



CREATIVE (NOT DISRUPTIVE) INNOVATION

HOW CAN THE SWISS POST OFFICE FACE ITS CHALLENGES BEFORE IT IS FORCED TO TAKE DRASDIC ACTION?

By Professor Cyril Bouquet – January 2015

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The Swiss post office, or “La Poste” as it is known in French, is going through disruptive times. National councilors from all parties are hotly contesting its decision to no longer deliver mail to some isolated rural areas. Citizens from several cantons have teamed up with unions and have launched a “don’t touch my mailbox” campaign to demand that mail continues to get delivered everywhere.

The same groups are opposed to a test phase of customized mail delivery in the Swiss region of Yverdon and la Broye. These rumblings come at a time when post office closures in small villages are also causing a stir. More than 1,200 signatures were gathered in just one week against the move to shut down the post office in Crans-près-Céligny, a small village near IMD. This is just one example.

What is La Poste doing?

In its favor La Poste already enjoys a very high level of satisfaction among its clients. Its mail delivery network and sales unit received a respectable score of 86 out of 100 in a 2014 customer satisfaction survey of 14,000 of its private customers and 10,000 business clients. In a more targeted survey, the quality of its mail delivery was rated even higher, getting 91 out of 100, and delivery staff was praised for their friendliness (95 out of 100). This is an impressive accomplishment by La Poste. But the numbers may reveal more than meets the eye. If the Swiss are currently very happy with the services they have, they might not be ready to put up with any changes that La Poste may need to make.

La Poste is undertaking a number of initiatives to adapt to the changing social climate and new business challenges it faces. Three quarters of the population now use the internet daily, or at least a few times a week, to read and write e-mails, to shop online, for banking and more. The result is that from the year 2000 to 2013, La Poste saw a 65% drop in business at its counters for letters, 47% for packages, and 31% for payments.

Businesses, even if they perform public services, must adapt to competition and social changes if they want to survive. Because of Joseph Schumpeter’s theory that progress is accomplished by “creative destruction,” it is now widely accepted that we must destroy the old in order to adapt. But innovation doesn’t always have to mean that we start with a clean slate. Take one example: there are many ways to densify an urban area in order to meet the demand for new housing. Just because some industrial zones are cleared to make way for new neighborhoods doesn’t mean we should raze the cathedrals in Geneva or Lausanne to free up space for new construction. We can add levels and additions to existing buildings or renovate them to adapt to new demands for living spaces and comfort. Innovation is not necessarily destructive; it can also be a force for creative renovation.

What is creative renovation?

Innovation by itself, even after it threatens to destroy industries, can suddenly give the same industries a second wind. Statistics published by La Poste for the first three quarters of 2014 illustrate this well. While the number of letters sent dropped by 2.5% compared to the previous year, the volume of packages went up by 2% with the increased popularity of online shopping. This trend continued over the recent holiday period with a jump in the number of packages being shipped.

A lot of businesses specializing in home delivery have been recently popping up in the United States. Their operations are rather simple. A client’s order is immediately assigned to the nearest delivery person who makes the purchase and delivers it to the customer’s home within the day, or sometimes within the hour. One of the companies that use this model is called Postmates. Founded in San Francisco in 2011, Postmates now operates in a dozen other cities, including New York and Chicago, and employs 5,000 delivery people. Many similar businesses were launched already in the early 2000s, before they went belly up. Now ten years later, we are seeing a similar phenomenon.

Without copying and pasting, La Poste could gain some valuable insights by examining what these companies do. With its thousands of highly appreciated employees, its fleet of various types of vehicles and its national reach, the post office has a lot to work with to broaden the services it offers through its existing distribution network. La Poste is firmly anchored in the traditions of Switzerland’s villages and neighborhoods. Fritz Kobel, who has been working for La Poste for 37 years in Eggwil in canton Bern, said: “In the past, I would put the mail on clients’ kitchen tables and I would chat

with all of them. I would help the older farmers turn on their heaters and even bring them fresh bread.”

The importance of positioning

Customer satisfaction surveys, questionnaires and piloting new services have their place but they are not enough. Information sharing and direct interaction with customers and elected officials are important parts of modernizing a service provider like La Poste.

It is not only a question of image. Good economic and political positioning is also important. The Swiss population will soon vote on a country-wide initiative put forth by consumer protection magazines. This initiative, called “save our public services,” proposes to forbid companies like La Poste, CFF (the Swiss railway company) and Swisscom (the telecommunications company) from making profits from basic public services.

Of course the federal authorities are recommending that Swiss citizens reject this initiative. But there is a risk that dissatisfaction coming from certain parts of the country, such as customers upset about the high price of phone services and packed trains during rush hour, or others who are disillusioned with the closure of their local post offices, will express their frustration at the polls. Will there be enough of those people for the vote to pass? Who knows? But given the outcome of some Swiss popular votes, we should be careful.

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