

# PROMISES, PROMISES

**How did customer promises transform Lloyds TSB's share of the mortgage broker market from 1% to 10%? In this article, Charles Spinosa tells the extraordinary story of how VISION used Commitment-based Management at Lloyds TSB to transform the customer experience and thus transform the business.**



About ten years ago, Norrie Henderson, Head of Mortgages at Lloyds TSB, was under a lot of pressure. His team was responsible for running the business that serviced independent mortgage brokers. With the kudos of the Lloyds brand behind them, senior management expected that the mortgage unit should be enjoying about 4% of the UK market. The trouble was, it had less than 1%.

Just 18 months later, Norrie had transformed the situation. Not only had Lloyds TSB very rapidly reached the 4% target, but they had continued to grow market share to an extraordinary 10%. And the secret to this remarkable turnaround? Quite simply, the trick was to change the customer service promise.

The transformation started when Lloyds TSB engaged VISION Consulting to apply our Commitment-based Management (CbM) methodology. VISION is well known for taking large Fortune 500 companies and empowering

them to behave with the agility of entrepreneurial companies. To achieve this, VISION gets people to make genuine promises to colleagues and then to take those commitments seriously. It sounds simple, but when implemented properly, the effects of CbM can be dramatic. VISION is accustomed to seeing improvements in efficiency of 20-30%.

But increased efficiency alone would not solve Lloyds TSB's mortgage problem. Norrie Henderson needed VISION to help develop a dramatic new promise to the external customer, the brokers. Mortgage brokers often take days to get a firm quote from a lender while at the same time developing new customers. Lenders, therefore, were a common source of frustration and lost opportunities - and Lloyds TSB was among the worst. So Lloyds TSB promised its brokers that it would give them a binding decision within three hours of a request. Keeping that promise changed the brokers' world.

Even better, Norrie Henderson took his underwriters out of their protected 'ivory tower' and had them speak to the brokers directly. Unexpectedly, the underwriters were able to negotiate better deals for the bank and for the customers, on the spot.

As word of the new Lloyds TSB experience spread, brokers flocked to the bank in ever-increasing numbers. The growth in market share shot beyond anyone's expectations, which was

especially surprising since the quality of the loans improved just as dramatically.

Since Lloyds TSB, VISION has helped leaders transform their customer experience and gain market share. Financial returns exceed expectations. The strategy is broadly the same: firstly, find a promise that you can make which dramatically addresses a key anxiety of your customers. Secondly, make that promise explicitly known to them. And then, restructure internal commitments to keep the promise at the centre of the business.

There is a postscript to this story which illustrates a very interesting and quite profound subtlety to this approach. After Lloyds TSB had managed to snatch such a large proportion of the market, its main competitors naturally tried to respond. They saw the 3-hour promise and so, in subsequent years, spent enormous sums on computer systems to deliver binding promises in just 20 minutes. Lloyds TSB's market share didn't diminish at all.

The promise is not what matters in the end. It's the *experience* of delivering the promise. It's the conversation with the underwriter. And to this day, nobody understands that better than Lloyds TSB.

*Charles Spinosa is Group Director and Leader of the Marketing Practice at VISION Consulting. He can help you invent your own service promise, and show you how it can create a great experience for your customers.*

## Service promises drive a great customer experience

If you want to deliver a great customer experience, and you want to deliver it fast, where do you start? VISION starts with a service promise. But the key is for the promise to drive the five critical elements of great service:

### 1. Develop a service story

Don't just define a service experience; develop the story that illustrates it. If you visit a Ritz Carlton hotel the staff will be imagining they're your aristocratic grandmother. It may be a story - but it is a story that underpins the entire ethos of the hotel. Your grandmother greets you warmly. She puts some gifts in your room that she knows you will appreciate, and so forth. The story is the perfect way of training a workforce how to behave, particularly when they should go out of their way to exceed expectations and when not.

### 2. Amaze your customer

Great customer experience depends on getting employees to do things that are, quite simply, beyond the ordinary. VISION recognises from experience that companies who deliver truly great customer experiences make a point of collecting and distributing stories of how employees have amazed their customers. That makes extraordinary service visible.

### 3. Turn your culture into a cult

Stories are one thing. Getting everybody in an organisation to live and breathe a particular customer service ethos is another thing entirely. That's why the companies VISION has looked at have all created formal processes for celebrating their values and stories every day.

### 4. Become a fanatic about detail

Where is it that you irritate your customers most? Great customer experience depends on discovering these areas of friction - and then eradicating them by identifying, making and keeping a correlating promise.

### 5. Develop simple methods to capture the behaviour you want

Companies that deliver great customer experiences measure a few simple timed promises. That keeps attention focused on the service.

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