

Praise for *Customer Magic*

Leaders at Macquarie understand that magic follows from the dedicated pursuit of customer experience excellence! In this book, Joseph A. Michelli, a consultant and author who has worked with The Ritz-Carlton Hotel Company and Macquarie, crafts another invaluable resource for organisations of all sizes to create repeat business and referrals. Bravo to the leaders at Macquarie. Much success to you as you master these powerful lessons and craft your *Customer Magic*.

Horst Schulze, Co-founder of The Ritz-Carlton Hotel Company and bestselling author of *Excellence Wins*

From my roles as a Chief Experience Officer, coach to the C-suite, speaker and author, I know firsthand the importance of creating a human-centric culture. I also know the challenge of executing a strategy that gets the most from your people, process and technology. In *Customer Magic*, my friend and colleague, Joseph A. Michelli artfully captures how an Australian technology company creates world-class customer experiences in keeping with the company's purpose – 'to make a difference for markets that are overcharged and underserved'. Most importantly, Joseph shows you how to drive repeat business and referrals! So, what are you waiting for? Isn't it time to master the magic?

Jeanne Bliss, Founder and President of Customer Bliss, Co-founder of the Customer Experience Professionals Association and bestselling author of books including *Chief Customer Officer* and *Would You Do That to Your Mother?*

Macquarie Technology is an exemplar of customer problem-solving and customer care. Through that unwavering customer focus, Macquarie delivers impressive returns to shareholders. *Customer Magic* explains how the founders, David and Aidan Tudehope, and other leaders ask the right questions and deliver what they call 'personal accountable service'. This important book lays bare what superior customer experience requires and how rewarding it is for staff and shareholders as well.

Robert McLean AM, Co-author of *The Imperfectionists* and *Bulletproof Problem Solving*, former Dean of the Australian Graduate School of Management and Director Emeritus of McKinsey & Company

Who would have thought a humble, unconventional Aussie brand had so much magic to share. Michelli has thoroughly and elegantly captured the story of Macquarie Technology in a way that helps leaders and business owners believe in what is seemingly impossible at times. Building strong relationships, perseverance to service training and the commitment to untiring service storytelling are just some of the tactics that Michelli reports form the practical magic that delivers extraordinary customer experiences. Another brilliant business case unpacked and a dose of inspiration to any business leader or customer experience leader who wishes to succeed in gaining global attention and a competitive advantage.

Jaquie Scammell, Founder and CEO of ServiceQ and author of *Service Mindset* and *Service Habits*

CUSTOMER MAGIC

CUSTOMER MAGIC

THE  macquarie WAY

How to reimagine
customer experience to
transform your business

JOSEPH A. MICHELLI



MAJOR
STREET

This book is dedicated to everyone who strives
to reimagine customer experience.



First published in 2023 by Major Street Publishing Pty Ltd
info@majorstreet.com.au | +61 406 151 280 | majorstreet.com.au

© Joseph A. Michelli, Ph.D. 2023
The moral rights of the author have been asserted.



A catalogue record for this book is available
from the National Library of Australia

Printed book ISBN: 978-1-922611-87-1
Ebook ISBN: 978-1-922611-88-8

All rights reserved. Except as permitted under *The Australian Copyright Act 1968* (for example, a fair dealing for the purposes of study, research, criticism or review), no part of this book may be reproduced, stored in a retrieval system, communicated or transmitted in any form or by any means without prior written permission. All inquiries should be made to the publisher.

Cover design by Tess McCabe
Photo by Matt Nelson on Unsplash
Internal design by Production Works
Printed in Australia by Griffin Press

10 9 8 7 6 5 4 3 2 1

Disclaimer: The material in this publication is in the nature of general comment only, and neither purports nor intends to be advice. Readers should not act on the basis of any matter in this publication without considering (and if appropriate taking) professional advice with due regard to their own particular circumstances. The author and publisher expressly disclaim all and any liability to any person, whether a purchaser of this publication or not, in respect of anything and the consequences of anything done or omitted to be done by any such person in reliance, whether whole or partial, upon the whole or any part of the contents of this publication.

Contents

Foreword		1
Chapter 1	Macquarie's Customer Magic	3
Chapter 2	David (and Aidan) Against Goliath	15
Chapter 3	From Purpose to Culture	31
Chapter 4	It's Always About the People	49
Chapter 5	Seeking Freedom Within Boundaries	69
Chapter 6	The Art and Science of World-class Customer Experience Delivery	89
Chapter 7	A Noah's Ark of Innovation	113
Chapter 8	Zigging when Others Zag	129
Chapter 9	Looking to the Future with Macquarie's Magic	153
About the Author		167
References		169
Index		175

Foreword

The history of business management is filled with examples of industry-leading companies that either lost their premier market position or ceased to exist altogether. Case studies of companies like Polaroid, Blockbuster, Enron and even IBM spotlight how hard-earned success is precarious and difficult to sustain.

For decades, I've researched, taught and written about the challenges leaders face in managing innovation and stewarding change within successful businesses. My perspective, which I call 'ambidextrous leadership', encourages leaders and managers to address two distinct challenges simultaneously. First, continually improve the ability to compete over the short term by ensuring strategy, structure, people, culture and processes all work in harmony. Second, spark revolutionary innovation and drive organisational change.

This book, *Customer Magic*, provides an insightful deep dive into Macquarie Technology Group, a company founded by students of mine at the Harvard Business School: David and Aidan Tudehope. David and Aidan's commitment to lifelong learning, disruptive and iterative innovation and operational excellence has resulted in three decades of steady success for Macquarie – a challenger brand in the rapidly changing technology and telecommunication sectors.

Throughout the years, Macquarie has earned prestigious customer experience and industry rewards, but unfortunately the

company's leadership strengths have remained largely under the radar. As someone who has closely watched this renegade Australian brand succeed for decades, I am delighted that Joseph Michelli chose to adeptly share Macquarie's revolutionary lessons with you.

In the pages ahead, Joseph, a #1 *New York Times* bestselling author and globally recognised customer experience consultant, takes you on an in-depth journey into Macquarie's remarkable and unconventional approach to customer experience, innovation, and consistent growth.

Customer Magic shows you how to leverage effective customer listening to produce engagement, repeat business and customer referrals. It provides stories of Macquarie's exceptional customer service delivery while also offering tools for driving positive storytelling across your organisation.

Packed with actionable insights, *Customer Magic* is a case study of what is possible when leaders have a deep sense of purpose and a commitment to creating value for customers and markets that are underserved and overcharged. Joseph's keen analysis and inviting writing style also highlight Macquarie's disciplined and unique approach to innovating ideas that are optimised for the needs of core customer segments.

In short, *Customer Magic* is a must-read leadership book and a go-to resource for anyone seeking to create a purposeful culture that succeeds over the short and long term by producing world-class customer experiences and timely, customer-centric innovation.

What are you waiting for? It's time to dive into *Customer Magic*!

Michael L. Tushman, Ph.D.
Baker Foundation Professor
Paul R. Lawrence Professor Emeritus
Harvard Business School



Chapter 1

Macquarie's Customer Magic

Carol Moseley Braun states, 'Magic lies in challenging what seems impossible'. By that definition, this book is about business *magic*.

The company on centrestage for this performance – Macquarie Technology Group, which I will refer to as 'Macquarie' throughout the book – consistently *challenges* industries known for poor treatment of customers and monopolistic practices. While Macquarie may not be a household name, it is a successful 'challenger' brand that has disruptively achieved *seemingly impossible* customer-centric results. The magicians – two brothers and an aligned team of leaders and frontline colleagues – have honed their craft in pursuit of a transformative purpose: 'to make a difference for markets that are underserved and overcharged'.

Despite minimal start-up capital and harsh competition from large, established brands, Macquarie's magic has produced a telecom, cloud and cybersecurity business with stock values that have

Customer Magic

increased more than tenfold in the last decade alone. Macquarie earns countless rave reviews from loyal customers across global and regional brands.

Daniel Hawkins, the Australia/New Zealand Chief Information Officer for Domino's Pizza (a multinational pizza chain with over 19,500 stores in 90 markets), notes:

'Macquarie is a valued strategic partner. They have consistently exceeded our service expectations and improved the effectiveness and efficiency of our systems. Through our relationship with Macquarie, we've reduced customer friction and improved our overall Domino's experience.'

Matt Slade-Smith, the Group ICT Manager at LifeHealthcare (a leading independent medical device distributor), shares:

'Having first engaged with Macquarie in 2007, our journey, much like theirs, has evolved. One thing that has never wavered is their focus on outstanding experiences. It is refreshing to see a partner so on top of customer service. With the most seamless migrations to Azure and our current environment now decluttered, much more scalable, robust and cheaper, working with Macquarie is an absolute no-brainer.'

Hayden Slee, Information Technology Infrastructure Manager at Fleetwood (an offsite manufacturer of modular construction and recreational vehicle solutions), notes:

'Without access to Macquarie's resources, skills and expertise, it would have taken years to reach this level of maturity and capitalise on our goals. They've become an extension of our team, and we have weekly meetings where engineers, project managers and network administrators collaborate and work

through issues. This has been great for skills sharing and ensuring nothing slips through the cracks. Macquarie even takes the time to send people to remote locations. One time, they sent a team member 2000 kilometres north of Perth to scope out a project. None of the vendors we've dealt with over the past five years have shown that commitment. The service provided by Macquarie's local team has accelerated IT support, which will advance business goals for years to come.'

Similarly, Darrin Leggett, Executive Manager of Information and Office Services at Avivo (a homecare service company), shares:

'We signed on with Macquarie Telecom almost two years ago, and I can tell you the honeymoon hasn't ended. From the word "go", Macquarie Telecom has exceeded my expectations, from outstanding project implementation to continually going above and beyond what was required.'

Are Daniel, Matt, Hayden and Darrin talking about a telecom and technology company?

From sceptic to advocate

When I heard about Macquarie many years ago, I doubted that a telecom and technology company was delivering transformative customer experiences. As a customer experience consultant who's worked with and written about world-class customer experience brands such as The Ritz-Carlton Hotel Company, Mercedes-Benz, Starbucks and Zappos, it was *seemingly impossible* that a telecom company would authentically care for and about customers. However, data suggests Macquarie is a disruptor that challenges the seemingly impossible.

Like the rest of the world, Australia's telecom and technology sector is riddled with customer service issues. From 2017 to 2019, the Australian Telecommunications Industry Ombudsman logged approximately 153,000 formal customer complaints yearly. That's substantial in a country of roughly 25 million people. Those telecom complaints were roughly twice the number received in the banking sector. In the same period, Macquarie received an average of two minor complaints yearly.

Similarly, the Australian Communications Consumer Action Network (ACCAN) reported that the average Australian telecommunications customer spent 1.2 hours waiting in a phone queue before reaching someone who could help them. By contrast, Macquarie call centres average a 26-second wait time. MaritzCX's audit concluded that Macquarie Cloud Services outperformed MaritzCX's global norms and exceeded the information technology industry average on virtually every customer experience competency.

Not only is it unprecedented for a telecom or technology company to be a customer experience leader, but it's also unusual for an Australian company (as opposed to a US, European or Asian brand) to garner global attention as an outstanding service provider. However, after a decade of tracking Macquarie and gaining access to the company's inner workings, I've gone from sceptic to advocate and I feel compelled to share the secrets behind their magic.

Intended audience

Before you join me on this Australian adventure, let's ensure this journey is right for you.

Customer Magic is written for difference-makers and innovators! Technology and telecom leaders will naturally gravitate to this book, but its lessons are applicable across country borders and

industry sectors. *Customer Magic* also speaks to entrepreneurs and team members of businesses of all sizes at every organisational level (C-suite, owner, manager, frontline).

However, this book is *not* intended for passive readers. This book is designed to spark discussion and action. *Customer Magic* is an extension of Macquarie's previously mentioned purpose: 'to make a difference for markets that are underserved and overcharged'.

The success of *Customer Magic* hinges on you leveraging insights and tools to make a difference for those you serve. If you are willing to elevate your people, processes, products, technologies and services, *the magic awaits*.

Context and accomplishments

For context, it's best to consider Macquarie as a single company with four aligned business units. While a brief and non-technical description of each division is provided here, Chapter 5 will offer a more in-depth look at how Macquarie's business units work independently and interdependently to create robust customer solutions and overarching company results.

Macquarie started as Macquarie Telecom in 1992. The Telecom business unit provides data, voice, mobile and internet services to medium and large business customers. Macquarie Cloud Services provides comprehensive software as a service (SaaS) solutions and cloud resources ranging from colocation to private and public cloud. Macquarie Government provides cybersecurity to 42 percent of Australian government departments, protecting them against viruses and hackers. Macquarie Data Centres operates large data facilities where the cloud lives, and also services clients from across Macquarie as well as large wholesale customers.

Customer Magic

Collectively, Macquarie is globally recognised for leadership, innovation, customer experience excellence and employee engagement. Rather than providing a lengthy list of achievements that Macquarie has accrued over its three-decade history, here are a few representative accolades.

Total Telecom is an organisation that serves more than 250,000 senior executives, tracks telecom and technology trends, and recognises industry leaders and innovators. In 22 years of Total Telecom's World Communication Awards, *no* Australian company had received an honour. That changed in 2020 when Macquarie won two World Communication Awards: Best Customer Experience (CX) and CEO of the Year (going to Macquarie's co-founder and CEO David Tudehope).

The CX award was conferred by David Homer, Senior Client Partner at Capita, who explained, 'Providing the best all-round experience with customers is the focus for this particular award. The winner motivated staff to look for ways to delight customers and hence increasing the company's net promoter score.' In the context of the CEO of the Year award, Nokia UK and Ireland CEO Cormac Whelan said:

'For the CEO of the Year, we're definitely looking for the X-factor and we definitely found it here. The judges described the winner as the most customer-experience-focused CEO they've ever seen ... he championed increased competition in his own domestic market and has delivered outstanding growth for the company he himself founded in 1992.'

In addition to leadership and customer experience recognition, Macquarie has been acknowledged as a Great Place to Work.

Citing Macquarie's commitment to team member assessments, coaching and training, the *Australian Financial Review* emphasised that Macquarie's leadership drives a highly engaged and inclusive workplace.

The following chapters will help you understand and apply Macquarie's award-winning approach to leadership, customer experience, innovation and employee engagement. It includes:

- an inspiring company purpose and values
- customer experience excellence based on a holistic model of people, real-time transparent measurement, optimised processes and systems, and customer-centric storytelling
- competitive differentiation based on 'zigging when others zag'
- innovation fuelled by a 'Noah's Ark' methodology
- a leadership model of freedom within boundaries and a founder's mentality that permeates the organisation.

Before I detail the approach, let's preview what you will learn from this unconventional brand.

What's in it for you?

Consistent with Macquarie's commitment to delivering customer value, your study of Macquarie's business magic will provide practical insights on how to:

- identify customer pain points
- develop solutions that remove customer pain
- leverage a compelling unique value proposition geared to your target audience
- create and sustain a customer experience culture
- attract and select customer service talent

Customer Magic

- grow and retain subject matter experts who consistently demonstrate service professionalism
- measure customer experience delivery
- set, measure, track and incentivise mission-critical business goals
- inspire, align and engage team members
- evaluate emerging trends and determine their applicability to your customer segments
- innovate solutions that meet your customers' stated and unstated needs
- maintain a growth mindset and leave a legacy of business and customer success.

Maximising your experience

Let's preview this book's layout so that you will get the most from *Customer Magic*. This nine-chapter book consists of the following:

- This context-setting chapter
- Seven content chapters addressing customer experience, innovation and leadership themes
- A summary chapter that looks at Macquarie's future and your application of *Customer Magic*.

This book will present foundational concepts and strategies that have guided Macquarie during exponential growth, economic downturn, recovery and transformation. These concepts are presented in language consistent with Macquarie's culture and reflect the importance of focusing on team members' and customers' evolving wants, needs and desires. The goal of this book is to provide tools for your personal and business development. *Customer Magic* can be used individually, in team discussions and with business book clubs.

In subsequent chapters, sections referred to as 'Practise your magic' offer opportunities to reflect on, discuss and apply Macquarie's best practices. At the end of each chapter, you will find a summary of key takeaways in a 'Make your difference' section.

Customer magic in action

Before revealing Macquarie's insights and techniques, here are three examples of the company's service magic.

Like everything at Macquarie, the first story begins and ends with customer service. This time the service was directed to an Administrative Supervisor at a non-profit service provider, a prominent mental health and disability organisation. The organisation had recently migrated their mobile phones to Macquarie Telecom, and the Administrative Supervisor placed an after-hours call to make a provisioning change. On the receiving end of that call was a Macquarie Project Manager – Clinton Donovan. Clinton swiftly and professionally managed the request. This would mark the end of the service story at most companies, but *not* at Macquarie. Clinton elevated the service experience when he learned that the client had accidentally locked herself out of her office while completing the Macquarie call.

Since her keys and wallet were in her office, Clinton arranged an Uber, which he paid for from his personal account. Upon arriving home safely, she contacted Clinton to express appreciation and reimburse him. Clinton responded, 'The only payment required is to know that you finish the night with a good meal and a nice glass of wine.' The client had the final word, however, by sending a letter of appreciation to Macquarie leadership, noting:

'I can't recall a time when someone I've dealt with professionally went all out to put my safety and well-being first and

in no way made me feel like it was done out of obligation. There's a standard of customer service I think we all recognise as acceptable, but this encounter was beyond anything I would have expected from a provider given my predicament was not of a work nature.'

These unexpected or seemingly implausible behaviours are expected at Macquarie, as evidenced by a service interaction with another customer – the Royal Australasian College of Surgeons (RACS). RACS was formed in 1927 and is a non-profit organisation that trains surgeons and maintains surgical standards in Australia and New Zealand. On a Friday afternoon, as RACS was moving to a new office in New Zealand, RACS team members contacted Macquarie with a substantial and unexpected connectivity concern. Four Macquarie team members – Janet Blair, Maria Meyer, Saulius Kazlauskas and Kate Larson – assessed RACS's issue and determined they needed a new router. To avoid business disruption, that router also needed to be delivered and brought online before Monday morning. Unfortunately, no courier could get the equipment to New Zealand that quickly. Working together, the Macquarie team *challenged the seemingly impossible*. Kate coordinated the team. Saulius offered expert technical support. Maria worked through the night to resolve a surprise from New Zealand customs. Janet adjusted her plans for the weekend to hop on a three-hour Saturday-night flight from Australia to New Zealand.

Thanks to Macquarie's extraordinary team effort, RACS was fully operational from their new headquarters in Wellington, New Zealand, at the start of business on Monday morning. If that wasn't enough, Janet found time to take RACS team members to breakfast.

Let's close this chapter by showing how Macquarie team members helped a customer avert disaster. The customer was Rocky Bay, a 90-year-old community service organisation based in Perth that provides disability support services. In a conversation, Michael Tait, Rocky Bay's Managing Director and CEO, credited Macquarie with helping his organisation keep their essential services operating. Specifically, Michael noted:

'Rocky Bay was attacked with a crypto lock, and from the moment that threat surfaced, we were anxious and uncertain about its likely impact. We'd heard stories of other organisations like ours closing because they didn't have the resources to pay the ransom. Macquarie, a trusted 20-year partner, jumped into action with astonishing speed, not wasting time discussing compensation or requesting purchase orders. Their team took charge in partnership with our IT team. Macquarie helped us stay confident and maintain positive morale throughout the operational disruption. Fortunately, no customer data was affected, and no information was extracted. More importantly, we were able to come through the challenge strong and resolved.'

Dan Morgan, a Macquarie Personal Customer Technical Officer who worked on the team that responded to Rocky Bay's crisis, told me:

'We are used to working in situations of heightened intensity and strive to empathise with the emotional impact these challenges pose for our customers and for those they serve. In the case of Rocky Bay, we were acutely aware that we needed to help Rocky Bay so they could serve their vulnerable customers.'

Michael acknowledged the extraordinary level of empathy demonstrated by the Macquarie team:

‘We are fortunate to have many solid partners – most of whom do their job without our oversight – but Macquarie is different. Macquarie makes us better, and they are extensions of our team. Our Macquarie partners appear to genuinely care about us and our customers. Thanks to Macquarie’s authentic support and concern, we can assist and create independent living opportunities for people like Mal Burgess.’

Mal is a 61-year-old man paralysed at age 22 after an automobile accident when he drove while being alcohol-impaired. A long-term resident of Rocky Bay, Mal has worked with Rocky Bay’s rehabilitation specialists and speech therapists so he can speak to youth about the perils of operating an automobile after drinking. (For a video of Mal sharing his powerful message, please visit macquariemagic.com.au.) Michael adds that thanks to exceptional partners like Macquarie, Rocky Bay is fortunate to serve people like Mal, who in turn positively touch countless lives.

These types of customer service stories – along with many more that will be provided throughout the book – go *well* beyond the norm for telecom and technology providers. Frankly, they exceed service delivery standards for most businesses (even those in the hospitality sector). However, they are the way things get done at Macquarie.

Now that you’ve witnessed some Macquarie magic, it’s time to dive deeply into the company’s customer experience and innovation wizardry.