



## Shared Values, Shared Success

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Good afternoon everyone. I'm delighted to be here today because I believe this is the most important group of business people in the world at the most important moment in economic history meeting on the most important topic. We – all of us right now – are riding atop the biggest business opportunity of the century, and the most important topic is success. I want to share with you what I believe to be the key to success in a shared services economy.

Just in case your toes aren't already curled in excitement about our times and this opportunity, let's review where we are.

There are three megatrends converging to create an amazing opportunity for us.

First, the U.S. economy has completed its transformation into a service economy. According to the U.S. Bureau of Labor Statistics, between the years 1988 and 1998, the U.S. economy added about 20.3 million jobs and 98% of that increase was in services. A Brookings Institution study showed that in 2000, only one-fifth of the jobs in the U.S. were focused on producing goods. Clearly, ours *is* a service economy and by attending this conference, you have selected yourselves as its new leaders.

Second. The boundaries of this new economy have been pushed beyond those that can be mapped by Rand McNally. In truth, borders have been erased.

In 1989 the Berlin Wall came tumbling down, a signal for a dramatic turning point in the world's political and economic history. Democracy and capitalism won the contest that preoccupied the world since at least the 1930s.

And in that same year, a new world emerged, a land that can't be described by latitude and longitude. In 1989, the 100,000<sup>th</sup> host was added to the internet, a signal of a critical mass of communication and commerce connections. In the old world, a service economy was mostly based on a face-to-face proposition: Your doctor, your accountant, the mailman, your advertising executive, and the guy who asked you if you wanted fries with your Big Mac. Face-to-face. But with the advent of email, shared virtual workspaces and voice over IP, people continued working hand-in-hand, but perhaps reaching out to each other across oceans and continents. It's a world Tom Friedman describes as 'flat' where anyone with enough talent, ingenuity, brainpower and willingness to work hard can chase after any opportunity any where on the planet.

Third. Every generation wants to believe it has discovered or invented everything of importance in the world, and our own generation is no exception. Our vanity makes us assume that we invented the economic model of global outsourcing, but Ramses the Second, the pharaoh who outsourced the construction of his mighty cities to the Hebrew slaves, would be chagrined by our vanity. "...there is nothing new under the sun."

What we call outsourcing today might have once been described as the specialization of labor and marked from the moment the blacksmith hung out his sign or the midwife came by to help. So, really, how original is it to have our software coded in Bangalore? Probably about as

original as the Europeans importing silk from China. What *is* different, though, dramatically different, is the velocity of this change. Speed. Faster than ever before. This is the fuse that ignites the previous two megatrends. We can transport intellectual property far faster and far cheaper than we can any three-dimensional commodity. Today's Silk Road is the internet, and it's paved from end-to-end with the opportunity for profit and businesses are hurtling down this autobahn to a richly imagined future.

So, to sum up the coordinates of our opportunity: 1. our economy has transitioned from transactions to relationships, 2. the internet has transformed the way relationships can be conducted and 3. specialization and talent are moving faster than ever before into a global open market and will be sold to the highest bidder.

We all know that relationships present fascinating management challenges. Given a divorce rate of about 50%, we know that many people have trouble managing even the most important relationship in their life, much less one merely focused on commerce. But I believe that if we create relationships based on shared values, both partners in the relationship will share in the success.

My proposition to you today is that successful shared services are founded, nurtured and managed from a foundation of shared values.

Before values can be shared, values must be defined. Lately, there's been a lot of talk about values or, rather, what happens when there is a value void. But let's not waste our time reviewing companies that are values poor, instead let's focus the precious little time we have together on reviewing the richness of values.

A value-rich organization is founded by an individual with a clear vision. I've been CEO of three very different companies, and my work always begins the same way: With a statement

of my own values to the organization. And when I say statement, I mean that values must be communicated – plainly, loudly, and frequently.

There is power in saying something aloud. It is a promise or a dare that we make to ourselves and others within earshot. Our sentences are like a line in the sand daring someone – including ourselves – to call us a hypocrite. So, I believe – based on faith and experience – that the beginning of a value-rich organization is a clear statement of values by the leader.

At CenterBeam, where I work now, I joined an organization that had written down its values and had some employees with exemplary values. But I noticed two critical values missing from CenterBeam’s stated values and these turned out to be the key to turning the company around. So, to CenterBeam’s values I added these two: Customer First and Speed.

Setting, communicating and reinforcing your company’s values to your staff is a constant process, but this is just the first audience for your value message because your company goes to market to buy and sell, and this is where a strong, value-based foundation will mean the difference between success and failure.

Remember, selling a service is selling a relationship and a successful relationship must be founded on shared goals and shared values and sharing is communication. At CenterBeam, I’ve already described how one of the ways we reinforce our values is to make sure they’re almost constantly within our field of vision. So when prospects come to our office, they can’t help but see our banners and the plaques on the wall recognizing our employees for acting on our values.

But as we all know, talk is cheap. I believe values must become part of the core offer a company makes to the market. Here’s an example.

I joined the CenterBeam team, the company was offering a single service – IT management – at a three year commitment to companies that had never bought this type of service before. –And we were far from selling enough to break even. Is it any wonder?

CenterBeam originally thought the market was all about what CenterBeam was offering and not about what our prospects wanted. So, working from the value of Customer-First, the Beam Team did a lot of hard work listening to what the market wanted. We learned something you might think is obvious: Every customer wants to believe that their service is customized to their specific needs. So, we ended up completely restructuring our market offer from a *prix fixe* to an *à la carte* model. Customers, for the first time, could buy exactly what they needed. And just to make sure our prospects had a good reason to be confident in CenterBeam's integrity, we published our price list for our services, the first of several steps we took that radically differentiated CenterBeam from its competitors and the first of two strategic changes we made at CenterBeam.

The second strategic change was finding a way to monetize the customer satisfaction CenterBeam was earning. In addition to listening to the overall market, we started listening – very closely – to our customers and we learned they were very, very happy with CenterBeam's service. In fact, never before in my career had I seen customer satisfaction scores as high as we were earning. I decided to invest in this asset to ignite sales. Our research showed us that, even though the businesses we were calling on commonly outsourced everything from custodial services to their payroll, they were nervous about outsourcing something as critical as their IT services. So, I came up with a way to spend CenterBeam's accrued good will with our customers to alleviate the nervousness of our prospects and this was the second strategic step I took at CenterBeam.

We eliminated the three-year contract, the standard contract length across the entire IT service industry. My thinking was that because CenterBeam's service is so very good, and because our prospects are so very nervous – the Customer First thing to do was to reinvent our contract to one called a Total Satisfaction Guarantee. Our contract length is now one month and it can be cancelled if our customer is unhappy. Period. Obviously, I wasn't taking much of a risk due to our customer satisfaction scores, but I was moving to a service model that no other company had ever tried.

It was a bold and dramatic change. I redesigned CenterBeam from an Internet-bubble era, technology-centric start-up to a 21<sup>st</sup> Century, Customer First, shared service company that builds success by building bridges of value from our company to our prospects and our clients. Every single part of the company was changed. In my mind – and the minds of CenterBeam's board – this was a bold play that would either create great success or end my career and forfeit the jobs of about one hundred people. And the board wanted to see results ASAP. –This was one of those moments when I was reminded that the “C” in CEO sometimes has to stand for Courage.

The first quarter we brought our new offer to the market we broke all previous sales records. The quarter after that, we broke all our previous sales records. The quarter after that, we broke all our previous sales records. And so on and so forth.

The market – our customers – rewarded CenterBeam mightily. Because we built our shared service offering on a foundation of shared values we created shared success.

CenterBeam's service was founded on the relentless application of automation that lets us deliver a very high quality service and easily scale the service as we win more customers, but we

must hire more staff for the “high touch” part of our service, our help desk. And these are the people who will be largely responsible for creating our customer satisfaction.

Silicon Valley, where CenterBeam is headquartered, is an amazing setting for the invention of technological marvels and attracts some of the brightest people from around the world. –And they all demand high compensation and they all need high compensation as Silicon Valley is one of the most expensive places to live in the U.S. Fortunately, I knew first-hand about a location much more promising, the Atlantic coast of Canada and, specifically, Saint John, New Brunswick.

I’m originally from Nova Scotia and, when I was CEO of Xerox Canada, I built a major call center for the company in Saint John, New Brunswick. I know the people and I know their values. The pay ratio between Silicon Valley to Saint John is about one to three, in other words, a company can hire three engineers in Saint John for every engineer in San Jose. And real estate is also a bargain when compared to Silicon Valley. But the most important variable in the equation is the values of the people.

Saint John, Canada’s earliest incorporated city, has been nurtured by the natural resources of the land and the sea. Forestry and fishing have long supported the people and have instilled in them values of respect, nurturing and cooperation. –And these were the perfect values for staff that’s tasked to help clients through a computer crisis.

Of course there’s more. Technology and communications have long been another local endeavor. And, the government is eager for businesses to locate in Canada and is happy to help make the move more attractive.

In a very brief amount of time, CenterBeam’s North American Solution Center has grown to more than one hundred employees in Saint John. And throughout this explosive growth

CenterBeam's customer service levels never flagged. We've maintained our pact with our clients and have earned their loyalty. And this is all because we added one critically important value to every facet of our business.

Shared services. We serve you. You serve us. We help each other. Three powerful rivers of change have merged to create an unprecedented opportunity for our generation. We have launched an economy based on relationships that will only succeed through shared values. Values – held in common – can lead to a relationship that creates uncommon results. Values are social DNA. It makes us who we are, it creates compatibility – and incompatibility – and values helps us create a legacy of heirs.

Success. In shared services, success is the “win-win.”

This is the formula for success: Values shared and celebrated through observance. CenterBeam's success rises from a foundation of values and delivers a great value to our clients. But every great organization is an amalgamation of great individuals who are fiercely motivated to constantly surpass their personal best. And so we return to individual. Our span has reached all the way around the world to find ... our own self.

Fundamentally, all we have is our self-respect ... or not. Soon enough we all learn that success is being able to look at ourselves in the mirror and be ok with who we see. My mother-in-law gave me this poem by Dale Wimbrow when I was a much younger man, and I've treasured it ever since. Perhaps I can pass it along to you:

## ***The Man in the Glass***

*When you get what you want in your struggle for self  
And the world makes you king for a day.  
Just go to a mirror and look at yourself  
And see what that man has to say.*

*For it isn't your father or mother or wife  
Whose judgment upon you must pass.  
The fellow whose verdict counts most in our life  
Is the one staring back from the glass.*

*He's the fellow to please, never mind all the rest,  
For he's with you clear up to the end.  
And you have passed your most dangerous, difficult test  
If the man in the glass is your friend...*

*You may fool the world down the pathway of years,  
And get pats on the back as you pass.  
But your final reward will be heartaches and tears  
If you have cheated the man in the glass.*

Thank you and may success continue to crown your every effort.

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