

Grow The *Real Bottom Line* With Three Managerial Strategies ¹

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(May 20, 2011)



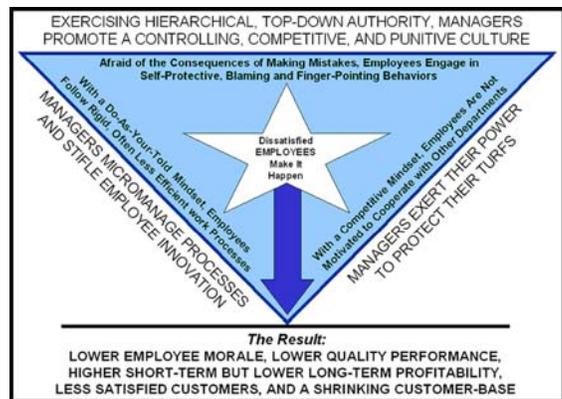
Any successful business pays close attention to the bottom line. Unfortunately, too many companies put too *much* focus on the financial bottom line. They put only a secondary focus on the *real* bottom line: *Creating Customer Value*.

A Business Creates Customer Value When it Delivers Customer-Valued Products and Services to Every Customer!

Companies cannot exist without customers. Focusing on the creation of customer value brings in more customers, and, with the right managerial strategies, grows the bottom line!

When companies put an inordinate focus on the *financial* bottom line, they lower their chances of creating maximum customer value. Why? Because, as shown at the right, constantly pushing people to cut expenses and find new ways of getting more money out of customers leads employees to make some customer-unfriendly decisions.

In addition, the daily focus on primary profit centers creates turf protection and a climate of second class citizenship for more expendable support staff, which makes *them* less concerned about customer well being. Decisions throughout the company end up being based on short-term, rather than long-term thinking. All of this

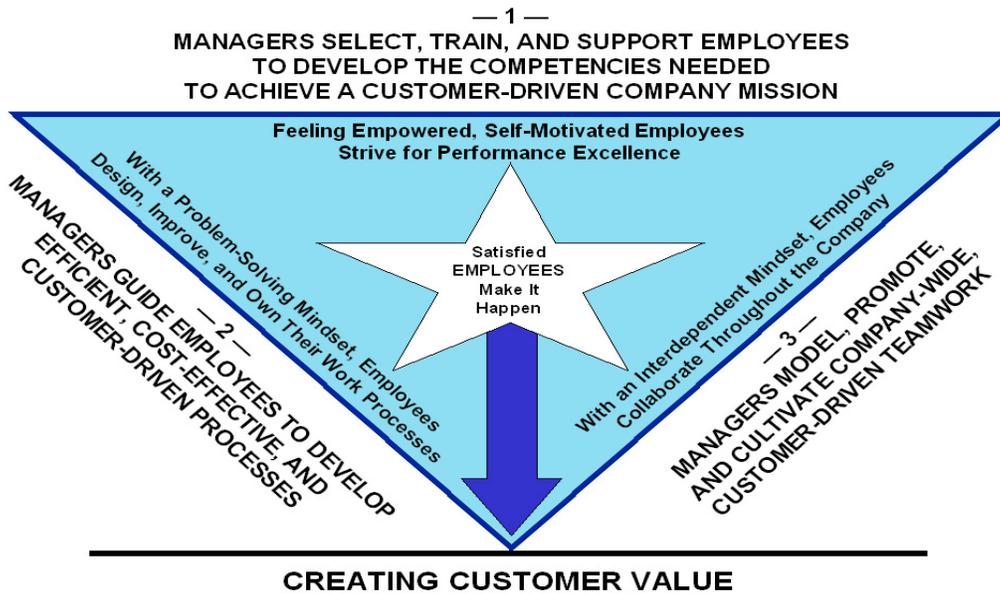


may increase profitability in the short run, but it will decrease profitability in the long run, because customer-value will diminish.

On the other hand, as shown on the left, when companies put their primary focus on creating customer value, they inevitably will experience a better financial bottom line. Customers will come back. Customers will recommend the company to other customers. The company's reputation in the community will draw still more customers. And, the customer base will grow, along with profitability.

¹ From: http://www.arniedahlke.com/110530_Grow_the_Real_Bottom_Line.pdf
 Take a moment and explore Arnie's other Timely Tips at: <http://www.arniedahlke.com/timelytips.htm>

Managers hold the keys to growing the real bottom line—*creating customer value*. Growing the *real bottom line* calls for the implementation of three managerial strategies:



As shown above, creating customer value by delivering customer-valued services and products calls for three simultaneous sets of actions by managers:

Managers select, train, coach, and support employees to develop the performance competencies needed to achieve a customer-driven company mission. By anchoring performance to the company mission and helping and supporting employees in the development of the performance competencies required to achieve that mission, managers create an empowering culture in which self-motivated employees deliver customer-valued services and products.



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Managers guide employees to develop efficient, cost-effective, and customer driven processes.

By developing a system that actively promotes and encourages employees to submit ideas and then training and facilitating them in the application of process improvement techniques, managers create a problem solving culture in which employees continuously search for ways to redesign and improve the ways they deliver customer-valued services and products.



Managers model, promote, and cultivate company-wide, customer-driven teamwork. By training employees, demonstrating teamwork with their own behaviors, and encouraging employees to see the company as “one whole team,” managers create an interdependent culture in which people see everyone as performing an important function, as they all collaborate to deliver customer valued services and products.



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By engaging individual employees in these three sets of actions to achieve the *real bottom line*, managers will ensure the growth of the *financial* bottom line.

