

X bluecrux x **Henkel**

Case Study

Bluecrux x Henkel



Bluecrux x Henkel—A customer-centric transformation

INTRODUCTION

More than two years ago, **Bluecrux and Henkel Adhesive Technologies** embarked on a transformation journey with a shared belief in the possibilities and power of a truly customer-centric supply chain. The project began with a comprehensive discovery phase, which gave rise to several concrete initiatives that allowed a vision to become a mission and a mission to become actions that have led to measurable success, including setting Henkel on the path toward establishing customer experience as a competitive edge.

THE STORY OF HENKEL

Founded 146 years ago with a family mindset at its core, today Henkel plays a role in nearly 500 industries across the globe through its technology offering. The company, which did \$22 billion in sales the last fiscal year, is home to roughly 52,000 international employees. Making up half of the company, Henkel's Adhesive Technologies business unit is the top adhesive producer in the world, doing a mixture of B2B and B2C business. The unit's portfolio of adhesives, sealants and functional coatings has enabled it to boast leading positions in the following industrial business segments:

- Automotive and metals (#1 worldwide).
- Packaging and consumer goods (#1 worldwide).
- Electronics and industrials (#1 worldwide).
- Craftsmen, construction and professional (#2 worldwide).

THE CUSTOMER EXPERIENCE PROPOSITION

A large and influential company, Henkel has a long-term vision for its future. As number 1 and 2 in its industrial business fields of operation, the Adhesive Technologies business unit is very much here to stay. With the realization that today's supply chains are about more than securing the bottom line—they add to a company's top line—the customer experience factor and its importance has never been more clear.

Experience can be challenging to measure, and it is not something that a company can necessarily meaningfully improve by imposing what it thinks is good, whether that be speed or reliability or any other metric. The things that matter to customers often include aspects of the business within which there can be little to gain from a cost and efficiency perspective, and thusly, could have suffered from neglect. Customers care about order intake, customer service, shipment, returns, samples and so forth. And so, companies must care about these things, too, affording them proper attention in order to boost customer experience.

THE MISSION

Henkel had the vision to establish an amazing customer experience as a competitive edge. The company then needed to translate this vision into a strong mission to turn it into a reality. They came up with a mission comprised of three pillars:

1. **Customer centricity:** Cultivate a customer-centric mindset and cultural change along the entire chain.
2. **Competitive advantage:** Accept customer value as the real North Star.
3. **An integrated approach:** Focusing on digital capabilities to overcome pure functional views and move toward an integrated supply chain.

THE DISCOVERY

Together, Henkel and Bluecrux launched a transformation trailer 2.5 years ago to articulate and solidify the aforementioned mission and vision and to kick-start the journey toward a truly customer-centric supply chain. This required homing in on several different elements, including:

- How the company operated and served its customers.
- The processes that needed to be adjusted.
- The new enabling technology that needed to be embraced.
- Learning how to shift mindsets.
- Setting new metrics to measure what really matters to customers.

Launching the transformation journey would necessitate learning the answers to two key questions: How is the transformation made real? How can everyone at the company be brought on board the transformation train?

Setting off on this journey, it was important for Henkel to understand how the company as a team (sales, marketing, supply chain, finance) understood its customers' experiences and what they value in the company. Through digital workshops and value stream mapping, Henkel and Bluecrux were able to construct 15 summaries regarding the team's perception of customer experience, some of which were accurate, but some of which were not.

So, what is actually important to Henkel's customers? The company's **innovation, quality and the speed** and/or **reliability** of its supply chain. Going deeper still, Henkel selected a representative customer base and placed a focus on quality to learn what really matters to these customers and identified 13 transformation projects.

Putting the plan in motion required, crucially, communicating the program across the organization. To do this, a simple picture of the idea needed to be put forward to give colleagues an orientating framework for the changes to come. Instead of unveiling an overwhelming amount of information at once, layers were added to the initiative bit by bit.

Developing the fundamentals was also critical, including collecting the necessary data to create the shiny interfaces and evolved experience for customers for the efficiency layer of Henkel's transformation. Some new technologies were also embraced, but within the bigger picture of delivering value and making the transformation a holistic one.

THE TRANSFORMATION

The discovery phase culminated in mid-2022, when Henkel and Bluecrux could together cross socialization and "making it real" off the to-do list. The considerable time spent in the discovery phase allowed the joint teams to be well prepared for transformation, bringing everyone on board, nailing down the most vital activities that needed to happen, and even repeating certain aspects of the process to ensure the goals of socialization and making it real were more than met.

As Henkel transforms its supply chain, the company is taking actions that fall under the three pillars of its mission: customer centricity, competitive advantage and an integrated approach. Here, we'll delve into three concrete examples from the transformation.

1. Shaping the customer-centric mindset: Henkel's entire operating model is evolving to be customer centric and fit-to-purpose, as the company aims to transform its entire customer service operations. This has included splitting activities over more ownership of the customer experience in local countries, a center of excellence and a shared service center.

The customer-centric ambition of Henkel has also resulted in job profiles now embracing many elements of customer centricity. It's about investing in the people that need to transform with you, and represents a step above many traditional customer-service transformations.

The **mindset training** initiative goes beyond sharing the concepts of customer centricity to offering concrete training that gives team members a toolbox to own a specific piece of the customer experience.

In order to **grow the capabilities** of those within the team, there's a tailored training plan for new roles that incorporates both broad customer-centric elements as well as individual training paths.

Community building within the Henkel customer service organization has included providing a platform for team members to share, for example, how a customer-centric conversation with a customer went. This is also a space where they can share the challenges of the transformation and admit that it can be difficult to not fall back to the old ways of doing things. This transparency helps in further drawing the roadmap to a real customer-centric oriented organization.

2. The competitive advantage North Star: Henkel and Bluecrux determined their competitive advantage North Star after evaluating the sorts of data that customers have at their fingertips and recognizing three indisputable truths.

- Customers know when **they want something**. (The initial requested day)
- They know **what they've been told**. (The communicated day)
- And they know **when the item has arrived**. (The actual delivery day)

Taking into account these three truths, Henkel realized that the company has a high chance of improving the customer experience with them. It comes down to understanding the customer and what they really want—the perfect order to request. A representation of the actual delivery date vs the initial requested date, the perfect order to request is the starting point of customer expectation. As this is now recognized as a vital measure for customer experience, there are no longer incentives at Henkel to manipulate this data.

Keeping a promise at Henkel is a priority. The promise is what the company has communicated against actual delivery date. It's why track and trace is so important and getting that date correct.

While it took Henkel 1.5 years to get everyone behind this initiative, the time and effort have proven to be worth it. In January, the company went live with it, and they can already see very different conversations taking place and the adherence to a new North Star.

3. Henkel's differentiators: Henkel has dedicated itself to the process pieces of shipment experience, sampling experience and complaints experience. Instead of seeing them as add-on concerns, the company is treating these areas as foundational, embedded in its core culture. Process optimization is not done from inside-out, but always from an experience perspective. Revitalizing the company strategy to make this customer centricity real in everything it does requires a strong leader and widespread buy-in.

- **Shipment experience:** Henkel is working on improving the experience of the customers by providing visibility on where their orders are. Investing in and launching track and trace options all around the world has been a part of this notable shift.
- **Sampling experience:** Ordering samples is oftentimes the first experience a customer will have with Henkel, so making a good first impression is essential. Striving for the best, Henkel launched a project to make this process seamless and easy from a customer perspective.
- **Complaints experience:** Quality to Henkel has long meant doing their best to make sure that there aren't complaints. Customer service has generally been about registering and closing complaints and measuring how fast they are closed, rather than the experience of a customer throughout that journey. It's that experience that Henkel is now focusing on with the newfound understanding that it's not just about the problem, but about how it's dealt with. As part of the effort to do this, the company defined a checkpoint process, with a workflow of standard communication.

THE LESSONS LEARNED

If it's not in your company mission, don't go for it: Henkel has seen first-hand the importance of having a company be aligned for a successful transformation journey. It needs to be supported by the overall aim of the company and have all the necessary backing, all the way from the top.

Talk to customers. In supply chain operations management, engaging with customers is often not prioritized—but it should be.

Find the right mix. It's key to strike the right balance between focusing on the bottom line and top line. It's about finding the right mix between short-term and long-term, understanding internal mindsets and external experiences.

Focus on outcomes, not activities: People can get stuck designing processes and forget to consider the experience side of the equation. It's important to always remember the why of the transformation—addressing customer experience.

THE VIEW AHEAD

It's not the time to be afraid of change, but rather to embrace the journey of a customer-centric transformation. If you go all in and take your time, it's possible to make it real—and to make it a real competitive advantage.

Henkel will continue on its customer-centric journey for the next year or two, with Bluecrux steadfastly at its side.

Are you ready to follow in Henkel's footsteps and pave the way for a customer-centric transformation at your company? Please do reach out to us at Bluecrux. We look forward to getting better acquainted with you and your company's vision for the future today—and starting to make it a reality tomorrow.



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Building true customer-centric supply chains



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