essential component of client-centricity is embedded in the organisation's strategic orientation and represents its frame of mind towards the

customers it serves. This notion is based on a popular marketing concept that states always to put the customer first (Wang, Zhao & Voss, 2015).

According to Pekovic and Rolland (2016), client-centricity could be defined as an organisation's ability to put the customer's needs at the centre of its strategic efforts. The company's mastery in identifying, understanding, and solving the customer's articulated and unarticulated needs consistently while creating value for the target customers. Similarly, Pekovic & Rolland (2016) concur with Wang et al., (2015) that the organisation's culture found in its strategic intent and mindset drives the necessary behaviours to create value for customers most effectively and efficiently. The detailed description of customer-centricity in such an organisation revolves around company-wide responsiveness to market conditions and changing needs.

It is often argued that many organisations have bought into the concept of customer-centricity as a business imperative. However, many continue to face challenges of translating it into actionable initiatives that would support the strategy. Challenges experienced, are for example: how the organisation is structured, existing legacy processes that support monoline product businesses, metrics issues and organisational culture (Marjanovic & Murthy, 2016). According to Vandermerwe (2014), most business leaders have conceptually understood the need for a customer-centric transformation as a strategy to remain competitive. They are still hampered from practically implementing the change due to poor planning and a lack of a systematic approach to drive the jump, change hearts and minds within the organisation and obtain buy-in.

Simon, Van Den Driest and Wilms (2016) concur that customer-centricity means putting the customer at the centre, but expanding the definition in that customer-centricity is also about honing in on the right set of customers in order to derive maximum lifetime value profits.

Customer-centricity literature purports that an organisation needs to focus on the right customer for strategic advantage. Scholars in this discipline argue that the customer is not always right and that not every customer should be given an organisation's best effort. In the discipline of customer-centricity, there are different types of customers, the excellent ones, which are the organisation's cream of the crop, and the rest (Fader, 2012).

Fader (2012) argued that customer-centricity is not about being "nice" to customers at the organisation's expense. It is not about an organisation's mission statement. It is

fundamentally a strategy to pivot an organisation's offerings with the needs of its most valuable customers, with the primary objective of maximising profit growth.

Some scholars have criticised the idea of customer-centricity, reducing it to a concept without any actionable outputs and data to support it (Simon, et al., 2016). Others again argue that in a globally connected world with approximately 25 billion connected devices, a massive opportunity exists to leverage existing data and insights to assist organisations to successfully transform from a product-centric to a customer-centric model of conduct (Simon, et al., 2016). They also state that for customer-centricity to become successful as a strategy, it has to be implemented organisation-wide and structured according to an organisation's most profitable customers.

Not all customers are created equal, argues Fader (2020). At the very core of customer-centricity lies long term profit gain, extracting more value from your most profitable and desirable customers, along with efforts to acquire more of the same quality customers. He further stated that in order for an organisation to radically transform from merely focusing on products and serving customers at the expense of the company, the change in focus has to be radical. This includes discarding old habits of how an organisation relates to customers, a new organisational design, revised metrics to align with the strategy, product development centred around solving for customers who matter the most to the organisation. The key objective is to understand who the organisation's most valuable customers are and then put all efforts into ensuring that maximum value is extracted from them and finding new customers with the same attributes (Fader, 2020).

There is a consistent view of the definition of customer-centricity and what it is not. Additionally, Richardson and Thompson (2019) cautioned against approaching a customer-centricity as a static state. They assert that customer-centricity can be created or destroyed due to customers' dynamic and ever-evolving needs, the advancements in technology and the increase in competitors in all industries giving customers a plethora of choices. They observed that as customers' needs change, so does the value they seek. Organisations ought to reshape how to support the changing needs to mitigate against customer dissatisfaction and churn (Richardson & Thompson, 2019). Vandermerwe (2014) also assented this view by stating that while the fixed point is the strategic intent to become customer-centric, these organisation recognised that the transformation is a continuous journey, with very deliberate and intentional efforts to ensure sustainability future-proof the organisation.

These authors further purported that customer-centricity should be informed by the context in which an organisation finds itself. This may be economic factors such as the global recession in 2008, where a shift in customer behaviour prevailed, with most seeking "no-frills" solution due to an impact on their disposable income.

It is imperative to understand the difference between a customer-centric organisation and a product-focused organisation to identify the enablers and barriers of transforming from a product-focus to customer-centricity. Long-established product-centric organisations place the customer at the periphery of the value chain, as opposed to customer-centric organisations that are genuinely focused on the customer, ensuring that their customers influence product design, where, when and how value is extracted (Wang, Zhao & Voss, 2015). Practically, customer-centricity implies a complete pivot from a product-focused business model to one that places a customer at the centre of its organisational design, product development, performance metrics and how value is delivered and extracted from customers.

2.3.2 Product-centric versus Customer-centric Approach

While the concept of customer-centricity has been in discussion for decades, Shah, Rust, Parasuraman, Staelin and Day (2006) contended that it is still a challenge for many organisations to pivot themselves to a customer-centric way of thinking. Product-centric organisations are built on traditional business models driven by product demands. The following diagram is an adaptation of Simon, et al.,(2016) comparison of the differences between product-centric organisations and customer-centric organisations,

Product-centric   **Customer-centric**
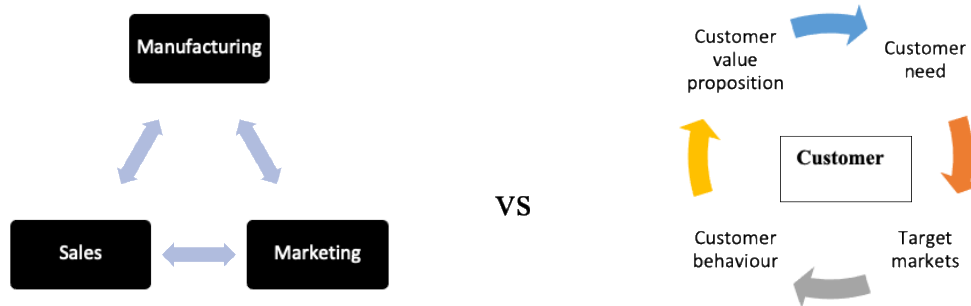
Figure 4: – A comparative illustration of a product-centric vs customer-centric focus (adapted from Simon et al.,2016)

This comparative illustration depicts the difference in approach between product-centric and customer-centric organisations. Product-centric organisation tend to have an inside-in approach that is significantly linear and concerned with manufacturing products, marketing those products and then measuring sales. In contrast, customer-centric approaches employ a customer-centred design. Value propositions are developed based on customer's unmet needs, and target markets are specified clearly, and customer behaviour is monitored continuously. This process is continuous, as opposed to linear, as a method to continuously gleaning customer insights and making improvements to customer solutions (Simon et al., 2016)

To further illustrate the difference in product-centricity attributes and customer-centricity, a comparative summary table has been compiled based on various studies about both product and customer-centricity.

Table 3: A comparison table of the focus of different business models

	Product-centricity	**Customer-centricity**
Mindset	Sell products to as many as will buy	Start with the customer need
Positioning statement	List of features and benefits	Elevates customer need and benefit to the customer
Organisational focus	Inside-out approach, market share focused	Outside-in approach & deliberate focus on customer segments
Measurements	The volume of products sold, profitability and market share per product	Number of customers, front of the wallet, customer lifetime value and net promoter score

Organisational design	Product houses in silos	Customer segments
Sales approach	Volumes of customers sold to	Number of products sold to a customer

Adapted from: (Shah, Rust, Parasuman et al., 2006;Simon et al., 2016; and Wang, Zhao & Voss 2015).

According to the study of Simon et al. (2016), the drivers of customer-centricity go beyond data science, software and technology. Instead, the human element supersedes any of the enablers, leadership qualities, the organisation's cohesiveness and how skills are utilised during a transition.

In addressing the question of how an organisation achieves the objective of transforming from being product-led to customer-centric, literature stated the following as of utmost importance:

Pace – consumers no longer have the patience to wait and have become more and more demanding, expecting near real-time solutions.

Integrity – consumers are more socially and morally conscious, and they expect honesty and transparency from the organisations where they choose to spend their money. Therefore ethical issues around where goods are sourced and sustainability are essential, along with the expectation of data privacy and protection.

Convenience – reducing customer effort in a product acquisition experience is an important consideration: consumers expect solutions that are easy to obtain and can be used seamlessly.

Relevance – personalisation is also an upfront expectation by consumers: they expect organisations to demonstrate how well they understand their needs and uniqueness.

The research (Simon et al., 2016) also identified critical internal and external factors enabling customer-centricity. From an external perspective, the ability to translate insights into actionable execution plans is a critical enabler, followed by the organisation's brand purpose to customers, the ability to customise products and services, and the use of behavioural data as a solution for customer needs. Legacy structures and internal barriers were identified as possible barriers to the transition. The study specified three dimensions of customer-centricity, namely:

Total-experience is related to looking at the outside world, defining a purpose, the perspective of prospective customers who are on the receiving end, personalisation and consistency of delivery.

Customer obsession is self-explanatory and entirely related to the organisation's mindset, leadership support and priority.
Insights are viewed as a strategic capability leading the journey to customer-centric growth, primarily focusing on using data and insights to drive business decisions.

Burritt and Kilara (2016) agree with the authors, as mentioned earlier, that the main objective of organisations that are moving to customer-centricity is to improve financial performance and unlock value for the organisation. This shift is stated to have emerged as a result of customers who are now more informed, have access to information and can compare product and service offerings by organisations.

Shah, Rust, Parasuraman et al., (2006) further elaborated on what they identified as barriers to transforming a product-focus organisation into customer-centricity. Interestingly, there is minimal research on the subject of barriers and enablers of customer-centricity, which further supports the need for an explorative study the researcher embarked on to contribute to the customer-centricity body of knowledge.

According to the authors mentioned above, organisational culture, organisation structures, business processes and financial metrics are the main contributors to the challenges of transforming a product-led organisation to being customer-focused.

Organisational culture – customer-centric organisations are said to be led by a core belief that every business decision must begin with solving a genuine customer need and the opportunities this presents to both the customer and the organisation. The pervasive customary standard is that all employees echo the voice of the customer. Information sharing is not negotiable as it allows the organisation to use those insights to remove customer angsts and solve their needs.

Organisational structure – customer-centric organisations are structured according to customer segments, ensuring a common understanding of customer needs, bringing close the product houses, which can be viewed as manufacturers with the segments who own the customer.

Business processes – a centralised view of a customer across all functional areas, channels and business units is critical to delivering value at a customer level. The processes have to enable sustainable customer relationship management

Financial metrics - it is a long-held belief that measurement drives behaviour. It is stated that an organisation must align its performance measurements to the strategic objective of being customer-centric.

Vandermerwe(2014) contented that what prevents organisations from leaping into a customer-centric journey boils down to several factors, namely the lack of agility to respond to ever-changing customer needs and market conditions, the inability to sense impending danger or recognising revolutionising opportunities because these do not align with its core business. She further stated that large organisations tend to be less flexible due to complex legacy configurations, which are not nimble enough to accommodate changes; fourthly, culture is identified as a barrier, resulting in a lack of commitment from employees and leaders blinded by past success. Weak cohesion amongst leaders and dominant voices stifle the freedom to express thoughts and ideas, last but not least, the communication and value delivery methods that are not relevant to customer needs and behaviours. However, the author also recognises that it is far easier for new entrants to be customer-centric because the build from the beginning is informed by being customer-focused instead of historically product-led organisations that have to re-organise themselves.

2.3.3 Measurements of Customer-Centricity

It is stated that product-centric firms measure the number of products sold to as many customers as possible, measuring profitability at a product level and market share by product. Customer-centricity evolves around the customer. The key metrics of customer-centric firms are customer satisfaction, customer lifetime value, the share of wallet, and the number of products that can be sold to a customer as opposed to the number of people a product can be sold to (Shah, Rust, Parasuman et al., 2006).

Lamberti (2013) further supported this, stating that customer-centric measurements ought to be customer-based, to emphasise the importance of the customer as a core asset of the organisation, which will shift how the organisation measures performance.

Therefore, customer lifetime value and customer satisfaction must become part of the critical business performance measures.

To further elaborate on how to measure customer-centricity, Wang, Zhao and Voss (2015) recommended the need for organisations to measure the extent to which customers are managed based on segmented needs and those customer segments' growth and also measure the level of customer satisfaction and loyalty.

2.4 Conclusion

It is established in the literature that there is a broad alignment about the definition of what constitutes a business model. Extant literature indicates that when considering a business model, it is essential to define who the customer is, what value proposition is being offered to the customer, what customers buy, what resources are required to produce the product or the service to be sold to customers, and finally, how does an organisation plan to extract value from the joint activities to generate revenue and make profits. Customer-centricity places the customer in the centre. This should include organisational structures that will support customer needs, from a value proposition design perspective, how teams are organised, and how leaders create a culture of placing a customer in the forefront to derive value for the organisation.

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3.1 Relevance of Work System Theory

A work system is defined as "a system in which human participants and/or machines perform processes and activities using information, technology and other resources to produce services for internal and external customers" (Alter et al., 2017, pg.5). The underlying assumption of Work Systems Theory is that humans interact with technology to perform activities. Therefore they are a vital component of the system and not simple technology users (Alter et al., 2017). This theoretical perspective comprises nine key components that make up the inside of a working system, as presented in Figure 5.

Customers and products/ services straddle the environment inside the work system and outside because customers are participants within the work system and are equal recipients of the product/ services, which are the by-products of a functioning work system. External to the work system are the environment, strategies and the infrastructure, which influence the work system (Alter, et al., 2017). These may represent factors that all banking institutions have to abide by, such as legislation. The figure's arrows indicate the interaction among the various elements within the work system and the external environment. Hence, participants in the work system interact through existing processes and activities that are fundamentally a part of existing information and technologies. The three factors, namely participants (personnel), information and technologies, need to be working hand in hand, culminating in products/ services offered to customers. Differences in how the different elements are presented will eventually influence the nature of the service offered to customers. A theoretical framework of the Work Systems Theory as articulated by Alter, et al. (2017) is presented in Figure 5.
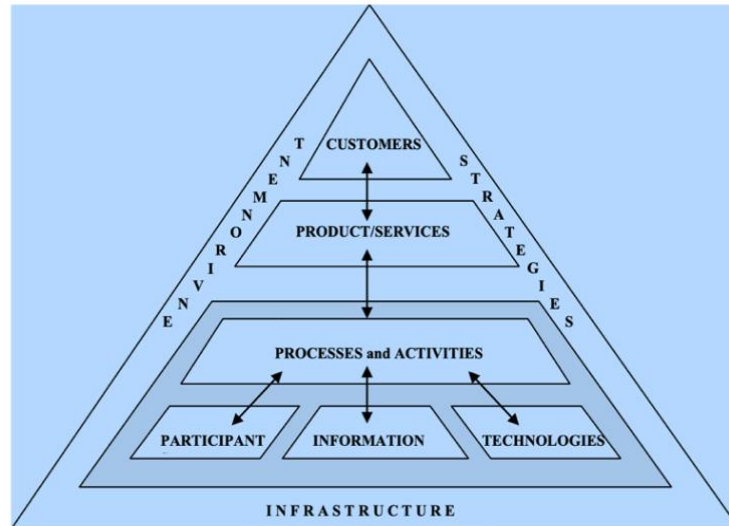
Figure 5: Work systems framework (Alter et al., 2017)

According to Marjanovic and Murthy (2016), the framework provides a structure of a system. It can be used to identify potential problems and opportunities, and changes required and how that may impact other parts of the system. This framework's application to a specific situation may be referred to as a Work System Snapshot (Marjanovic & Murthy, 2016a). The Work System Theory is relevant when examining a situation, and a provision of reasons are required for why a particular situation had occurred. Work Systems Theory applies to all service-related matters that include customer service. Inherently, the framework illustrates that the purpose of a working system is to produce products/ services for customers, which could be anything from a physical product to a service offered by financial institutions.

3.2 Research Questions

For qualitative studies, the recommendation by Creswell and Creswell (2018) is to have a central question, followed by related sub-questions. The overarching central question for this study is: What are the enablers and barriers to transition a business model from being product-centric to customer-centric within a South African financial institution?

The following sub-questions will further aid in answering the central question.

RQ1: What is the employees' understanding of business models?
RQ2: What is employees' understanding of a customer-centric business model?

RQ3: How do employees relate their company's business model to customer-centricity?

RQ4: What factors need to be amended to convert the employee's organisation to become more customer-centric?

RQ5: Which factors are critical during a business' transition period towards reflecting a customer-centric model?

RQ6: What challenges and barriers are foreseen when converting a businesses' existing business model to a customer-centric model?

RQ7: What are the key enablers and advantages that would help a company convert successfully to a customer-centric model?

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4.1 Introduction

This chapter introduces the research methodology and design used to conduct the study to address the questions outlined in Chapter 3. A qualitative method of enquiry was used to explore business model transformation to customer-centricity in selected financial institutions in South Africa to gain rich insights into the enablers and barriers of transforming a product-focused organisation into a customer-centric one. Data was collected through semi-structured interviews with selected heads of functional areas in the selected financial institutions included in the study. Data collected were coded, analysed and categorised thematically, using a combination of the themes outlined in the literature review found in Chapter 2, and the related research questions.

Data reliability and validity was considered throughout, and considered during every step of the research process, from the design phase of the research, to the choice of population, sampling, data collection and data analysis phases. Mitigation strategies were formulated and applied during the research in as far as the researcher could, with the available resources, to eliminate error. Identified limitations of the study and ethical considerations were taken into consideration and are presented at the end.

4.2 Research Design and Methodology

The study's exploratory nature warranted a qualitative method of inquiry, which is a method used when there is a need to understand why the how and what of a phenomenon. Prior scholars of customer-centricity have used this inquiry method to understand the organisational journey, as this enables one to apply a discovery-oriented-theory-in-use approach that may yield novel insights (Marjanovic & Murthy, 2016; Ulaga, 2018). Furthermore, while the topic of customer-centricity has a long history, research into the enablers and barriers is still reasonably new, and published literature is still emergent (Myers, 2009).

Qualitative research is defined as a research method concerned with the exploration and obtaining an understanding of how human beings attach meaning to their environment and the challenges that they encounter (Creswell & Creswell, 2018). Four key attributes are used to describe qualitative research. Firstly, in this inquiry, the theory is generated out of the research, commonly described as an inductive view. Secondly, prominence is given to an understanding of the world or social problems by investigating how humans interpret their environment and the world they live in, which is popularly referred to as interpretivism. Thirdly, qualitative research is grounded on constructionism, which states that social effects result from human interactions rather than independent properties that are removed from the very same humans who are participating in their construction. Lastly, there is an emphasis on ensuring that there is minimal influence from the research regarding how people interact in their natural environment, and how they ascribe meaning to the behaviours and how they create their reality (Bell, Bryman & Harley, 2019). The researcher assumed that reality is understood through spoken language, meaning that individuals attach to their environment, their understanding as they articulated it their unique way and context (Marjanovic & Murthy, 2016).

4.2.1 Research Philosophy

A research paradigm is defined simply as a world view or a philosophical premise related to the nature of reality. This worldview is stated to be beliefs that guide human beings' action. It is stated that researchers fundamentally seek to inquire about a phenomenon referencing their world view, their set of beliefs and assumptions, which subsequently influence the conduct of their study (Creswell, Hanson, Clark and Morales, 2007; Creswell & Creswell, 2018).

It is further purported that four philosophical worldviews can influence research practice. There are Postpositivist, constructivism, transformative and pragmatic philosophical assumptions. The postpositivist view is also referred to as empirical science or the scientific method of inquiry, which uses quantitative methods to measure cause and effect and verify phenomena. The constructivism view, also referred to as constructive interpretivism, on the other hand, is more about understanding phenomenon and holds the belief that humans seek to understand the world in which they live. It also states that historical and social perspectives inform how humans make sense of the world and interpret reality based on historical influences. Therefore the is no single version of the truth when it comes to reality. A transformative paradigm is defined as a worldview that believes research has to address political issues and social change-related matters. Therefore, the study has to be action-oriented to change the lives of either participant,

institutions where people live or work, or the researcher's life. Lastly, there is a pragmatic paradigm that is not committed to any single view of reality and believes that reality is open to multiple interpretations; it must be continuously debated, renegotiated and interpreted depending on context. This approach often uses numerous research methods to ascertain or measure reality (Creswell & Creswell, 2018).

An interpretivist paradigm/constructivist paradigm was adopted for this research to understand how theory realises in practice. Prominence was given to an exploration and understanding of participants' social world and how they interpret it (Bell, et al., 2019). Mackenzie and Knipe (2006. pg. 3) defined a paradigm as "a loose collection of logically related assumptions, concepts or propositions that orient thinking and research". These authors further stated that a paradigm could also be described as a philosophical view or the objective for commissioning a study. The researcher pursued the use of this paradigm in order understand the world of the human experience in financial services organisations concerning business models and customer-centricity as interpreted by the participants of the study, to understand what they are thinking or how they create meaning within their specific context (Kivunja & Kuyini, 2017). In this type of research, an effort is made to understand the participant's point of view instead of the researcher's view. Reality is said to be socially constructed, and theory must follow research to be grounded on the data uncovered in the research. This paradigm was appropriate for this study because the study aimed to explore how an organisation can successfully transform its business model to become customer-centric by identifying enablers and barriers to customer-centricity.

Generally, the findings of a qualitative study of this nature show various views, as evidenced by the variety of insights and views generated. The researcher then categorises participants' views in terms of similarities and differences, and made these explicit. This demonstrates a relativist ontology where the belief is that the topic studied has multiple realities. These realities can derive meaning, and contextual elements need to be considered. Also, this paradigm is appropriate as the aim is to understand individual rather than universal laws (Lather, 2006).

4.2.2 Research Design

The research question informed the choice of using the grounded theory approach, as well as the research design that endeavoured to collect and analyse data, as the

researcher elicited multiple explanations informed by the participants' views (Creswell, Hanson, Plano Clark & Morales, 2007). A constructivist approach to grounded theory was applied, as this provided the researcher with the ability to focus on the emerging themes depended on the researcher's views. It also allowed the researcher to learn about participants' experiences within their organisations, assumptions, feelings and beliefs. In addition to this, because the grounded theory does not minimise the role of the researcher in the process, as also because the researcher herself works in the discipline of customer-centricity, this allowed the researcher to categorise the data during the process, formulate additional questions based on the data, the researcher's experiences and views of the process - although the researcher never attempted to change data or to add personal insights to what was generated through the interviews.

In order to gain a deep understanding of the critical enablers and barriers to an organisation's transition from a product focus to customer-centricity, the research used in-depth qualitative semi-structured interviews to allow the researcher to gain deep insights from the detailed accounts of participants' experiences, reported narratives and the interpretation of data. Although questions were open-ended, allowing participants to elaborate, provide their point of view, and an opportunity to surface any emerging issues, the researcher ensured that all themes were covered during the interview. This is a flexible way of asking questions in a semi-structured manner. It allowed the researcher to add additional sub-questions as a need arose and avoided questions that may not be relevant (Rubin & Rubin, 2012). All interviews were conducted virtually using Zoom and recorded for transcription purposes with the permission of the participants. To assure anonymity and be transparent, the researcher explained to the participants that their institution of work and their names would be assigned a unique code during transcription and analysis.

The study was conducted between October 2020 – February 2021 during the COVID-19 pandemic when the South African government had imposed strict measures regarding social and professional interaction. Therefore, all interviews were conducted virtually, as most respondents worked from home instead of being office-bound.

4.3 Population

The research study was targeted at financial institutions within the South African banking environment, precisely two banks that were historically known as part of the "big four", namely First National Bank and Standard Bank, as they have embarked on transforming

their business model from product-led to customer-centric, and also new entrants Capitec and Direct Axis. Targeted participants were heads of functional areas ranging from product development, customer experience, strategy development and project management.

4.4 Unit of Analysis and Sampling

The unit of analysis of this study was the financial organisations, and the selected participants were the unit of response.

A purposive sampling method, which is defined as selecting research participants who are considered knowledgeable in the subject area, and who would understand the research questions, was used. The Work Systems Theory was used as a theoretical foundation for the research. Categories of participants were aligned to the work systems framework's main elements, namely strategy, environment, infrastructure, customers, participants, products and services, processes and activities, information and technology. Patton (2015) stated that the advantage of ensuring diversity of expertise in sampling eliminates the clatter of heterogeneity; thus, participants were individuals in senior managerial positions to ensure relevance and various perspectives within different fields of expertise (Bell, et al., 2019). The researcher leveraged existing professional networks to identify suitable respondents for the study.

According to Patton (2015), there are set in stone rules for sampling size in qualitative research. Given the current climate, with the impact of the COVID-19 pandemic, the researcher endeavoured to conduct a minimum of 12 in-depth interviews at four selected South African financial institutions that the researcher has access to due to previous employment and past networks. However, only a sample of 10 interviews was achieved during the data collection period of October 2020 to February 2021. Due to time constraints and suitable respondents' unwillingness to participate, the researcher decided to cease data collection after successfully conducting ten interviews.

4.5 Data Collection

As a first step in collecting data, an interview guide with questions was to be developed, with questions guided by the literature review, and selected themes. The researcher used purposive sampling, with criteria to target selected senior management professionals with experience in product development, client experience, project management and strategy. Once identified through a professionals network, all research participants were invited to participate in the research study via an email with the consent letter attached. Post confirmed participation, the researcher scheduled a 30-40 minutes Zoom virtual meeting to conduct the interview.

Due to the constraints of conducting interviews virtually, the research had to limit the interviews' length to half an hour. In some instances, there would be drop-offs in the middle of the interview due to connectivity issues or the lack of electricity due to Eskom's load shedding. Virtual meeting fatigue was also mentioned as a reason for non-attendance due to remote working. All participants mentioned back-to-back meetings in their work environment due to working from home. Additionally, all participants were senior executive level in their organisation. Therefore, time constraints were also an issue; two respondents have to drop off an interview and reschedule due to emergencies at work.

Each interview began with a detailed explanation of the study's purpose and assuring the participants that the discussion will be recorded for transcription purposes. All responses shall be treated with the utmost confidentiality, with a further explanation that none of the participants' names or institutions they are employed at shall explicitly mention in transcripts or reports. Permission to record the audio of the interview was requested and obtained for each interview conducted. The research followed this by asking questions guided by the interview guide, allowing for a natural flow of conversation and probing where responses were unclear. The interview format was guided by unstructured and open-ended questions focused and limited to elicit participants' perspectives, experiences and opinions.

During the data collection phase, the below detailed step-by-step approach was taken for all interviews conducted:

1. Thanked the participants for taking the time out of their busy schedule to participate in the research
2. Explained the discussion would be recorded and sought permission to record

3. Conducted the interview, recording both on Zoom and with the researcher's personal mobile phone as back up in case of a technical glitch. Furthermore, as a precautionary measure, because technology does tend to fail, sometimes, the researcher also made handwritten notes during the interview to capture data (Creswell & Creswell, 2018).

4. Wrote a memo after each interview. Montgomery & Bailey (2007) defined memos as "records of the researcher's developing ideas about codes, and their interconnections. Memos are a documentation of the researcher's thinking processes rather than a description of a social context" (p. 68). This approach's purpose was simply to have a written record of the ideas and their meaning for the researcher's theory as they took place (Montgomery & Bailey, 2007).

5. Transcribed each interview personally, post the specific interview, but before conducting the next interview

6. Coded each transcript for analysis purposes using Atlas. ti software

While every effort was made to retain the study's integrity and the data collected, the researcher acknowledges that personal bias and undue influences may have emerged since the researcher works in the financial services industry in the functional area of strategy and customer-centricity (Maxwell, 2013). Therefore prior knowledge of the subject, education, professional experiences and values upheld by the researcher may have caused a bias and influenced how the interviews were conducted, how they answered questions and how data was collected.

To mitigate the risk of bias, the researcher recorded all personal biases known in a memo before the interviews and post interviews, highlighting any biases that may have surfaced. Further to this, the researcher endeavoured to maintain an objective mind and remain neutral to responses avoiding neither agreeing nor disagreeing with participants. When participants asked questions of their own, the researcher posed the question back to the participants, emphasising that interest and importance are participant feedback. Popper, 1965 (as cited by Morse, 2015) stated that it is crucial for the researcher to "enter a setting with a neutral stance" (p.1215). Furthermore, using the six criteria for judging the quality of the interview as found in Roulston (2010), effort was made to ensure that responses were spontaneous and related to the question asked, the interview questions were shorter than the responses offered by the participants, with a self-explainable conversation style, with the insights emerging without much effort in describing to the researcher what the respondent meant. A deliberate effort was also made to clarify meaning and to ask follow-up questions where answers were not clear.

4.6 Data Analysis

In order to determine the enablers and barriers of business model transformation to customer-centricity, the researcher followed the Gioia coding technique as proposed by Lütjen,Tietze, Frank Schultz & Carsten (2017). Gioia, Corley and Hamilton (2013) indicate that the process of interviewing and data analysis could occur concurrently. Gehman, et al., (2018) articulated a systematic method of analysis for inductive research detailed below, that the researcher used for data analysis. The Gioia method of coding and analysis (Gioia, Corley & Hamilton, 2013) was followed by the researcher.

Step 1: First-order analysis, where a myriad of open codes are developed using participants words, no limited categories were developed at this stage using inductive reasoning , and therefore the researcher ended up with more than 170 codes. The aim was to remain faithful to the terms and descriptions that participants used (Yin, 2009).

Step 2: Second-order analysis where similarities and differences were identified in the coded categories, and then grouped into further attributes that are similar, in order to reduce the codes identified in step 1, to conclude a maximum of approximately thirty umbrella codes. These were then given so-called descriptors that still retained the original meaning provided by participants.

Step 3: The second-order codes were then categories into umbrella themes to reflect the enablers and barriers

Step 4: A data structure is built out of the first order, and second-order terms, and the emerging themes. The data structure allows for a graphical representation of how a researcher moved from raw data to terms and then to themes. This is a crucial step, as it also demonstrates the rigour that is required in qualitative research. Figure 6 is an illustration of the coding, as well as the thematic aggregation logic.
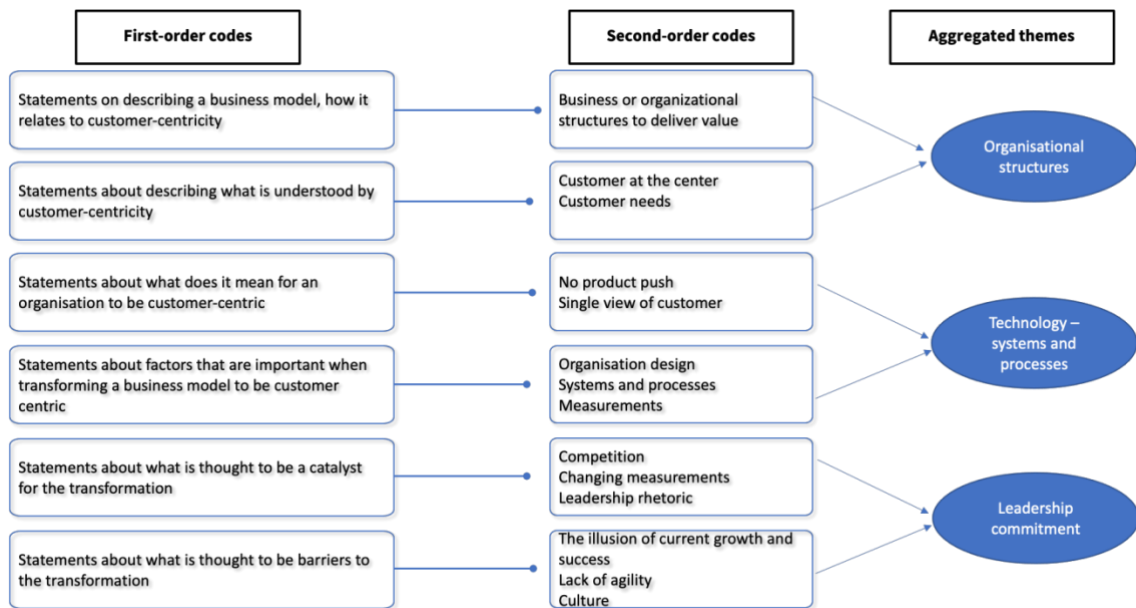
Figure 6: Coding logic to identify enablers and barriers

Step 5: Building an inductive model, showing the relationship between emerging concepts, with a clear description of insights, and ultimately demonstrating the move from data to theory.

The final graphical representation of the data structure detailing the first-order, second-order analysis and the aggregated themes is provided in Appendix D. The findings (narratives) are provided, expanding on each theme that emerged, honing in on critical concepts that were new and examining what they mean.

4.7 Limitations to the Study

This study included participants from three of the big four financial institutions (banks) in South Africa, plus a financial services provider of loans. Therefore findings are not generalisable, as it does not include all financial institutions in South Africa. Therefore, quantitative studies would need to be conducted in future research to validate the findings. The study's philosophy was from an interpretivist approach, thus, there may have been an element of bias as the researcher is also a professional within the customer-centricity domain in a financial institution.

4.8 Measures to Eliminate Error

Silverman (2016) asserts that research is valid when observations are correctly and adequately interpreted, when inferences can be supported by data, and make sense in relation to earlier research. With interviews, it is crucial to establish whether the views that participants share, genuinely reflect their personal experiences and their general opinions outside of the interview environment (Silverman, 2016).

This study used the trustworthiness criteria to evaluate the credibility, transferability, dependability and trustworthiness of the outcomes of the research (Morse, 2015). This study used recommended alternative criteria to eliminate error and researcher bias (Bell, et al., 2016). It is recommended that qualitative researcher utilise a minimum of two of the above mentioned criteria (Creswell, 2012). For purposes of this study, credibility and confirmability were applied to the research findings to ensure rigour. The appropriateness of the respondents and the size of the sample are addressed.

4.8.1 Credibility
Credibility refers to an in-depth investment in understanding participants' reflections and producing 'thick descriptions', which are in-depth details of a shared phenomenon (Bell, et al., 2016). In order to ensure credibility of the study, the researcher utilised three strategies in the study. During data collection, while interviews were scheduled for half an hour, during introductions the researcher proactively informed the participants that the interview may go over half an hour depending on the depth of the information provided by the participant, assurance was also given that the allocated time will be respected and furthermore participants were asked if they would be willing to slightly go

over time should the discussions prolong. This was to ensure that prolonged engagements was allowed, where respondents felt that they could provide more insights and where the researcher probed for more information. This allowed participants an opportunity to explaining without limitations of being interrupted due to time constraints. An interview guide was also used to ensure that the questions being asked will subsequently be able to answer the research questions. In addition to this, thick descriptions were provided during data analysis and the use of verbatim quotations from respondents in order to ensure the integrity of that data and avoid misinterpretations. Thick descriptions used by participants are provided in Chapter 5 to support the researcher's conclusions (Morse, 2015).

4.8.2 Confirmability

Confirmability is concerned with how objective a researcher is, and entails ensuring that personal preferences relating to the theory and personal values do not influence how the study is conducted and do not influence the findings. The researcher's role and reflexivity in the study are important, which relates to an awareness of how personal values, gender, background and value systems can shape interpretations emerging in the study (Creswell & Creswell, 2018; Bell, et al., 2016).

The researcher works in strategic customer growth, which involves considerations for customer-centricity and business requirements to enable this as a strategy. To guard against the experience shaping the interpretation of the findings, to support pre-existing views regarding a customer-centric organisation's meaning, the researcher pre-empted personal biases and pre-conceived understanding in the memos prior to, and post the interviews. Creswell and Creswell (2018) assert that reflexivity could be mitigated by surfacing personal experiences, gut feelings that emerge, and any other observations a researcher may note during the data collection process. These experiences can be documented in a memo format and can be used to reflect on the extent of personal experience interference to avoid personal biases.

4.8.3 Sample Size and Appropriateness

The guidelines in qualitative research suggest that sample size in qualitative studies is not cast in stone. The size is said to largely depend on nature of the topic, the scope and possible complexities of the scope and extant literature about the topic. A sample of ten qualitative in-depth interviews was achieved for this study due to unavailability of respondents and drop offs. In order to ensure that the sample size was not too small, the

researcher spend more time rescheduling interviews that were cancelled due to unforeseen circumstances or found other appropriate respondents. Furthermore while fieldwork was originally scheduled to take place over a four weeks period in the research project plan, this time was further expended to nearly four months in an attempt to obtain more willing participants.

Additionally, to mitigate against lack of variation and depth, in order to provide a detailed understanding of the topic and provide an adequate representation of the outcomes, the researcher ensured that there was mix of participants from all the financial institutions selected to be part of the study. The interview techniques used by the researcher also ensured that there questions were not asked in a leading fashion, there was adequate probing where the researcher felt a further explanation was required and all respondents were asked similar questions as per the interview guide in order to be consistent. This was to ensure that there is a detailed representation of all responses and to also mitigate against cherry picking only suitable responses as a result of the lack of the richness of data.

4.9 Ethics

Ethical conduct refers to an obligation that the researcher has to respect the rights, needs, values and wishes of research participants (Creswell & Creswell, 2018). It is stated that ethical challenges at any stage of the research may arise and therefore a researcher must anticipate possible consideration and ensure that they are addressed in the research. In order to ensure adherence to the ethical conduct as outlines in the university's ethical guidelines, ethical considerations are outlines by the research addressing considerations taken prior to the study, at the beginning of the study, during data collection, data analysis, reporting, sharing and storage of data.

4.9.1. Before conducting the study
Ethical clearance was obtained from the Gordon Institute of Business Science's Ethics Committee before data collection (refer to appendix A).

4.9.2 At the beginning of the study
Informal telephonic and text messaging conversations with identified participants were held to explain the general purpose of the study. Participants were formally invited to

participate in the study through an email invitation (Refer to appendix B) . A consent form was sent to each participant before the interview along with the email invitation and discussed further at the beginning of each interview to assure them of confidentially.

4.9.3 During Data Collection

At the beginning of the interview, each respondent was reminded that participation is the study is voluntary and they can decide to withdraw at any time should they feel uncomfortable to continue. The purpose of the study was explained once again, and how the data will be used. Research participants were assured that they information that they were provided would be treated with utmost confidentiality, with their names nor the names of the organisations they work for will not be used but rather coded in order not reveal their identities or the organisations that employ them. An interview guide was used to facilitate the discussion (refer to appendix C)

4.9.3 Data Analysis

During transcription and coding, each organisation and participants were assigned a unique code to ensure anonymity and also ensure that no responses can be assigned to any financial institution. Multiple perspectives ad contrary were reported where there were any.

4.9.4 Reporting and Storage of Data

Data collected during the study was also stored in the cloud in an encrypted file. Story telling was used to ensure no individual can be identified. Data will be stored at the academic institution upon completion of the research.

4.10 Limitations to the Study

4.10.1 Researcher bias

Qualitative research is known to present bias, and assumptions which can impact the outcomes of a study. The research highlighted the bias that they are a professional in the field of strategy and customer-centricity, which may have had an undue influence on results as a consequence of pre-conceived understanding. Furthermore, the selected financial institutions included in the study are the researcher's employer and former employer because that was an excellent avenue to gain access to employees who might otherwise be hesitant to share information - a phenomenon referred to as backyard

research. Due to the connection between the researcher and the participants, this may have influenced the researcher's interpretations (Creswell & Creswell, 2018).

4.10.2 Collecting data virtually

Due to the COVID-19 pandemic, data collection was conducted virtually via audio. Therefore, there was no means for the researcher to read body language and gauge understanding of questions or identify unarticulated nuances. In some instances, interviews had to be collected over two sessions due to connectivity challenges and the lack of electricity due to load shedding.

4.10.3 Participant openness and willingness

The researcher is employed in a financial services institution. Therefore, participants may have been hesitant to be honest, and limited in terms of the degree to which they were open and willing to share information so as to guard against divulging confidential company information

5.1 Introduction

Chapter 5 presents the research results and findings of the data collected through in-depth individual interviews conducted with 10 senior heads of functional areas in the South African banks included in the study. This section begins with details of the interviewed participants, followed by an analysis of the results outlined by each research question where key themes that surfaced from the discussions with the respondents are identified and further substantiated by verbatim quotes from the respondents.

5.2 Description of Interview Participants

Names of all participants and the organisations they work for were changed to assigned codes in order to protect their identities and the identities of their employer as assured by the researcher during introduction when interviews were conducted. Only a coded numbered list of participants and the role titles of the participants and their respective functional areas are documented in Table 3. Purposive sampling was utilised to select all research participants in the study, whereby respondents are chosen based on their experience and strategic role in the financial services organisations that they are employed at. The final sample consisted of 10 respondents, a combination of both male and female participants across all organisations.

The respondents senior executives heading up business units with their respective institutions. All had direct input and influence on the organisation's strategy and therefore could provide the researcher with the insights required to understand the transition process.

Table 4: Overview of respondents

Pseudonym	Designation	Functional Area
CC1-1	Head of Strategy	Group Strategy
CC1-2	Head of Client Experience	Retail Banking Segment
CC1-3	Product Head	Retail Banking Segment
CC2-1	Growth Head	Private Banking Segment
CC2-2	Project Management Head	Project Management Office
CC2-3	Client Services Head	Contact Centres
CC3-1	Head of Customer Strategy	Strategy Enablement
CC3-2	Head of Customer Value Proposition Design	Retail Segment
CC3-3	Head of Client Servicing	Service Suite
CC3.4	Head of Human Resources	Human Capital

5.3 Presentation of Findings

The findings are presented in the order of the research questions as articulated in Chapter 3, Section 3.2, and the discussion guide questions that were informed by the literature review in Chapter 2.

5.3.1 Results: Research Question 1

Research question 1:

What is the employees' understanding of business models?

The various definition of business models are considered to have critical elements that include how a business structures itself, who is the target customer, what is the value proposition, what is the method of delivering that value and last how does an organisation derive commercial value from that. The questions related to defining a business model in the interview guide were related to answering research question 1. As per the various definitions found in the literature review on what is a business model, the researcher sought to explore how the respondents would define a business model, their understanding of what it is and how it relates to their organisation.

5.3.1.1 Business Model Definition

It emerged from the respondents that there was no single understanding of what a business model is and how their organisations defined it. Respondents used the words business model and operating model interchangeably. Operating model and business model were used interchangeably by some respondents. An understanding of the business environment was also articulated, along with an awareness of competitors, and also capabilities and skills required to operate.

CC1-1: *" we've kind of looked at it as one, we need to be quite clear on the WHAT, particularly the aspiration. So maybe let me probably take a step back. So, what we, normally, how we would approach it, is that we would be very clear on what the aspiration is for the business overall. And from a financial perspective, what the aspiration is, in terms of the markets within which we have chosen to operate, what the aspiration would be, within the sectors that we have decided to build core competencies on".*

CC1-1: "*And then we would say how then do we bring those aspirations to bear, in terms of, you know, the capability, the skills, and understanding, the environment within which we operate, who actually is doing what we are doing? And how are we differentiating, or want to differentiate ourselves, you know, against effectively competitors, and against those who are doing exactly what we are doing"?*

CC1-3: "*So a business model, in my view, is more how you structure yourself internally, so that you are able to deliver externally to whatever you define your customer in the best way that suits that customer."*

CC3-1: *"For me, it's how the organisation organises itself in order to achieve its objectives"*
CC2-1: *"You know, in banking I see a business model as just being, you know, the way we organise ourselves or structure ourselves to, to deliver a service or products and, and make money in the process."*

5.3.2 Results: Research Question 2

Research question 2:
What is employees' understanding of a customer-centric business model?

Research Question 2 explored the understanding of customer-centricity in relation to business model. The questions in the interview guide related to this research question begun with asking what respondents understood customer-centricity to be and then further probed how can one tie this back to a business model.

When respondents we asked what was their understanding of customer-centricity, the central theme that emerged from responses was that customer-centricity is when an organisation places a customer at the centre to everything that it does. This was further broken down into various aspects, namely, customer value proposition design, understanding customer needs, frontline staff skills and understanding, the technology and process design. Below is a breakdown of the research findings in relation to the how respondents defined customer centricity and a detailed account of the critical aspects of customer-centricity according to the respondents.

5.3.2.1 Defining Customer-Centricity

As previously mentioned, respondents defined customer-centricity as when an organisation puts a customer at the centre of what it is, from product design, servicing and how profitability is driven.

CC2-2: *"you need to also then start understanding customers and what customer's needs are before. It just feels like they are overwhelmed with everything that can say no. Right? So customer-centricity, for me, specifically, and I'll talk specifically from my point of view. And if you want, we can expand about my view, at the retail level or the bank level. Yeah, is, if I understand my customer to be earning between R0 to R3000, or R5000, in that scope of income, I'll have people who will be seasonal workers. So it will be you know, the man or woman who are selling the "skopas" by the street pavement, and fruits and vegetables at the corner, you know, sometimes they'll have enough money to put in the bank, sometimes they won't. And so how do we begin also, now we start with that example, of a really holistic products and services to back to one individual, let's call them the seasonal workers, or hawkers. So they don't get a monthly income. And so how do we then start charging them a monthly fee? Because we understand that they don't get a monthly income? So we need to start at that level? Okay, what is it that they still need?"*

CC1-1: *"it is a relentless focus on what is it that a client needs, rather than selling them the products that we have developed. So in the things that we do, for us there is that relentless, you know, that relentless focus is to say, what client problem are we solving, what client need are we attending to, so that our solutions and our engagement are on the back of the needs as articulated by clients and sometimes the needs that we have brought in before client to say, before clients to say you may not be aware of this, but you know, it's something that might be very useful and critical and value adding for your organisation. So how this all kind of works in for us around client centricity is a relentless and a number of things that we do in understanding what is it that our client needs, so that we then respond in a manner that talks to what they need, as they want to move their businesses forward."*

CC3.4: "So client centricity, I am going to sound like a cliché , but it's putting the client at the forefront of everything, that doesn't mean that it doesn't mean that at the cost at all cost. But how do you create value? How do you create value? Can you as a client, if you look at if you look at CC3, really, our purpose, we define it as improving the financial lives of our people. If you see a lot of ads we talk about and, and that is what that is, what we focus on is to say, how do we enable our people to live better"

Table 5: Overview of critical aspects related to customer-centricity

Element of customer-centricity	Respondent Code	Verbatim quote
Customer Need	CC3.4	*"Can you as a client, if you look at if you look at the bank, really, our purpose, we define it as improving the financial lives of our people"*
	CC1-1	*"It is a relentless focus on what is it that a client needs, rather than selling them the products that we have developed"* *"what client problem are we solving, what client need are we attending to, so that our solutions and our engagement are on the back of the needs as articulated by clients and sometimes the needs that we have brought in before client"*
	CC1-2	*"If you look at every company has as a niche, a small bank, focusing on a particular segment of the market, Capitec is a good example. It started out focusing on the savings market and saying I'm targeting people in taxi ranks"*
	CC1-3	*"Customer-centricity is when you put the customer in the middle of all of your plans, all of your value propositions, all of your product enhancements. It is when you pull the future with the customer. As the core and then you've got to define for yourself*

		what a customer means. So for me, a large organisation like us customer means everything from your single mother right up to your CEO of huge corporations with the corporation being a customer in itself. So it's just having the customer at the centre of everything you need to do and deliver and develop"
	CC3-1	*"So for me, customer-centricity is around understanding who your stakeholders and customers are, and then being able to meet the needs of those customers with the with the offering that you have as an organisation or as a department."*
	CC2-2	*"And I think that, that obsession with customers and that commitment, and that structuring of your business to have that responsiveness. I mean, that for me, then is customer-centricity."*
	CC2-1	*"But you're very right, we have, as an organisation said that we want to focus on customers and put customers at the centre of what we do. What does that mean, practically, I think it means that we want to meet customer needs first"*
Client Value Proposition	CC3-1	*"I think before you become a customer, and I mean, there's a whole bunch of people that we decline, right, and there's a whole bunch of people that come to our website that they drop off. They might not think that customer-centricity is what we do as a business and we don't have any mechanisms to actually support their need. And so I think for us as a business that's the gap, is seeing customers beyond just you have a loan with us when designing"*
	CC2-3	*"do you leverage insight to understanding your customers to then determine, to then utilise the existing product knowledge and commercial acumen that exists in their business and customer service orientation to make that we keep the customer, we understand the customer, and we give them the products that they need".*
	CC3.4	*"So if we're going to design your product, we're going to put a new process, whatever it is that we're going to do is simple".*
	CC2-1	*"So, you know, we want to build products and services that can demonstrate that we've understood what the customers pain points are, what their needs are"*
Client Servicing	CC2-3	*"But it is that it is truly about, you know, that responsiveness and sensitivity to what the customer wants"*
	CC2-1	*"what friction points that they are experiencing in our processes, or, or in the way we are delivering our products and services. So it means, you know, also having data available to us, that allows us to see the customer holistically, in terms of either all the"*

		various products they have with us, all the interactions, their engagement with the bank and all their complaints"
Costs	CC3-3	*"what products are in the environment, what is our stance around pricing, our costs, because for example our interest rates are high but that's just how the business model is designed, we cannot do anything about that"*
	CC3.4	*"but it's putting the client at the forefront of everything, that doesn't mean that it doesn't mean that at the cost at all cost, for us the cost to serve is really critical to the profitability of our business"*
	CC2-2	*"And we really want to move away from brick and mortar, we want to move away from you know, other expensive channels, but that, in that motion, sometimes we lose them, the customer centricity element, because we are just trying to save costs, but then you leave, like my grandmother, my garden, my helper out of the loop".*
	CC2-1	*"It also probably means understanding the customers profitability, as well as understanding how we can extract more profitability out of that customer"*
Technology and Processes	CC2-1	*"You know, so we as an organisation that, you know, has evolved from, I guess, having lots of different product sets. And then having business line systems that all have or ever a customer module in them. So if you think about a credit card product and insurance product, check the current product, Wesbank, home loans, they may all have business line of business systems that each hold a record of a customer. But what you want to have is a single record of customer in one separate system and everybody accesses that same record"*
	CC2-3	*"I think the platform thinking for me is what's critical, because once customers are on platform, then we can we can have a better understanding of what they're doing and how they're behaving. And then we can, we can respond accordingly. To make sure that we meet their needs or restructure whatever solutions we have, in line with, you know, what the data about the customer is telling us, which is why this platform first thinking is quite critical."*
	CC3-3	*"So I think it's fundamental to have no user experience design all embedded into the tip to do. Hello, testing to track online, where customers are going, what they're doing wrong, where they're dropping off, building up an understanding of behaviour and behavioural science and become more and more important. So yeah, I think it's fundamental in the tech world to to really understand intimately. To shift behaviours, putting something particularly in their product screen as opposed to*

		that product screen when I first started in the direct marketing world".
	CC2-2	*"You need the technology to sort of move the engine so to speak. So if you think of a car, the technology would probably be the engine and the processes would be, you know, everything that sort of makes sure that the engine sort of runs, and the person will be someone who's driving the car, right".*
	CC2-1	*"And, and so those are things that, you know, technology, the technology, space seems to be moving quite fast. And so if we want to keep up, and we want to provide lots of services to customers, we need to be able to have API's that allow us to link up with other service providers via our own platform".*
		"So that's the technology piece to say that we need, like a common platform where everybody can have the same view of one customer. That's exactly IT, having that single view of the customer"

The findings show that putting a customer at the centre of what the organisation does is what enables a customer-centric business model. However concerns were raised about the cost of doing at and the need to be cautious about not implementing solutions that are at the expense of the organisation. There is also a common view that customer-needs should inform the design of customer value propositions, ensuring that the customer needs have been well understood and the solutions are solving for true customer needs as opposed to simply pushing products.

Respondents also highlighted that it is important to service customers in a holistic way, breaking down the siloed view of customers amongst product houses, so that the service element addresses all aspect of a customer's relationship with the bank. For the respondents working at incumbent banks, the technology element was mentioned to be a crucial requirement and one of the biggest challenges that are hindering customer-centricity. The legacy systems and multiple views of a single customer due to various platforms used by different business units was highlighted as a friction point. The inverse is observed in the newer financial services institutions, everything is said to be built on a single platform which then allows them to have a single view of the customer. One of the participants who has worked at all the banks, and is now working at a new entrant bank, articulated that with the older banks, every product house and business unit feels like a different bank, nothing is interlinked or integrated, which then causes customer angst and goes against the fundamentals of customer-centricity of putting the customer at the centre of everything an organisation does.

5.3.3 Results: Research Question 3

Research question 3:
How do employees relate their company's business model to customer-centricity?

Summary of RQ3 Findings:

When respondents were asked how do they relate their organisation's business model to customer-centricity, respondents mainly mentioned how critical it is to understand how to organise an organisation in such a way that it will provide the ability to be customer-centric. A common theme that emerged was related to a business model that is built around customer segments, as opposed to product lines. The view is that through a customer segment lens, this allows the organisation to look at each customer holistically and provides the ability to offer integrated solutions that address all financial needs a client may have. However respondents from the 'big four' banks mentioned that while business model transformation to customer-centricity is the strategy, it still feels like it is only an aspiration when looking at certain parts of the business. The feedback was that it was difficult to relate the business model to customer-centricity when nothing from how they work with product houses, with channels and with enablers in the business does not support putting a customer at the centre. The sentiment was that the mono-line business approach is still in operation and not integrated into a holistic single view of a customer.

CC1-2: *" As you build, for example, you are adding credit cards, you buying a credit card system to plug to your mainframe, you adding home loans, home loan system to get to the mainframe. And all of these are standalone, meaning they don't necessarily speak to each other"*

CC1-2: *"where else with your legacy businesses, you've built so many systems into the into the business where home loans is not speaking to the credit card system, which is not speaking to transactional banking, which is not speaking to all these others. So if a customer comes to you and says, I want to take out a home loan. As a customer centric business, I would say let me understand the value that this customer brings to the business. What is the lifetime value that they've been providing to my institution, therefore, how can I actually score them. What kind of rate can I give them based on the*

history that they have with me. But if you have all these disparate systems that are not speaking to each other, it makes that customer centricity a little bit harder for you to give. Because you see the customer as different people throughout the organisation."

CC1-3: *"I find it a little bit difficult when you're trying to drive profitability for the bank. So the argument should go that if you are delivering interesting solutions to customers, it will naturally bring profitability to you"*

CC2-3: *"So, you know, you'd have each because each business was its own ownership, but its own strategy and its own, like was released to have its own level of ingenuity. And, and from a central perspective, it was really more about managing the capital investment with each of these businesses, what you find is that there is like a lot of, you know, there's this, everyone has their own system, everyone has their own way of doing things, they own policies. So they, they they're not really interconnected per se, but you know, the strength and power of those individual businesses, I think, are quite a quiet, quite, you know, powerful, because they can get things out to market, but I think in an environment where organisations are seeing the value in terms of seeing the customer holistically, that approach then comes to starts experiencing some shortfalls, because then what you're finding is that you know, instead of competing with external organisations, we also competing amongst ourselves and therefore, you know, we are not we are arbitraging what, what we can get from the customer amongst ourselves and as a result, we can end up giving customers a fragmented experience, and not leveraging all the individual benefits of all those business units."*

In contrast to the big four banks, respondents cited the newer entrants in the market as having a more customer-centric business model, because there are no legacy systems that are providing conflicting views of a single customer. The sentiment is that because everything is built on a single platform, this allows newer entrants to have a holistic view of a customer and also provide a much more integrated smoother service. It is worth noting that all respondents who participated in the study have previously worked at more than one bank, and therefore their feedback demonstrated a good understanding of how banks work. Even the respondents working at the new entrants banks, have previously worked in the incumbent banks and had the ability to make comparisons. Although caution was also raised by most respondents, that newer entrants have a lesser variety of product offerings which enables them to be more customer-centric, and also the absence of multiple legacy systems gives them an added advantage.

CC1-1 "*Therefore, you can't necessarily offer as brilliant a service as your Capitec, as your Investec and whoever else, Bank `zero that comes in, because you know, they are just focusing on one component of the full suite that the other companies are focusing on*".

CC3-3: "*And obviously, they also have what you call a simple,*
not necessarily sophisticated suite of offerings for those customers with a standard bank account is a standard savings product"

5.3.4 Results: Research Question 4

Research question 4:
What factors need to be amended to convert the employees' organisation to become more customer centric?

Summary of RQ4 Findings:
Factors that need would need to be amended to transform the organisation to become more customer centric were similar amongst the various respondents.

5.3.4.1 Organisational Structures

Respondents indicated, that in order to support a customer-centric transformation and strategy, organisations have to restructure themselves to enable this transition. They mentioned that the historical structure didn't support the customer-centric business model. The structures commonly mentioned were what they referred to as 'product houses' which they explained to be business units that focus on developing and managing products for the institutions, each with its own profit and loss. The view is that this structure creates internal competition for resources and conflicting priorities.

CC3.4: "*I think also the way that we are structured as businesses also plays a big role. Because you are structured to drive different end goals. So if we are competing internally for resources, and we're not really structured to focus and be customer centric, then you're not going to get the kind of results that you, you're expecting.*"

CC1-3: "*They've now developed segments, and then the segments are supposed to be customer led segments. And the product houses have now become solutions that could give to customers rather than products. I think the bank as an organisation struggles with*

it, just based on pure structure, but I do think that the new structure may work better in trying to deliver customer-centricity for the bank and for customers itself."

CC2-3: *"I mean, one is, is you know, the growing importance of, of having your business structured around the segments of customers that you support, and I think and things falling in line with that. In terms of approach, in terms of service model, intellect should all be built around not so much the product, but the customer themselves, and what their particular needs are, our anchor point in the business's income, but I think there could be other ways to segment but that's the one that that's been chosen."*

5.3.4.2 Technology and Processes

Technology, in relation to systems, processes and the banking platforms were mentioned by all respondents as a critical factor that needed to be fundamentally amended in order to convert the organisation to become customer-centric. Respondents mentioned that without the technological support that allows frontline staff and all business areas to have a single view of the customer, then customer centricity to majority of them felt like a strategy on paper but not practical to execute. Throughout the interviews, there was a strong perception that while customer segments teams had been established, there were still disparate siloed systems and processes for each product and channel, which made it difficult to reconcile all customer activities into a single view.

CC2-1: *"For us, it's, it's slightly tricky, because the way, of the way that our bank was formed, was through the merger of a number of different companies. So we bought various financial services organisations and brought them together. And so it is possible to get different records of a customer in different systems."*

CC2-2: *"Oh, we've got 104 systems that are sort of trying to do one thing, but the only display and they don't speak to each other or they break, right. So also, then it speaks to the capital investment that's needed. And that is also very complicated, because then there's a lot of dependencies on maybe system B versus system D. And you know, so that also brings complexities. However, when that, and if we can streamline our processes correctly, we can then sort of win with the 100, and sort of five systems to a certain degree, obviously, but it will help right? And in streamlining our processes, we need to also then put the customer in the middle, right?"*

CC1-2: *"So for example, your SAP, your Oracle, you build your business on Oracle, making sure that in the future, you can customise and add more features onto the system where else with your legacy businesses, you've built so many systems into the into the business where home loans is not speaking to the credit card system, which is not speaking to transactional banking, which is not speaking to all these others."*

CC3.5: *"Because even our processes, I think they fall under the paint of technology. Because if our processes are not really designed in such a way that they support, customer centricity, it's not going to happen. So for example, if a simple query is going to take 24 hours to resolve, because we need to follow this archaic process, that is not very helpful."*

5.3.4.3 Frontline staff Empowerment

There were a few statements that suggested that there is a gap in empowering frontline staff and providing them with adequate training to ensure that they are equipped to service clients in a more customer-centric way.

CC2-2: *"if we don't empower our frontline, to give them, you know, like, the sort of authority to do things and a simple thing would be going to the branch, if you want to reverse a fee, then you know, you know that the customer has been wronged, which actually controverts the fee, or you have to tell the customer that no, they have to go, you have to log it with the branch manager and only when they throw in branch, then the branch manager comes to someone comes and then you know, overrides that."*

CC2-1: *"But those are tools that you probably need is the ability for our frontline staff to be able to see all the activities that a customer is doing and, you know, check complaints, check what products they're taking up, be able to sell all of these things to them."*

CC3.5: *"Making sure that our frontline staff have visibility of everything about a particular customer when they interact with that customer. That's where we've probably struggled most."*

5.3.4.4 Income Statement Drivers – Profit Pools

Profit pool structures and income statement drivers were identified as an element that had to be amended to support customer-centricity. The institutions were criticised by majority of respondents citing that the income statement drivers and profit pools were still heavily skewed towards individual products, as opposed to a customer level profit view. This according to them was a key deterrent to transforming, stating that this way of looking at profit was driving the product-focused behaviour.

CC2-3: *"So, you know, we try to pull a customer view and product houses keep on wanting to push their own product views and the product income statements."*

CC3.5: *"Currently, the income statement is very siloed. In terms of product houses, it's how then do you bring a customer level income statement to ensure that you do are driving the right behaviours."*

CC1-2: *"And the one thing that, you know, for me, that, that we live with today, we, you know, we're year in, year out, and it's very easy at a management level to also become quite stuck by this is when, when, when your existing income statement, you know, cannot move backwards, or it's baked into certain ways of thinking, innovation becomes difficult, because no one can take the risk of, of seeing a dip in that income as an investment into the future. And it's very difficult to get support for that"*

CC3-3: *"I mean, we used to joke we say, customer's King, but profit is God, right? And so, so often we make those trade-offs where we go, you know, what, it's in the best interest for, for the business. And, and, and that's kind of the decision that that we'll go with."*

5.3.5 Results: Research Question 5

> **Research question 5:**
> Which factors are critical during a business' transition period towards reflecting a customer-centric model?

Figure 7: Overview of research question 5 results

Leadership commitment
Culture change
Customer level data
Measurements

Summary of RQ5 Findings:

Critical factors that have surfaced from the data collection and through coding and analysis are presented in this section. Based on respondent answers, it was evident that there isn't a single factor that can drive customer-centricity during the transition, but a combination of factors which they deemed important. Leadership commitment, availability of customer level data and measurements were articulated as important.

5.3.5.1 Leadership Commitment

Respondents ascribed the success of a transition to leadership commitment, however this concept was never mentioned in isolation; it appears as though leadership commitment should be supported by communication and an adequate change management programme.

CC2-1: "But ultimately the leadership of an organisation is and will always be the biggest catalyst of getting a lot of stuff done. So yeah, the leadership of the organisation is always the best catalyst. I think we've been fortunate to have, you know, a leadership that has been quite forward thinking when it comes to, to this sort of thing."

CC2-3: "hen then the second one is leadership commitment. So you know, if there's, you know, and that's like, that's important in terms of like leadership rhetoric in terms of change, and there has to be, it has to be like, it has to be undeniable that there's commitment from leadership to go in that direction. And I think that's there as well."

CC3.5: "Everyone has to see that and they have to lead from the front and it has to be visible leadership that these changes is what the leaders want. And, you know, in every forum, you know, you have to be very like intolerant to any thinking that's against with the change of where you want to go and that's that's important. So that responsiveness and, and, and the commitment from the leadership must be understood and felt in the organisation."

CC1-1: "I think people are very, they can see mixed messages, messages and lack of authenticity. So if people don't get their sense that this is authentic, by in particular the leadership levels for the change, then it definitely won't happen because people are not stupid, they can, they can read the way, you know, they've been dealt a party line. This is like, you know, they can really see that there's a serious commitment to go in a specific direction."

5.3.5.2 Customer Level Data

Customer level data in terms of reporting, looking at profit and visibility of this data in all channels was said to be a critical factor.

CC1-3: "Structuring how you report for the business and how you are rewarded in the business. So, you have to make sure that that the way, the way you, you, you look at benefit within your organisation has to speak to this new change. Right and, and if it's an integrated margin, that has to be what's important, because now you're looking at the customer level. So customer profitability must be like the king of all things, in order to then get everybody to align to what's contributing towards it."

CC1-1: "But I must say, over and over again, we kind of have kind of graduated, not graduated, kind of shifted more towards relentless focus on understanding and engaging with client, every single data, info, data point coming from client, whether it's called reports from those that are engaging with clients, is understanding the client's clients, you know, spending pattern, it's understanding, you know, clients buying spending patterns, understanding, you know, what is that clients involved in."

CC2-1: "I guess you want to be able to have this data lake that has, you know, all the information about what's happening with the customer, which I think we've been working towards that as well."

CC2-2: "That's something that we've done very well over the years where mostly we struggle mostly is the data element, you know, making sure that we've got one customer record in a single system making sure that we've got data about the customer that everybody can access. Making sure that our frontline staff have visibility of everything about a particular customer when they interact with that customer."

CC3.5: "The other item is just data, what I was explaining earlier about having the right data about customers, the single view of customer, you know, customer level, profitability and attrition and tracking what customers are doing and being able to, to identify these customer pain points or customer needs, you know, obviously the company that will be most successful is the one that you know, is able to anticipate what customers wants and needs are going to be the most and for that you need to have good data on customers."

CC2-3: "So the leaders of the pack are going to be the ones that can make the most of the data, right, and actually transform it into commercial value."

CC3-3: "And I think, you know, the big thing for the group is, one, the underlying infrastructure that supports this data, and its and its ability to be accessed and leveraged, you know, it has to, we have to win the war there in terms of making sure that it was the data lakes and the different ways businesses are treating data, you know, there has to be one underlying system and access to the data that has to support, you know, being data driven."

5.3.5.3 Measurements

Measurement was highlighted as another critical factor that can facilitate a transition, the sentiment shared amongst some respondents was that measurement drives behaviour. There was a firm belief that what gets measured, gets done. Metrics such as customer satisfaction score, customer level profitability, customer churn and a net promoter score were mentioned as possible measures that could assist in driving the transition process.

CC2-1: "Over time, I think it's improving and it's, let's just say it has improved a lot. So, so that, you know, is probably also linked back to the measurements, you know, how do we ,measure, you know, how we reward people. You know, people do what they're rewarded for, right. So, well, how if you we can figure out the right customer-centric measures on our people."

CC1-1: "And so that is one of the very critical insight that we bring in, it's more or we call it the voice of the client. So we are always making sure that the voice of the client comes back. And I mean, this the result of this is reported right to, to the to the group board. And there are measures to say that we need to say, our target is this, this year, we need to shift this and which areas we need to improve on."

CC1-2: "So, when we started to track and monitor, and that became quite an uncomfortable process and an uncomfortable conversation, because I think the culture before was, of course, if we said it is strategy will then put it in the shelf and maybe see it at the end of the year, whereas kind of building that rigour of continuous focus on, you know, the priorities, because those are things that would move the guys."

5.3.6 Results: Research Question 6

| **Research question 6:** |
| What challenges and barriers are foreseen when converting a businesses' existing business model to a customer-centric model? |

The barriers and challenges mentioned by respondents to transforming a business model to a customer-centric one are presented in a summary table below based on themes identified during coding and analysis, supported by verbatim quotes.

Table 6: Barriers to customer-centricity

Barrier	Verbatim Quotes
Change management & communication	CC2-2: *"And so the barriers would be like, not effective change management within the system, and the barriers, also not communicating why the change is necessary, the variables would be not empowering our, our people, our staff, to make sure that they can also then operate at this new level that we want to get to, right. If you want to be customer-centric, and you don't empower, let's call it for an example"* CC1-3: *"For me, the biggest struggle is actually to get the message through the bank. And to get the customer, the staff that are actually servicing a customer to change the way they"*

	service a customer. So they can do that communicate effectively through the organisation to drive the organisation in one direction." CC2-2: *"And once that sort of has settled, then it's, it's then getting the main sort of a series of communication from the CEO telling everyone that okay, cool, this is changing, and the time that, you know, that is done, people have already been more or less comfortable with what's going on. And they they've already bought in with their respective, you know, managers and, you know, business units, etc. And, you know, they've raised a concern."*
Culture	CC1-1: *"because I think the culture before was, of course, if we said it is strategy will then put it in the shelf and maybe see it at the end of the year, whereas kind of building that rigour of continuous focus on, you know, the priorities, because those are things that would move the guys."* CC3-3: *"So there's a strong testing culture champion challenging culture within the business. I think is key and just a commitment and a belief in us across the teams is key."* CC1-2: *"I mean probably nothing that I haven't already said but I guess the culture of the organisation is the most important one and probably the hardest one to ship to get everyone thinking in a certain way, is not an easy task, and to shift from a product centric to customer centric businesses where you still reward and recognise and profit is a difficult one because they're simply short term decisions but it's not going to be an easy task."* CC3.4: *"Yeah, I think it's, it's the culture, first thing. I must say, and I'm saying that, because I've spent most of my life and I don't want to like to, the one thing that is that has enabled is that this the culture, which is that which is which is that the passion that our people have, and that they do things, and that allows us to think outside the box, to be able to think of new ways, constantly questioning ourselves, whenever we get accolades, or some of like, we never, never, ever satisfied, and I think the culture has played a huge, huge role in terms of that."* CC2-1: *"I think the first one definitely, is just culture. You know, we don't, as I said, we come from a federated model that was very product silo focused. Over time, I think it's improving and it's, let's just say it has improved a lot."* CC2-3: *"Then I guess the other the other stumbling block really is, is if you just don't, don't land this, this culture change, if you don't, if you don't invest in it, if you don't understand that, the business model must also, any change must be supported by some kind of investment in, in winning people's mindsets of doing things differently."*

	CC3-1: *"So then the important one is this, you know, create creating a culture where they there is no fear to take these bold steps"*
Growth & Success	CC3.4 *"I think that the biggest barrier I think I've mentioned it already, t's the, it's the growth, my goodness, growth can kill you, as much as it's great, you know, it can kill it can kill you and, and get to a point where instead of being agile, we become bureaucratic, you know, because we have to now have all these controls, and you're not able to, to change for us inapplicable, because we've experienced growth that we that we did not anticipate in many in many instances"*
	CC2-3: *"I think a lot of companies, they celebrate too long, you know, and don't necessarily think futuristic, I mean, now we are having conversations about 20 years from now."*
	CC1-1: *"I mean, we have been successful, we have been, we have been running businesses without this formalised capability."*
	CC1-2: *"So one of the one of the biggest barriers has been the fact that or at least not so much now, was the fact that people say we have done things this way. And they have been successful. So why do we need to change?"*
	CC2-2: *"So when you're seeing profits and success and how you did things, it's very difficult, because you have, you have a lot of inertia to change. And, and, and then it becomes even difficult because you have to, you have to win the war of, of justifying a change to shareholders to, to guys within the business and because you know, because they'll say, you know, this, this model still, like, we still like able to achieve what you want to achieve."*
Structure	CC1-1: *"And I said earlier on our call it is pillars of execution, one client centricity, second one is people and culture, which is really speaking to it and the third one is really around operations and making sure that we do the right business the right way. We've got the right systems, we've got the right call it, organisational infrastructure to deliver to actually deliver solutions to our clients."*
	CC3.4: *"Because once you look at it, then you will set up your operations in such a way that it's easy to adjust to provide that future state."*
	CC1-2: *"And the third one is really around operations and making sure that we do the right business the right way. We've got the right systems, we've got the right call it, organisational infrastructure to deliver to actually deliver solutions to our clients."*
	CC2-3: *"The third thing is is you know, structuring how you report for the business and how you are rewarded in the*

	business. So, you have to make sure that that the way, the way you, you, you look at benefit within your organisation has to speak to this new change. Right and, and if it's an integrated margin, that has to be what's important, because now you're looking at the customer level. So customer profitability must be like the king of all things, in order to then get everybody to align to what's contributing towards it."
Metrics	CC2-3: "*And and and, you know, and a change in fundamentally how your, how your business rewards and reports and and then recognises talent and organisation to align to that vision is quite important.*" CC3-3: *"and to shift from a product centric to customer centric businesses where you still reward and recognise and profit is a difficult one because they're simply short term decisions but it's not going to be an easy task."* CC3.5: *"So customer profitability must be like the king of all things, in order to then get everybody to align to what's contributing towards it, and then your reward mechanisms and, and, and how individuals then get to move to the organisation has to fall in line with the fact that those who buy-in the vision and those who deliver within the context of a new business model are ones that actually go up in organisation."* CC1-2: *"I think the way we measure our product houses and our segments, how we measure their success may hinder our own success of becoming more customer- centric, because then you will have different groups of people in the organisation driving conflicting agendas."*

5.3.7 Results: Research Question 7

> Research question 7:
> What are the key enablers and advantages that would help a company convert successfully to a customer-centric model??

Summary of RQ7 Findings:

The last research question aimed to understand what the enablers of customer-centricity could be from the respondents' point of view based on their experience. Respondents gave insights to this by mentioning that the external environment in a form of competitive forces and new entrants in the market was a key enabler that helps with the conversion to customer-centricity as it creates a burning platform. Secondly, leadership commitment was reiterated as a critical component to this enablement, followed by systems and processes that support the strategic change. Lastly, the metrics used to measure business success.

5.3.7.1 Competition

The competitive landscape, particularly the emergence of new entrants in the banking sector was echoed as a burning platform and the biggest threat that drives the conversion.

CC1-1: *"The second thing is, is certainly competition, you know, really as understanding, you know, how competition is engaging with clients. And so it's not only hearing the voice of the client, it's also making sure that we kind of understand and, you know, kind of the trends and things that are happening within our competitor space."*

CC3.5: *"Secondly, I think competition, you know, competition, one, from traditional financial services organisation and non-traditional financial services organisation, are definitely redefining client-centricity."*

CC2-2: *"You know, so for me, one of the things, part of part of what is really influencing this laser sharp focus on client-centricity is the fact that you know, there's traditional and non-traditional competition that is coming to space, and looking to, you know, service, the clients that we are servicing, and clients are just wanting to make a payment, clients*

are wanting to make sure that they move their funds cross border, and for them to do that, in all honesty, they don't need a bank, they need a platform to be able to do that."

CC3.4: *"In most cases, what I've seen in my, in my experience, it's the competition. In most cases, I don't really want to, it's the environment becoming more competitive. Clients becoming more choosy."*

CC3.5: *"So as I was saying that now that clients have more power, you don't have a choice but to become client-centric, and not only because of competition, but because of the level of expectation is constantly changing. Clients are not even comparing a bank to a bank, they experience that Apple, that gives me that feeling that I get, when I go into an apple store in the then, they get used to that feeling. And then it's sort of suddenly at the back of their mind. They want to same thing with a bank."*

CC2-1: *"Yeah, I suppose this whole digitization and competitiveness or competition coming up, you know, in our market is, is forcing us to become more customer-centric, because we have to think about how do we make more money from the same customer base, because switching customers is getting harder and harder, you know, they've got more options. There's more. There's going to be more companies out there that provide banking type services as well, that are not also necessarily banks. So we, the whole competitiveness of the market means that, yes, we must retain, better retain customers and we must we must be able to sell more to the same customer, which means that we must understand that customer better."*

5.3.7.2 Leadership Commitment

Leadership commitment was consistently mentioned as a key enabler and without it, respondents felt like organisations will fail at transitioning to customer-centricity.

CC2-1: *"But ultimately the leadership of an organisation is and will always be the biggest catalyst of getting a lot of stuff done"*

CC2-3: *"Yeah, so I guess the first one is then that burning platform, then then the second one is leadership commitment. So you know, if there's, you know, and that's like, that's important in terms of like leadership rhetoric in terms of change, and there has to be, it has to be like, it has to be undeniable that there's commitment from leadership to go in that direction."*

CC2-3: *"Yeah, so any presence of that then will really undermine any efforts that you have. So if you don't win your culture and if, if the, if the old way of doing things was currently working and you don't have like that authentic commitment from leadership, then it becomes a bit of a problem"*

5.3.7.2 Systems and Processes

Systems and processes to support a customer-centric strategy was identified as critical. The biggest mention being the ability to have a single view of a customer and systems that are integrated and are talking to each other as opposed to the current existing siloes. In the context of systems and process, respondents also mentioned the ability to be agile and to adapt and change fast enough to support the ever-changing competitive landscape.

CC3.4: *"So we have engineered the branch in terms of how it functions and the processes and the systems and to be more client-centric."*

CC2-2: *"And then we'll go to processes. And having been a bank that's been around for years and years and years, obviously, we've got a lot of old systems and systems also took like, cost money, right. So you have a system a, and then a system B in the next three or five years comes into play to help this one perform better."*

CC1-3: *"We need to move and continuously think of change as our bank is sort of known for, but at a faster pace, because you know, these new entrants in the market every probably 18 months, doing better things, faster things with cleaner systems, they don't have legacy issues in terms of systems, processes, and people"*

CC2-1: *"But there's always areas of improvement largely around, you know, this, the data aspect and the systems aspect, I think, you know, yeah, having the right systems, having the right data about a customer having the right processes in the bank that are customer centric in themselves. Those are things that there's always continuous improvement for us."*

CC1-1: *"And you've got to have the systems, the lead the IT systems that can support whatever changes you need."*

5.3.7.2 Measurement

Measurement was mentioned strongly as a key enabler, the view is that it drives behaviour. This was more prevalent from respondents working for the incumbent banks, where the product silos and product reporting are more prominent.

CC2-3: "*And and and, you know, and a change in fundamentally how your, how your business rewards and reports and and then recognises talent and organisation to align to that vision is quite important.*"

CC3-3: "*and to shift from a product centric to customer centric businesses where you still reward and recognise and profit is a difficult one because they're simply short term decisions but it's not going to be an easy task.*"

CC3.5: "*So customer profitability must be like the king of all things, in order to then get everybody to align to what's contributing towards it, and then your reward mechanisms and, and, and how individuals then get to move to the organisation has to fall in line with the fact that those who buy-in the vision and those who deliver within the context of a new business model are ones that actually go up in organisation.*"

5.4 Conclusion

The research findings from the seven research questions presented in chapter 3 were outlines in this chapter. The findings suggest that the very things identifies as barriers to business model transformation to customer-centricity, could be viewed as enablers as well. This is evidenced by the similarities of elements such as leadership commitment, culture, systems and processes, measurements reiterated by respondents when answering research question five, six and seven.

The results of the data collected in answering research question one, two, there and four provided insights on the understanding of a business model and how that is related to a transition period to become customer-centric. Together these findings informed a framework for the design of how to transition a business from being product-centric to being customer-centric.

The following chapter 6 provides a discussion of the findings with reference to work systems theory and the literature review presented in Chapter 2.

6.1 Introduction

The results from the analysis of the data collected through in-depth interviews, as presented in the previous chapter, are discussed in detail in this chapter with the literature review outlined in Chapter 2. This chapter's discussion will follow the sequence of the research questions as presented in Chapter 3 and a presentation of the findings in relation to work systems theory. The research findings contribute to understanding how to transition an organisation from being product-focused to becoming customer-centric.

6.2. Discussion: Research Question 1

> **Research Question 1:**
>
> What is the employees' understanding of business models?

Research question 1 aimed to explore whether participants understood a business model's concept and if they can relate this to their organisation and what their organisation's business model is. The intent of unearthing this understanding was to determine if they understood how the organisation had structured itself to provide value to customers. The research question further explored if there would be varying definitions of a business model amongst financial services institutions.

6.2.1 Business Model understanding and Definition

There was no single definition of a business model from the participants. Each participant explained the concept based on their understanding, with some using the phrase operating model interchangeably with a business model. Some keywords that were part of the definitions included business aspirations, defining a target market, how the organisation structures itself to deliver a product or service, and some response to a competitive environment. Based on the data collected on the understanding of business models, respondents have a knowledge of what a business model is. However, the definitions vary, as similarly found in the literature review in Chapter 2.

When defining a business model, a common observation amongst all respondents was articulating how an organisation organises itself, informed by the strategy on how to deliver value to the market. A critical observation to note is that there was minimal mention of the customer and how a business model relates to customers. Competitive forces were also mentioned as an essential aspect of what constitutes a business model. They shape how an organisation organises itself to respond to a competitive environment.

The study found an understanding of business models and what it means for the organisation. The articulation of this encapsulated how an organisation organises itself to deliver value to the customer and how it is articulated (Teece, 2010). When comparing verbatim quotes and the themes that emerged during data analysis, it is essential to highlight that in each of the definitions provided, one or more of the five elements of a business model were included in how participants explained a business model. The five elements are the benefit a customer will derive from using the product or service, the clear identification of a target market and segmentation thereof, revenue streams, the value capture process and technology to support it, and lastly, features that are embedded in the value proposition (Teece, 2018).

This definition is further supported by Lozano(2018), highlighting that when defining a business model, elements such as the customer value proposition, customer segments, method of value creation and delivery, and how value will be captured have to be presented.

It must be noted that contrary to the interrelated elements of a business model being the customer value proposition, profit formula, essential resources and key processes as described by Johnson, Christensen and Kagerman (2008), there was little mention of profit formula by participants. However, there was an emphasis on the essential resources and key processes as an integral part of a business model.

As evidenced in the verbatims and codes derived during data analysis, the organisational strategy was linked to a business model, particularly the business's aspirations and the capabilities and skills required to deliver on those aspirations. This view is aligned with another business model definition found in the literature. It is stated that a business model is a translation of an organisation's strategy, outlining the management tools required to deliver on the strategy for business success (Wirtz et al., 2015).

Contrary to the seminal work discussed by Fjeldstat & Snow (2018), when discussing how one would define a business model, there was not a pervasive mention of the importance of understanding whom the customer is nor the value proposition offered to the customer. Fjeldstad and Snow (2018), in their work on business models, highlight critical components of this to include a clear definition of the customer, the value proposition, how this value will be delivered, and as required resources to deliver the value. The focus was mainly on organisational design, resources, skills, and capabilities required instead of defining the customer first. This assertion of understanding who the customer is is further aligned to Johnson, Christensen, and Kagerman (2008) views.

6.3. Discussion: Research Question 2

Research Question 2:
What is employees' understanding of a customer-centric business model?

The purpose of this research question was to ascertain if participants understood how customer-centricity could be related to an organisation's business model. The findings represented in section 5.3.2 are closely linked to Osterwalder's 9 point decomposition model that outlines a business model's components, as depicted in Figure 2. The findings suggested that there are interrelated components that are critical when one looks at a customer-centric business. The first component that relates to defining customer-centricity is understanding customer needs, critical to being customer-centric (Frambach, Fiss, & Ingenbleek, 2016). Secondly, it articulates the client value proposition, client servicing, cost structures, and the technology that enables customer centricity, all of which are interrelated and should be viewed holistically to support a customer-centric business (Chesbrough, 2010).

These can be viewed in a similar fashion found in the literature, where there is an operational and dynamic dimension to a customer-centric business model. The study's operational element was related to how the organisation structures itself to operationalise a customer-centric business model. The participants noted that structural elements were critical to ensuring alignment to customer-centricity. Operationally, teams have to be structured to reflect a customer-centric business model. Customer segment teams were identified as a critical component to re-aligning operations to become customer-centric.

The findings support the literature, with participants noting the importance of structural alignment to support customer-centricity (Chesbrough, 2010; Fjeldstat & Snow, 2018).

Concerning the dynamic aspect of the business model, research findings suggest that agility is essential to respond to the continuously changing external environment to meet customer needs. This responsiveness was said to be critical, and that value propositions have to reflect market dynamics. Therefore the resources that an organisation has at its disposal must be aligned to support the ever-changing external environment (Fjeldstad & Snow, 2018).

Lamberti (2013) mentioned four constructs of customer-centricity. The first construct he identified is the individual factors related to leadership support and the leaders' ability to identify with a customer-centric approach. Secondly, intra-organisational factors such as siloed structured would need to be changed, building trust and not territories amongst business units and the leader's trusts in the customer-facing team. Thirdly inter-organisational factors, are related to aligning suppliers and distributors to commit to the strategic focus and obtaining buy-in and commitment towards the supply chain. Lastly, infrastructural and system factors such as systems and processes to support customer centricity, measurements and rewards that align with the strategy were identified. This view is varied to the previously mentioned assertions in that supply chain, and external suppliers have been identified as essential in customer-centric business model constructs. Interestingly, this stance was not reported by the participants.

6.3.1 Research Question 2: Conclusion

It can be concluded that senior employees in financial services organisations understand what a business model is and how it related to their organisation and the environment in which they operate. A critical insight is that there has to be a fundamental understanding of how an organisation organises itself to deliver value to customers and extract value from the customers. The components of any business model need to include the target market, the customer value proposition, how the organisation will deliver the value to its customers, and how it plans to generate value in the form of revenue and profits for itself in the process.

6.4. Discussion: Research Question 3

Research Question 3:
How do employees relate their company's business model to customer-centricity?

This question's objective was to establish if the employees could relate their organisation's business model to customer-centricity, as it has been established in the literature that a business model is a critical component to how an organisation organises itself in order to deliver services to its clientele. Besides mentioning placing the customer at the centre of everything that an organisation does, no mention of the components of a business model was mentioned in detail in the data collected.

Chesbrough (2010) referred to the nine elements of a business model as outlines by Osterwalder, namely the customer value proposition at the core of the business model, interrelated with defining customer segments, essential resources required to deliver the value propositions, key partner networks, distribution channels, critical activities required, cost structures, revenue structures and client relationships as critical.

This decomposition is aligned with the critical elements described by Johnson, Christensen and Kagerman (2008). They articulated the customer value proposition is the first element concerned with understanding what critical need to be solved for the customer and then developing an offering that addresses this need. The profit formula is the second element, which is similar to the Osterwalder decomposition. The crucial features highlighted as crucial are the revenue model – an account of how money can be made and volumes required; a cost structure – allocation of costs, assets and how to achieve economies of scale; margin model – net profit derived from each transaction;

resource velocity – required resources needed to support volumes required. Mention of these profit elements was certainly not mentioned by participants, as seen in chapter 5. Essential resources was another vital feature required to deliver the value proposition – this included the people, technology, equipment, information, channels, partnerships and alliances and the brand. When Participants mentioned resources, only the people, the technology and channels were highlighted as key. An indication that organisations might not necessarily focus on all elements of a business model. Lastly, key processes – metrics, norms, rules that result in a profitable delivery of the customer's value proposition. Artefacts such as product development, sourcing, and information technology would be included in the process aspect of resources (Johnson, Christensen and Kagerman, 2008).

Respondents mentioned that while the business intent is to become more customer-centric, their current business models, particularly the structures and the technology, did not support this strategic intent. They cited that the organisations are still operating in siloes, without an integrated customer view. This creates an environment where the old way of working, pushing products without customer context, continues to dominate the organisation. This was confirmed by Marjanovic and Murthy (2016). They noted that while many organisations have bought into the concept of customer centricity as a business imperative, many continue to face the challenge of translating it into actionable strategic initiatives that would support the change in strategy. It is argued that while most leaders have fully bought into the need for a customer-centric transformation as a concept, they are still challenged with the practicalities of implementing due to a lack of systematic approach to obtaining buy-in, winning the hearts and minds of employees and inadequate planning (Vandermerwe, 2014).

6.4.2 Research Question 3: Conclusion

The importance of relating customer-centricity to a business model is that the business model is a practical translation of an organisation's strategy. It should effectively take concepts and articulate them in a practical, coherent logic of how the business intends to create value by consolidating all required activities to achieve its objectives. The business model should provide guidelines for executing the strategy (Dahan, Doh, Oetzel & Yaziju, 2010).

6.5 Discussion: Research Question 4

> **Research Question 4:**
> What factors need to be amended to convert the employees' organisation to become more customer centric?

Research question 4 focused on understanding to enable a customer-centric transformation, what factors needed to change in an organisation to transition successfully. This question aimed to understand if participants identified areas that would have to change to transform into becoming customer-centric fundamentally. Participants highlighted four critical areas that need to be amended, organisational structures, technology and processes, frontline staff empowerment and income statement drivers.

6.5.1 Organisational Structures

Respondents expressed that to support a customer-centric shift in the organisation, the structures and resources available have to be organised in a way that reflects this change. A critical component of the structural changes required was establishing customer segment management teams that will be able to pull everything in the organisation to create a single view of the customer. Extant literature purports this view, recommending that in order for the organisation to become customer-centric, they need to structure themselves according to customer segments. This shift allows for a laser focus on the customer, the ability for teams to surface customer needs by segments and ensure that there is a common understanding of who the customer is. It is also said to allow the mindset shift from merely pushing products to truly solving customer needs by viewing product houses as manufacturers of products and services that customers need, as articulated by the customer segment teams (Shah, Rust, Parasuraman et al., 2006).

6.5.2 Technology and Processes

Technology was mentioned as something that needs to be changed to support customer-centricity across the organisation. This was particularly mentioned concerning the systems used to process and service customers and the processes that support sales and service. It was found that existing processes, especially within the incumbent banks, were still product-based and siloed, therefore not providing a holistic picture of a

customer. Business processes have to support a customer-centric view and have customer information on a single platform that all business units can leverage. There also has to be a customer relationship management tool that gives especially frontline staff the customer context to adequately provide good customer service (Simon et al.,2016).

6.5.3 Frontline Staff Empowerment

The staff's ability to address customer angst in the quickest way possible and ensure that frontline staff is provided with adequate tools to do so was mentioned as an essential amendment. The view was that over time, most of the organisation have removed the autonomy from staff in the service environment, and thus created much red tape when it comes to processes of how to resolve customer challenges. One of the respondents during the interviews said:

"if we don't empower our frontline, to give them, you know, like, the sort of authority to do things and a simple thing would be going to the branch, if you want to reverse a fee, then you know, you know that the customer has been wronged, which actually controverts the fee or you have to tell the customer that no, they have to go, you have to log in with the branch manager and only when they go in the branch, then the branch manager comes to someone comes and then you know, overrides that." – CC2-2

6.5.4 Income Statement Drivers

Income statements that are still siloed and driven by individual product houses, instead of customer-level profitability, are another element that respondents echoed as something that needed to change. This siloed view was said to create internal competition and conflicting priorities, thus impeding transitioning to customer-centricity. The sentiment is that people will behave based on how they are measured, and therefore if business performance is still measured in a siloed way, resistance to behaviour change will be a consequence (Shah, Rust, Parasuraman et al., 2006).

6.5.5 Research Question 5: Conclusion

Based on the research findings and the literature, it can be concluded that organisational structures need to reflect the customer segments that an organisation chooses to serve

to be customer-centric. The establishment of customer segment teams, defining the value propositions for customers, and putting in place service models that support the offering is crucial to success. However, there must be systems and processes to empower frontline staff to service customers in a holistic customer-centric way. They need to view who the customer is, their needs, their previous interaction with the organisation, complaints history, and any other customer context that can facilitate customer-centricity. Ensuring that financial performance reflects the strategy is critical; therefore, income statement drives need to be at a customer level in order for the organisation to derive and give value to the customer effectively.

6.6 Discussion: Research Question 5

Research Question 5:
Which factors are critical during a business' transition period towards reflecting a customer-centric model?

Leadership commitment, culture change, customer-level data and measurement were mentioned as the most critical factors to focus on during a transition period to customer-centricity.

6.6.1 Leadership Commitment

Leadership commitment was echoed as one of the most critical factors required to transition a business towards customer-centricity. All respondents stated that without resounding support from the leadership team, customer-centricity efforts would be wasted as the organisation will not rally behind the strategy. It was noted that this is especially prevalent when the organisation has been successful and does not yet see the value or the importance of the transformation. Extant literature on customer-centricity drivers further emphasises the importance of leadership commitment in the transformation. The assertion is that the human element of customer-centricity, which encompasses leadership commitment, organisational buy-in, frontline staff empowerment, far supersedes any technology and data enablement (Simon et al., 2016). The importance of this is further evidenced by the consistent inclusion of leadership commitment as a critical factor that enables customer-centricity in nearly all responses to the research questions asked.

6.6.2 Culture Change

Respondents secondly mentioned the importance of an organisational culture change as a critical factor to amend on the path to customer-centricity. The feedback was that when coming from a historically federated model where every business unit is seen as an owner of a part and not necessarily a whole, through effective change management communication, there has to be a concerted effort in transforming that culture through a mindset shift and winning the hearts of employees to buy into the new strategic intent. In their work on customer centricity, Simon et al., (2016) stated that the organisations seeking to be customer-centric must change the culture to be what they described as 'customer obsessed', where everything begins and ends with the customer. The core belief of every business decision must begin with solving a customer need, with surfacing the customer's voice in all that is done (Burritt and Kilara, 2016).

6.6.3 Customer Level Data and Measurement

The vast literature on measuring customer-centricity stated that one could not manage what cannot be measured. To allow the shift in mindset and demonstrate the value in making the shift, the organisation has to adjust how it measures success to reflect customer-centricity. Customer level data becomes a critical enabler of informing business performance. Therefore as opposed to reporting performance by-product, it is crucial to start reporting performance at a customer level. Research participants also supported this view by stating that customer level profitability becomes much more important than single product profitability. Customer lifetime value, customer satisfaction, customer churn, a share of wallet and net promoter score should be key performance indicators for a customer-centric organisation (Shah, Rust, Parasuraman et al., 2006).

6.6.4 Research Question 5: Conclusion

There is an indication from the results that there is not one single factor that can be mutually isolated; it is a combination of factors that make up the winning formula for a successful transition. It can be concluded that the rhetoric from leadership is a critical enabler that indeed reinforces and supports the transition. One cannot separate leadership commitment, a change in culture and measurements when identifying critical factors that allow for a successful transition. However, leadership commitment goes without saying regarding what could hinder the transition process. Therefore while it is essential to create a new culture, align business processes and systems to support the

strategy, and ensure that the metrics for business performance are aligned, it is equally essential to ensure that the is complete buy-in from the leadership of the organisation.

6.7 Discussion: Research Question 6

> **Research Question 6:**
> What challenges and barriers are foreseen when converting a businesses' existing business model to a customer-centric model?

The results in this section indicate that respondents perceived the critical factors presented in research question 5, as potential barriers to converting a business model into a customer-centric one. Organisational structure, culture, current growth and success, change management and communication, and metrics were mentioned as challenges that organisations need to foresee to transition successfully.

Organisational structures that do not support a customer-centric strategy are a barrier and a challenge for most organisations. The research and the literature support that while the concept of customer-centricity has been fully embraced by leaders, to effectively translate the concept into an actionable strategy, the organisation must structure and organise itself in a customer-centric way. The business model, which is defined as how an organisation organises itself and its resources to serve its customers, has to align to support customer-centricity. A critical component of this is in the strategic orientation and how resources are structured to enable the strategy.

Customer segment teams are critical to have as part of the organisational structure to bring the customer's voice, the single view of a customer, and management reporting that supports customer centricity (Wang, Zhao & Voss, 2015). Understanding the role that product houses, channels versus customer segment team should play needs to be articulated clearly. Incumbent banks' respondents mentioned this was a barrier because due to the past federated siloed model, every business unit believes it owns the customer.

The culture was identified as a barrier, and efforts have to be made to change the old culture and create a new one that aligns with the strategy. This needs to be established by changing the narrative of how the organisation views its customers, the mindset shift to start with the customer need, ensuring that the positioning statement for value

propositions elevates the customer needs and the benefit to customers as opposed to a list of product features and benefits (Pekovic and Rolland, 2016).

An organisation's current growth and success were indicated as a possible impediment to transformation; participants mentioned that some individuals within their organisations had used current growth as a rationale to not see the necessity of changing a formula that is still working. The dominant logic of product siloes is fuelled by success and causing a resistance to change. As a result, a lack of commitment from the leadership and employees emerges, as they are blindsided by past success (Vandermerwe, 2014). This lack of cohesion found amongst leaders and the dominant voices in the organisation tends to stifle the freedom to express thoughts and ideas, thus becoming a barrier to customer-centricity.

Employee buy-in was expressed as crucial, and therefore poor change management and communication was cited as a barrier to customer-centricity. Buy-in for a customer-centric strategy has to be from the organisation's upper echelons, a cohesive from the leaders, with clear communication, explain the why, what, how and by when for all employees to understand. Literature supports this view by an assertion that there has to be a continuous communication of the transformation, with very deliberate and intentional efforts in making sure there is buy-in (Richardson & Thompson, 2019).

Lastly, metrics used to measure performance are critical and can be a barrier if the measures are still focused on products instead of the customer. Extant literature argues that customer-centricity is about putting a customer at the centre of what an organisation does; however, it extends far beyond that. It is about focusing on the correct type of customer and ensuring that maximum value is extracted from a customer to maximise profit pools. Therefore measurement can be a barrier if it does not demonstrate customer-centricity value. Every business unit must have a vested interest by demonstrating the value that a combined effort brings to the business. Therefore discarding old habits of reporting in siloes and replacing them with revised metrics such as customer level profitability, customer satisfaction scores, and the number of products held by a single customer would remove the barrier (Fader, 2020).

6.7.1 Research Question 6 Conclusion

Critical factors that enable a successful transition to customer-centricity are viewed as possible barriers if they are not addressed from the onset. The results indicate that an

organisational structure is essential in ensuring that customer-centricity is embedded in the organisation. A key takeout is that there has to be a deep commitment from the organisation's leaders in order for the rest of the employees to buy into the strategy. Secondly, structures have to be put in place to demonstrate a total commitment organisation-wide for this new way of thinking, e.g. the establishment of customer segment teams and customer level management reporting, thirdly the culture within the organisation has to be conducive for change with a clear demonstration in all activities that there is the whole organisation is obsessed about the customer and solving their needs, fourthly change management efforts are required to ensure that majority of the organisation is aligned and is taken along the journey. Lastly, measurement drives behaviour, and therefore metrics have to support customer-centricity.

6.8. Discussion: Research Question 7

> **Research Question 7:**
> What are the key enablers and advantages that would help a company convert successfully to a customer-centric model?

Existing literature stated pace, integrity, convenience and relevance as enablers of customer-centricity. It is stated that today's consumers no longer have the patience for a convoluted process that take long for them to get a product into their hands. They are looking for near real-time solutions that satisfy their need for instant gratification. They also demand integrity in the form of transparency and honesty from the brands they spend their money on. Therefore, an organisation that can provide this is solving customers in a customer-centric way. Convenience and relevance are also critical to enabling customer-centricity. Customers are constantly in need of effortless solutions that require minimal effort and are relevant to their day to day lives. A total holistic experience that is personalised, an organisation's obsession with the customer, and lastly using customer insights were identified as critical enablers and an added advantage in becoming customer-centric (Simon et al., (2016).

Contrary to this view, the data analysis results indicate that competition is one of the biggest enablers of customer-centricity. It creates a burning platform for an organisation to move in this direction. Secondly, leadership commitment is deemed a crucial enabler; this has been consistent through the study with all the research questions on customer-centricity. Lastly, measurement was seen as an enabler as it created accountability and

forces the organisation to focus on activities that support the strategy and performance metrics.

6.7.1 Research Question 7 Conclusion

It can be concluded that there is no single isolated answer to identifying barriers and enablers of customer-centricity. The same components that enable a customer-centric strategy can inversely be a deterrent if they do not reflect a central focus on the customer, as evidenced in the literature and the study results.

6.8 Relevance of Work System Theory

A Work system framework is presented below to understand how organisations' activities are organised systematically to enable customer-centricity through a snapshot view. The work system theory's theoretical perspective comprises nine key elements that make up the inside of a working system, such as an organisation, as presented in Figure 4, chapter 3. A *work system* is defined as a system whereby humans and machines carry out activities and facilitate processes using information, technology and other available resources to product service and offerings for internal and external customers (Alter et al., 2017).

Components of the work system represent factors that respondents mentioned were applicable in a banking institution in order for the organisation to function optimally systematically. The interaction of all these components is crucial and supports the insight that there is no single isolated component that can effectively drive customer-centricity. It is a combination of various elements and components that drive this success. Because the framework is relevant when examining a situation and when reasons have to be provided as to why that situation has occurred, and provide a view of where components can be changed to deliver products and services to customers (Marjanovic & Murthy, 2016).

Work system component	WS Component execution
Strategies	Organisational strategy underpinned by: Customer insights – solving for true customer needs or angsts Deep investment in building long term profitable relationships with customers Value creating solutions

Environment	Financial institutions operate in a highly competitive, laden with regulatory requirements, and also the organisational environment that has cultural and technical elements that have to be coordinated in order to not only remain competitive but deliver a customer-centric experience to customers
Information	The goal for financial institutions in order to be customer-centric should be holistic single view of a customer across the organisation. This single version of the truth will provide an integrated view of a customer that empowers customer facing teams to service customers efficiently.
Infrastructure	This includes being mindful of all the information technology elements, all the data repositories and network infrastructure that has to be aligned, friction removed in order to offer a single view and platform.
Customers	In this context, the external customers should be the focus of the organisation, every product developed, business decision made has to be with the customer in mind.
Participants	The main participants in this work systems comprised of frontline customer servicing teams, customer segment teams, product development teams and channel teams which should work in a cross-functional manner to foster collaboration.
Products and Services	This element comprises of all products the institutions offer to customers such as credit cards, transactional accounts, vehicle asset finance and home loans, services include channels such as contact centres, branches, the banking App, and ATM's which all need to be interacted to provide a seamless experience for customers irrespective of where they choose to engage with the bank.
Business Processes	Financial services organisations should focus on optimising business processes and remove fragmentated processes, which should be replaced with integrated processes that can support a customer-centric strategy execution.
Technologies	This includes platforms used by the organisations, from the banking App, to automation capabilities and workflows that are coherent and can integrate.

Table 7 – an explication of work system components requirements

If any one of these factors within the system is malfunctioning or not aligned to support the execution of a customer-centric strategy, there will be an impact on the customer experience and a negative impact on the customer satisfaction performance indicator.

7.1 Introduction

The competitive banking landscape brought upon by new entrants with digital banking offerings perceived to be customer-centric was the incitement to this study. The research question posed was, 'What are the key enablers and barriers of transitioning a product-led business model to a customer-centric model in a South African financial institution? The competitive environment has created a demand for personalised experiences by consumers, forcing organisations to shift gears and become more customer-centric to remain competitive and sustain their businesses. Leaders are still challenged with how to move their organisation to be customer-centric; the "why" and the "what" of this strategic change has been addressed, and therefore the was a need to identify the key drivers and barriers to this change in order to provide a view of the "how" (Ulaga, 2018).

The study explored the enablers and barriers of transitioning a business model towards customer-centricity to gather insights that will inform strategies on components that will enable a successful transition and those that will have to be guarded as barriers that could impede success, as presented in chapter 1. However, seminal work exists in the service science discipline to transition an organisation from product-focused to customer-focused. Extant literature has been primarily studied in manufacturing organisations. As a result, related literature is sparse, highlighting a pertinent research gap in financial services organisations (Marjanovic & Murthy, 2016).

Drawing learnings from service science and information systems, work systems theory were used as a framework to understand the critical components that need to be factored in a transition period of a business model to become customer-centric. Theoretical foundation from which insights could be derived.

This chapter presents the research findings, outlines their implication for both theory and business, proposes a framework that can guide transitioning a business to customer-centricity, draws attention to the limitations found in this study and lastly, highlights opportunities for future research.

7.2 Research Findings

Scholarly research in service science asserted that the transition from a product-led business to a customer-led one had been primarily studied within the manufacturing sector (Marjanovic & Murthy, 2016). Also, Ulaga (2018) mentioned the need to address how to move organisations through this transition. This identified gap formed the basis for the main research question of identifying enablers and barriers to a successful customer-centric business model transformation.

The qualitative research study provided answers to the overall question through research questions presented in Chapter 3, of which the findings are presented in this chapter

7.3.1 Enablers and Barriers of Business Model Transformation to Customer-Centricity

The research has unearthed leadership commitment, organisational structures, technological systems and processes and measurements as enablers to a successful transition, and inversely the configuration of these can equally be barriers.

7.3.1.1 Leadership Commitment

Simon et al., (2016) purported that the customer obsession culture and core belief of the organisation are at the centre of the organisation's core responsibilities. They further highlighted that the following attributes are an indication that there are unwavering support and commitment from the senior leaders of the organisation:

- An apparent obsession with solving for the customer and ensuring that every business decision is made with the customer in mind
- Elevating the voice of the customer through customer research, listening to frontline staff and spending times in channels where there are customer interactions

- A focus on external environment issues about the customer, and a solid drive to land personalisation of products and services

In summary, senior management commitment is crucial at the beginning of the transition and critical in ensuring a continuous sustainable transformation journey.

7.3.1.2 Organisational Structure

An organisational structure that supports customer-centricity has customer segment teams that become the central point to provide a single customer view, become the customer's voice, and advocate for the customer's needs. All research participants revealed that this is a crucial step in ensuring a laser focus on solving customer needs instead of pushing products (Burritt and Kilara, 2016).

Shah, Rust, Parasuraman et al., (2006) noted that this organisational restructuring that aligns efforts to customer segments might be challenging for organisations that have seen continuous growth and record-high profits with a product-led strategy. They recommend a dual approach of keeping some parts of the business as usual and making changes in vital strategic teams to demonstrate early wins as a buy-in method. This view is especially critical and also recommended by some of the respondents as a catalyst to obtain buy-in for change. The approach also aligns with Markides & Oyon (2010) recommendations.

7.3.1.3 Technological Processes and Systems

As mentioned in Chapter 6, the success of the transformation is dependent on the co-dependencies of multiple factors, as such leadership commitment and structural changes in the organisation will not be enough. This needs to be supported by an investment in technological changes to align systems and process to support customer-centricity. This is especially pertinent for the customer-facing teams (Wang, Zhao & Voss, 2015). All research participants raised this view as an essential factor that needs to be considered when transitioning, especially for the organisations with legacy systems that are not integrated and thus provide a fragmented view of a customer.

From a system point of view, a crucial component to enable customer-centricity is to have a single repository that centralises customer information and creates a single view

across the organisation. This view must be channel-agnostic, provide context for all customer interactions, complaints and fraud, to allow for a richer service delivery approach.

7.3.1.4 Measurement

Consistent feedback throughout the research was the importance of measurements, with respondents stressing that measurement drives behaviour. Therefore, customer-centric metrics must be introduced to support the new business model. Respondents and the literature mentioned metrics such as customer lifetime value, customer profitability, number of customers in the base, customer satisfaction score, customer churn and net promoter score as a crucial pivoting point required for management reporting. A minimum of two or three of these metrics is required as part of critical performance indicators (Shah, Rust, Parasuman et al., 2006; Simon et al., 2016; and Wang, Zhao & Voss, 2015).

7.4 Culture as an impediment to progress

An organisational culture laden with fear and weak cohesion amongst the leadership is identified as an impediment to the transitioning process. Respondents emphasised that continuous learning, scaling fast and failing quickly should not be punished but embraced as part of the transformation. This culture creates a safe environment for employees to test and learn what works and what does not work. However, while there is the acknowledgement that culture can be a massive deterrent to progress, there was not any evidence found in the literature nor the data collected that initiatives and efforts executed to change an organisation's culture can be successful (Shah, Rust, Parasuman et al., 2006).

7.5 Proposed Framework

The research findings emerged that there are essential components to be mindful of when organisations are transforming a business model to be customer-centric. These findings were used to develop a transitioning framework that provides guidelines for the critical enablers and then used to outline elements of the work systems framework that

organisations can use to determine the influence of the various elements within the system that have a bearing on this transformation.
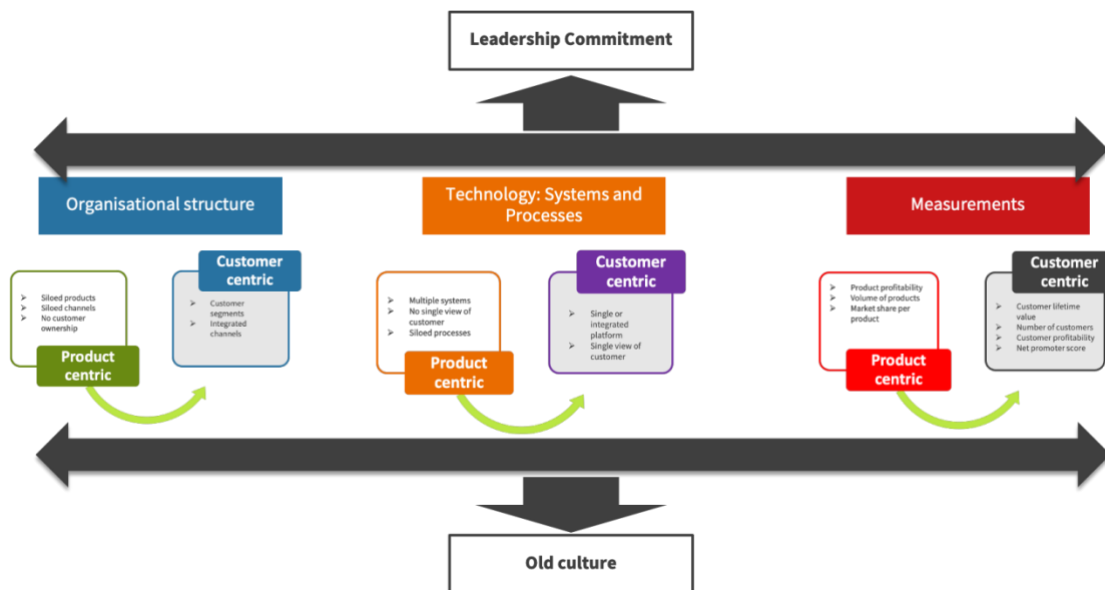
Figure 7: Transitioning framework to customer-centricity

This figure illustrates the important factors that need to be considered and realigned to facilitate and enable a customer-centric strategy.

- **Leadership Commitment**

  Before any changes can be effected, leadership commitment must be heightened and surfaced to the entire organisation to demonstrate the importance of this transition and obtain employee buy-in. The mindset shift must begin with the leadership.

- **Organisation Structure**

  A siloed organisational structure does not support a customer-centric business model. Therefore the federated model where each product and channel function independently requires realignment. The fragmented structures and lack of customer ownership and accountability must be changed to establish a customer segment team. In this cross-functional collaborative structure, product lines co-create with customer segment teams to ensure the central focus remains to be the customer and

lastly, integrated channels that provide a seamless experience and context of interactions across channels for all.

- **Technology – Systems and Processes**

  Disparate systems and processes that are monoline need to be amended to transform to customer-centricity. This will allow the organisation, especially customer-facing teams, to have an integrated customer view. A streamlined process that integrates all products and customer interaction should replace the fragmented siloed system and processes.

- **Measurement**

  Measurement realignment to reflect customer level performance is critical to the transformation. There has to be a replacement of product metrics such as product volumes, product profitability and market share per product with customer-level metrics such as overall customer profitability, customer lifetime value, number of customers per segment and a net promoter score.

- **Old Organisational Culture**

  Shrinking the old culture barrier is critical to the success of the transition. This can be achieved by changing the language to focus on the customer. A persistent and continuous communication by leaders and early adopters will replace old behaviours and language with new ones that align with customer-centricity.

Although this framework can be used for general application with a financial services organisation, its primary purpose is to suggest ways to successfully enable a customer-centric transition while providing possible derailers that organisations would need to have mitigating factors. The framework does not profess to provide an all-encompassing approach with only novel ideas. However, it is a detailed account of what critical factors do organisation need to consider when embarking on a customer-centric journey.

7.6 Implications for Business

The study's outcomes provided insights on why customer-centricity is a business imperative and what organisations need to be mindful of to transform into this state. Consumers have become more aware, informed and demanding. Other industries

create their expectations and become a comparative reference for them and expect financial services organisations to provide the same experience. From an interpretivist perspective, insights were obtained from the interviews and immersion into understanding the participants' perspective. Researcher bias may have still occurred; however, an effort was taken to reflect the findings accurately and objectively.

In summary, when transforming an organisation from product-focused to customer-centric, there is no silver bullet that can singularly enable this transition period. Several prior studies suggest that it is a combination of factors that have to be considered, such as organisational structures, is the total commitment and buy-in from the leadership, technological challenges impacting customer-centric, organisational culture have an impact on a successful customer-centric business model execution (Burritt and Kilara, 2016; Vandermerwe, 2014; Simon et al., 2016).

This study's findings serve as a point of departure for financial services organisations when embarking on a business model transformation from product-centricity to customer-centricity. The inherent complexities found in incumbent institutions where challenges related to legacy systems, the resistance to change due to existing success and also an appreciation of the myriad of systems and processes that have to be amended cannot be taken lightly; it is a difficult task. There also has to be an appreciation of the transformation being a continuous iterative process instead of a static once-off process.

7.7 Limitations to the Study

This was an exploratory qualitative research study, and therefore results cannot be generalised to apply to all financial institutions. Further limitations of the study are presented below:

- **Generalisation**

Due to the design and scope of the research, results cannot be generalised to all financial services institutions, as each organisation's context and nuances are very unique. Predictions and a step by step process cannot be inferred from the study. However the provision of a conceptual framework can be utilised by any financial services organisation as a guideline.

- **Time Horizon**

As this was a cross-sectional study where interviews were conducted at a specific period in time, the respondents' perceptions are subject to change. Therefore, no inferences can be transferred into the future (Williams, 2007).

- **Access to participants**

Data collection during a pandemic presented its challenges. Screen and virtual fatigue were prevalent as respondents chose to drop out of the study, citing exhaustion, lack of time outside of working hours to participate in the study, connectivity challenges resulting from power outages also impacted participant involvement.

7.8 Recommendations for Future Research

Transforming a business model to customer-centricity is not an easy task and requires deliberate effort and business leaders' commitment. While the study identified critical factors that enable customer-centricity with a cross-sectional qualitative study, further longitudinal research with all the financial institutions in the South African context is recommended to allow for the generalisation of findings.

Additionally, empirical research to quantify the extent of the impact of each critical enabling factor or barrier could shed more light on measurements and critical areas of priority. Financial implications and benefits of transforming to a customer-centric business model would also be a possible area for future research.

7.9 Conclusion

This study answers the presented research question of identifying enablers and barriers of business model transformation from product-centricity to customer-centricity. The critical enablers are not mutually exclusive and cannot be implemented in isolation. Organisational design, organisational culture, leadership commitment, and measurements are all critical enablers of the transformation, findings that concur with existing research. While systems and processes were

mentioned in the extant literature as crucial, they were indeed not at the top of the priority lists, an assertion that is in contrast with the research findings. Capability enablement for an organisation to have a single holistic view of a customer was a critical enabler of customer-centricity, with perceived equal importance as leadership commitment and culture. This study just scratched the surface for financial services institution and provided guidelines and a recommended approach for organisations embarking on this journey. This research also provides a departure point for more in-depth studies with qualitative and quantitative approaches to inform organisations on how to transform towards a customer-centric future.

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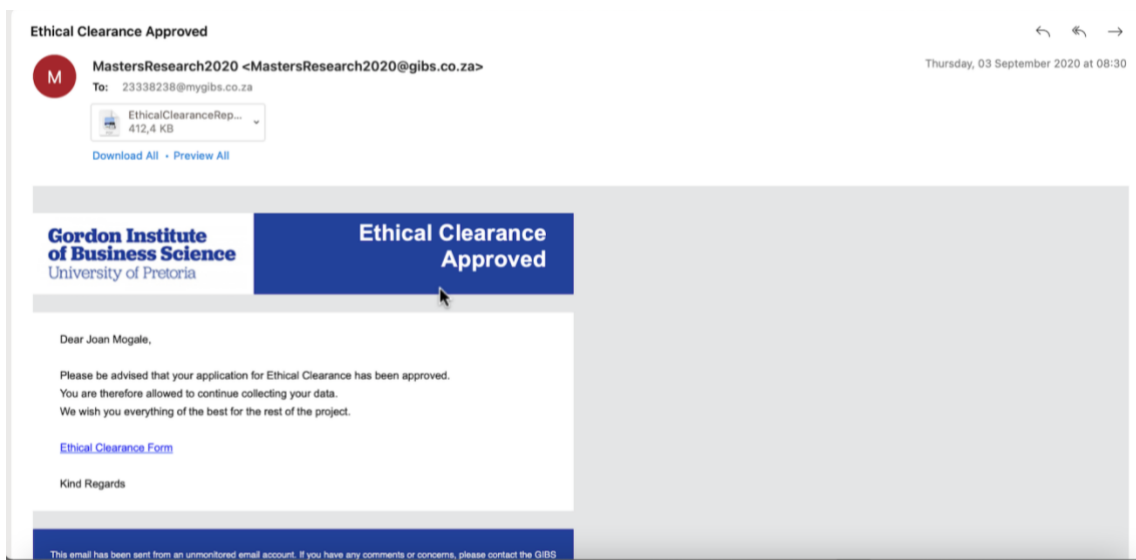
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APPENDICES

Appendix A – Ethical Clearance Acceptance Letter

Ethical Clearance Approved

M MastersResearch2020 <MastersResearch2020@gibs.co.za>
To: 23338238@mygibs.co.za

Thursday, 03 September 2020 at 08:30

EthicalClearanceRep...
412,4 KB

Download All · Preview All

Gordon Institute of Business Science
University of Pretoria

Ethical Clearance Approved

Dear Joan Mogale,

Please be advised that your application for Ethical Clearance has been approved.
You are therefore allowed to continue collecting your data.
We wish you everything of the best for the rest of the project.

Ethical Clearance Form

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS

Appendix B – Letter of informed consent

My name is Joan Mogale, a research student studying towards a fulfilment of an MPhil programme at the Gordon Institute of South Africa.The objective of the research is to understand enablers and barriers to transforming a product-led business model to a customer centric business model. The information that will be asked during the interview is your personal professional experiences of how your organisation is driving this change and what has been the challenges experienced in the transition. I would like to ask you few open-ended questions and have a dialogue with you to understand your perspectives and experiences. If you agree, I will lead this interview based on the questions I have prepared. You don't have to answer all the questions, but it would be appreciated if you can, since it would lead to better results for the study. *Your participation is voluntary, and you can withdraw at any time without penalty.*

Your answers would be treated confidentially, and you will not be asked for any information that will identify yourself, no individual names or names of the institutions I am interviewing will be used in the transcripts or the report, all participants and the institutions will be assigned a code to anonymise personal information. The interview will last for about (30 - 60 minutes) depending on how fast we go through the discussion. In order to analyse your answers later, will you please allow me to record our conversation (Yes or No). All data will be stored and reported without identifiers. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name: Joan Mogale   Supervisor: Prof. Alet Erasmus

Email : 23338238@mygibs.co.za   Email: ErasmusA@gibs.co.za

Phone: +27 71 198 8120   Phone: + +27 11 771 4000

Signature of participant   : _____

Date   : _____

Signature of researcher   : _____

Date   : _____

Appendix C – Research Instrument – Interview guide

Introduction:

My name is Joan Mogale, I am conducting research as part of my Master's programme and the purpose of the study is trying to understand how your views on customer centricity in the context of your organisation. Our interview should take about 30 – 60 minutes of your time. Please note that there are no right or wrong answers, I am simply interested in your views and your experience. Please note I will be recording the interview for record purposes and transcript, however your name will not be used in the transcript or the report, that will be anonymised and kept confidential by using special codes.

Building rapport:

- Tell me about yourself, what is your career background?
- How did you find yourself in this role?
- What do you enjoy about the role?
- What do you find challenging about it?

Understanding of business model

- Let's talk about business models. How would you define a business model?
- Probe: understanding, ask for specific examples where relevant
- How would you describe your organisation's definition of a business model?
- How would employees in your organisation's business describe the relevant business model?

What is your organisation's business model? Tell me more about that…..

Understanding of customer centricity

- How would you define customer centricity? How would employees in your organisation define customer centricity?
- How would you describe customer centricity in relation to a business model?
- Tell me more about your company's approach in this regard?

Changes made to transition business model

- Talk me through how your organisation views customer centricity?
- What informed the thinking? Tell me more about that…
- How did the journey begin for your organisation to be more customer centric?
- What was taken into consideration and what key factors were considered to start this journey?

What changes did the organisation make to start the journey (if any)

Key factors to the transition

- What were the most important things that were critical to allow the change explained previously? Tell me more
- How was this communicated and implemented?

Barriers and enablers

- When looking at your journey thus far, what has worked well? Tell me why this worked well
- What hasn't worked so well? What were the key reasons for this?
- How do think things could be done differently?
- How would you define success in this journey? Tell me more about that…
- What would failure look like?
- In your view what are the biggest stumbling blocks when embarking on a customer centric journey
- What are the catalysts for enabling the transition and change?
- What does the future look like in your organisation and financial services industry as a whole?
- What have been some of your key learnings

Wrap up

- Is there anything else you would like to share with me regarding business models and customer centricity?

End the interview

Thank you so much for taking the time to discuss this topic with me.

Appendix D –Code List

RQ	Code Groups	Theme
RQ1	• Activities • Process • Operating model • Products • Service • Channels	Structure
RQ1	• Revenue • Profit • Financial benefit	Value Creation
RQ1	• Customers • Competitors	External environment
RQ2	• Customer at centre • Customer need • Single view of customer	Business problems
RQ3	• Fragmented processes • Multiple systems • Legacy systems • Product siloes • Channel siloes	Organisational structures
RQ4	• Customer segments • Leadership support • Systems • Processes	Organisation Structure
RQ4	• Systems • Processes	Technology
RQ5	• Communication • Change Management • Leadership Support	Organisational Culture

	• Employee buy-in		
RQ5	• Measurements	→	Measurement
	• Metrics		
	• Income statement		
	• Drivers of profit		
	• Customer level profit		
	• Customer metrics		
RQ6	• Past and current success	→	Measurements
	• Growth and success		
	• Misaligned measurements		
RQ7	• Change in structures	→	Culture
	• Customer segments		Organisation
	• New systems		Structures
	• Culture change		Metrics
	• Leadership buy-in		
	• Metric		