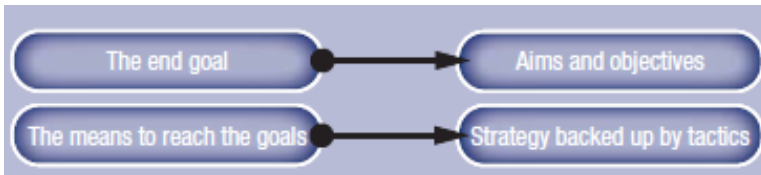


## Strategy and tactics - Zurich

Zurich does business in over 170 countries and has over 60,000 employees. Zurich combines its knowledge of local markets with international expertise. It aims to offer its customers a high level of service. To do this, Zurich has recently developed a new **customer-centric strategy**. This strategy sets out plans to provide customers with the products and services they require accompanied by a high level of customer service. Zurich continually monitors its activities to make sure that its customer-focused objectives are being achieved.



A strategy is a plan that enables an organisation to achieve aims and objectives. The plan needs to be backed up by tactics. These are the methods used to implement the plan.

In relation to customer centricity, Zurich's strategy is to increase customer satisfaction. In order to do this, Zurich needs to understand what customers want. In 2010 and 2011, Zurich carried out market research by interviewing over 7,000 customers. The survey focused on 70 different features and aspects of its service. The research provided a good indicator of what customers want when dealing with the company. This can be illustrated by a desired customer experience wheel.



To measure customer satisfaction in the various regional markets in which it operates, Zurich uses a measure known as a TRI\*M index. This assesses how well different parts of Zurich's business are performing in relation to satisfying customers. It combines this measure with further customer satisfaction research carried out by an independent research company. This research measures how satisfied customers are with each of the eight elements of the desired customer experience wheel and additional underlying attributes. Using these research findings, Zurich is able to allocate resources to those aspects where customers want most support. Action plans to deliver service improvements are then developed by local teams. This is where tactics come into play.

Tactics are the methods used to achieve the business objectives. For example, in the insurance industry getting things done on time is very important. Zurich teams therefore focus on reducing the time between a client signing a new insurance contract and receiving the insurance policy. The company also seeks to minimise the time between a customer making an insurance claim and receiving compensation. Zurich has also developed tactics to ensure its products and services are readily available. Insurance is often sold to customers through intermediaries rather than directly by an insurance company. Typical intermediaries are insurance brokers, independent financial advisors and financial advisors working in a high street bank. Zurich seeks to have the widest possible **distribution footprint** – that is, the largest possible presence in banks and other financial outlets. Part of Zurich's strategy involves a focus on people management. The company aims to attract top employees and to retain the people that it recruits. At Zurich, management trainees are developing skills in functions such as marketing, sales and customer service during their initial training. They also work with a range of products, such as business and private insurance. Zurich aims to provide trainees with the skills and opportunities that they need to pursue interesting careers with good prospects. Zurich also offers its staff performance incentives. These incentives are not just for making sales. They are also offered for helping the business to achieve its SMART objectives. Employees are rewarded with bonuses, awards and recognition for good performance.

## Questions

1. What is meant by strategy?

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2. Describe the meaning of tactics.

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3. Explain why market research is important when deciding on business strategy.

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4. Analyse the importance of having business strategies

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## Task

Develop an information leaflet that would be relevant for a new small business owner, explaining the meaning and importance of business strategy and tactics.

## What have you learned?

Ready, steady, GO...write as much as you can about strategies and tactics in 60 seconds. Share with a partner. Have you written the same things? Has your partner remembered something you hadn't?