

THE REAL-TIME REVOLUTION



**Transforming
Your Organization
to Value
Customer Time**

**JERRY POWER
AND TOM FERRATT**

Forewords by Jim Ellis and John Mittelstaedt



Praise for *The Real-Time Revolution*

"As firms look to digitally transform their experience, Power and Ferratt provide a fascinating new lens to think about transformation—the role of time. I am sure their book will be highly influential."

—Munir Mandviwalla, Executive Director, Institute for Business and Information Technology, Temple University

"If you are a business leader seeking to keep up with the transformational power of technology to cope with the increasing demands of the environment and build an enterprise that can cope with rapid change, I urge you to read this book. This book will show you how to engage your customers and empower your employees so that you can join and lead the real-time revolution. A must-read!"

—Andrew H. Schwarz, Professor, Stephenson Department of Entrepreneurship & Information Systems, Louisiana State University

"Jerry Power and Tom Ferratt have come up with a perspective on time and how it is viewed by customers that can raise useful questions relative to one's own products and services. Their perspective emphasizes both the value of shortening duration as well as adding valued engagement while structuring interactions between organization and customer. I found it stimulating to apply these concepts to the enterprises where I am a participant."

—Fred Niederman, Shaughnessy Endowed Professor, Saint Louis University

"In an era in which real-time response capabilities are increasingly essential for an organization's digital transformation, this book is required reading for leaders who want to understand the levers that help organizations fully embrace the value of customer time."

—Alexander Benlian, Professor and Dean, Darmstadt University of Technology, Germany

"If you are a business owner or a leader who has been baffled with how to differentiate in today's digital world, this book helps unpack the mystery. Customers are looking for faster and easier, but we also need to recognize the individual needs and preferences of those customers. This book brings a practical approach to valuing your customers' most important resource—time—recognizing that responsiveness and 'real-time' expectations continue to evolve."

—Mary Marcus, PhD, founder and Chief Innovator, OrganizationDynamic Inc.

"'Time is of the essence' has held true for many years. This book highlights the urgent need to value our customers' time. Highly relevant and action oriented, it is a must-read for all leaders striving to stay competitive in today's market-place."

—Lynn Mangan, President, Clubessential

"In this original and important work, Power and Ferratt explain the significance of firms being able to leverage ongoing real-time relationships with customers and thereby improve the quality of customer time. This is not just a matter of being

fast. In a nuanced and practical fashion—armed with diverse examples—the book identifies a set of competencies required for capturing real-time advantage.”

—**Mel Horwitch, former University Professor, Central European University (CEU), and former Dean, CEU Business School**

“Technology advancements are pushing the envelope of time management. As our digital world continues to rapidly advance, this book is essential for anyone associated with information or transformational technologies!”

—**Steve Garske, PhD, Senior Vice President and Chief Information Officer, Children’s Hospital Los Angeles**

“*The Real-Time Revolution* is both progressive and practical. Innovation is no longer enough. In a digital age, organizations must compete for consumer time and align their operations to do so. This book is a playbook for Digital 2.0.”

—**Ted Ross, CIO, City of Los Angeles**

“Time has become the currency of our lives. Power and Ferratt explore time as a customer-centric value for businesses. They persuasively argue—with real-world, real-time case studies across industries—that valuing customers’ time is *the* key battleground and marketplace differentiator. They provide a new framework for real-time organizations—those that value time from the perspective of the customer—which will deliver a better customer experience and greater success.”

—**Heidi Taylor, Managing Director, Heidi Taylor Marketing, and author of *B2B Marketing Strategy***

“This book explains a paradigm shift that is impacting all business sectors as organizations transform themselves to place increased attention on the customer experience. Power and Ferratt challenge you to think across boundaries, both within and outside an organization. The real-time monitoring and response process provides a good tool for producing benefits using technologies like IoT. I highly recommend this book.”

—**Vivek Chhabra, founder of 21iQLabs and former Vice President and General Manager, Mobile and Cellular IoT Business, Marvell**

“One of the time-tested aphorisms in the business world speaks to the ‘time value of money.’ In *The Real-Time Revolution*, the focus is more on the ‘money value of time.’ Time may be money, but speed is profit: digital transformation is here, and the sooner companies embrace its inexorable impact, the sooner they will reap the benefits, as laid out in *The Real-Time Revolution*.”

—**Steven Shepard, PhD, founder of Shepard Communications Group, LLC, and author**

“In an industry where quality-of-experience and quality-of-service are metrics for key progress indicators, Power and Ferratt highlight the urgency of transforming to a real-time company to meet and anticipate the needs of the customer. As we anticipate the fourth industrial revolution, the book is an invaluable testament to the importance of time as a key market differentiator.”

—**Ralf Jacob, President, Verizon Digital Media Services**

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Jerry Power and Tom Ferratt

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Foreword

by Jim Ellis

*Dean of the Marshall School of Business,
University of Southern California*

Jerry Power and Tom Ferratt address in a head-on manner the scarcest resource we have—that of time—in every aspect of business. Advances in technology have allowed businesses to become more efficient and they have made markets more competitive. The next frontier for businesses has to place much more emphasis on the efficiencies we bring to customers with the products and services we provide. The examples they use from many diversified sectors are significant in that they show how the issue of time can be addressed successfully. The book is extremely practical, a thoughtful read, and one that anyone doing business with anyone else must read.

In the past, inventory, quality, and pricing were chief differentiators in success. The increased use of data sets pushes the envelop further by allowing companies to become more anticipatory rather than reactive. This book addresses the differentiator of customer time, the final logical piece of the puzzle. The consumers of today know they have a finite number of minutes in their day, and they want to maximize those—this book gives organizations ways to up their game in order to save customers time when buying and using their products and services. The authors have created an outstanding template for us to think about how we serve the market faster. It is a game changer of thought, as it truly makes you think.

Jim Ellis

*Dean of the Marshall School of Business
University of Southern California*

Foreword

by John Mittelstaedt

*Dean of the School of Business Administration,
University of Dayton*

Last year for his birthday, I ordered a custom-made tie for my father. Neckties from small high schools in South Dakota are not commonly available in stores in Ohio, or anywhere else for that matter. I designed the tie and then paid extra at checkout for two-day shipping. I was more than willing to pay a little more to ensure I could see the excitement in my father's eyes. The website was clear that I could speed delivery for an additional charge; what was not clear was that it would take eighteen days to make the tie. At that point fast delivery lost its meaning.

A late gift for one holiday does not represent a crisis. But, though this story is unique, it is far from uncommon. In my industry, students make educational decisions based on how quickly we read their applications and how quickly we respond to their questions. Our ability, or inability, to respond in real time begins to form their opinions of how we will treat them as students. The ability to recognize the real-time value of satisfying customers' time-related needs is both a challenge and an opportunity for any organization. Jerry Power and Tom Ferratt see it as a revolution in the making.

Firms recognize that customers value time, but they struggle to capitalize on the opportunity it presents. For years, we have understood time as an organizational cost to be controlled, but we have not always seen the value of time from the perspective of the end user. This book recognizes that the ability to value customer time has become a differentiating advantage. It recognizes that thinking of time as a value to customers is different from thinking about time as a cost to be managed. Customers don't care what it costs you to make and deliver a product or service. They care that it serves a need, and in our world, timing is a critical part of the need.

The good news is that *The Real-Time Revolution* offers companies and executives a framework and road map for making time a real competitive advantage. Through a nuanced understanding of theory and research

and the use of numerous examples, Power and Ferratt build your tool kit for increasing your organization's agility in detecting and responding to changing customer expectations regarding the value of time. Moreover, building your organization around the value of real time gives you ways to treat your own people better, thereby making your organization a better employer.

John Mittelstaedt

Dean of the School of Business Administration
University of Dayton

Preface

Time is a precious commodity. In a world where the pace of business is continually accelerating, time is becoming the dominant customer currency. Customers want to spend their scarce time well. For example, when ordering a product, the ideal ordering process from the customer's perspective would take virtually no time and would be completed effectively. The order would be accurate and complete so the customer can avoid spending time on corrective actions.

Real time in this ordering example is the actual time that a customer has to invest with a company to complete the ordering process. However, completing an order (or any process) in "real time" has popularly come to mean completing it virtually instantaneously. The reality is that instantaneous order handling may not always be possible. It is an ideal to strive to achieve, but in reality a rushed delivery of the wrong product or a product that is hard to use will ultimately prove to be counterproductive. From the customer's perspective, ideal customer experiences include a chain of events that, in their totality, are completed effectively and as instantaneously as possible.

Organizations striving to continually improve their ability to provide ideal customer experiences are real-time organizations. They are the core of what we call "the real-time revolution." These organizations are demonstrating to the customer that they value the customer's time. Organizations that come closer than their competitors to this ideal will begin to be viewed as the customer's preferred provider. As real-time companies distance themselves from their competitors, they will begin to gain market share. Companies that are unable to match the competition's efforts will be forced to offset their deficiencies by reducing prices and margins. Use of financial incentives may serve as a temporary means to maintain market position. However, if the company is in real-time denial, the ultimate survival of the enterprise will be threatened by other organizations that embrace the real-time revolution.

Organizational leaders have to ask themselves a critical question: "Does our organization truly recognize the importance of time to customers?" What may seem like a simple question requires significant effort

to develop the data needed to provide the answer honestly and completely. For example, those in leadership positions will need to consider where and how their customers spend time dealing with the company and its products over the life of the products and services. In addition, they must be able to prioritize their constrained resources so that efforts to improve the customer experience are optimally targeted to projects that customers appreciate. We cite numerous examples throughout the book that show how companies have used real-time concepts to provide meaningful improvements to customer experiences.

This book is for the leaders and members of organizations seeking to understand how they can help make their organizations more “real time.” That includes those in organizations that are just starting to focus on valuing customer time, those in organizations that have implemented some programs to improve customer experiences and are looking to do more, and those who feel threatened by competitors that have been able to win market share by improving their efforts to value customer time. We wrote this book to help all of these readers understand better how to transform their organizations to become more real time.

The book is also for leaders and members of organizations in real-time denial. They may not realize their dire condition. If they continue to ignore the migration of customers to competitors that are providing better real-time experiences, their customer base will eventually disappear. The real-time revolution will leave them wondering why their customers abandoned them. Hopefully this book will help them realize their need for transformation so they can survive and even thrive.

The book is organized to help readers first understand the importance of the real-time revolution and the need to become a real-time organization (introduction and chapter 1). We then explain why leaders need to establish a real-time monitoring and response (RTMR) system to track and adapt to ever more demanding customer expectations about time (chapter 2). The remainder of the book helps readers understand various levers available to transform their organizations to provide customers with experiences that value their time throughout the life of their organization’s products and services. These include the core levers of the product or service (chapter 4), processes (chapter 5), data (chapter 6), and people (chapter 7). Beyond those core levers are technology, culture, strategy, and relationships with a variety of external parties (chapter 8).

The message throughout the book is straightforward: to survive and thrive, organizational leaders, in concert with their members and other

stakeholders, must transform their organizations to value customer time more effectively than competitors do. Three related guidelines support this transformation to real time:

1. The real-time organization must be agile enough to detect and respond to changing customer expectations regarding time better than competitors do.
2. The real-time organization must engage customers throughout the life of its products and services such that customers view the organization as valuing their time and, thus, meeting their needs more than competitors do.
3. The real-time organization will be transformed to value customer time through these core organizational levers: products and services, processes, data, and people.

This message applies not only to businesses but also to other organizations where customer real-time expectations are important to meet, including governmental entities, educational institutions, and other not-for-profits. The message is of equal or even greater value for readers in educational institutions that are preparing future organizational leaders to guide their enterprises to success in an increasingly turbulent world. These participants could be students in degree programs (such as graduate programs in business, public, or educational administration) or non-degree programs (such as learning/leadership development programs offered by a specific organization or a professional association).

As the examples throughout the book illustrate, the most successful organizations have recognized that time is increasingly important to customers. One of our contributions from observing these organizations is recognizing that what began as a collection of independent efforts has become a larger movement, a real-time revolution. Organizations around the world are striving to meet customer time expectations. As a result, they are changing the basis for competitive success and failure. Our research indicates that even though most companies are striving to take advantage of digital technologies, those focusing on transformations that customers see as valuing their time have the best bottom-line impacts. Our other contribution is the set of three related guidelines above to assist organizational leaders, members, change agents, and other stakeholders in spreading the message of the real-time revolution: transform your organization to value customer time.

Introduction

Real Time and the Real-Time Revolution

Ryan Clark of Liberty Bottleworks runs a small plant that makes aluminum drinking bottles. Liberty customers can customize their products online to the exact shape, size, color, and graphic of their choice. Through lean manufacturing, just-in-time inventory, and digital technologies, “we can turn on a dime. We can do customized manufacturing simply and easily,” Clark says. Instead of having to make ten thousand bottles to make a profit, “I can do ten, with the specifications beamed straight from the art department or straight from the customer.” These capabilities for producing customized drinking bottles give this small shop a strong edge over its mass-producing competition.¹ One manifestation of that competitive edge is found in the real-time online interface to the production process. The ease with which customers can enter customized production requirements tangibly demonstrates that Liberty Bottleworks values its customers’ time in completing this process more effectively than competitors do. The faster production demonstrates further the value that Liberty Bottleworks places on time not only for its own benefit but also for its customers.

A growing number of organizational leaders are paying attention to the increasing value that customers are placing on their time. Time is becoming the dominant customer currency. For many interactions with an organization and its products and services, customers would prefer to minimize the expenditure of their scarce time. For example, customers of Liberty Bottleworks would prefer to minimize the time spent customizing product design and placing an order. If they must spend time, they would prefer it to be easy, convenient, and fast. Leaders of Liberty Bottleworks have paid attention. They have transformed processes to make them easier, more convenient, and faster for their customers. When organizations