



The Essential Core Value: Do All You Can to Make Your Customers Successful!

Jonathan Narducci

Businesses want to attract and retain customers who bring them a profit and, just as important, who are also profitable since successful customers continue to buy and buy more when they do. So, how do we help our customers with their success and does customer centricity have anything to do with it? I concluded that it would be, at least, part of the answer.

First, what is customer centricity? Paraphrasing most definitions, customer centric means businesses have developed company-wide procedures, policies, and activities to *ensure* they are constantly researching and learning about each customer's performance needs and matching them to the business' value propositions and execution abilities to meet them, resulting in market success for both the business *and* its customers.

It also means *know your customers' businesses as well as you know your own*. It means making customer centricity one of your company's "core values" (core values - the set of persistent principles that drives activity quality). And, because I believe it's a core value, I strengthen customer centric to mean *doing all the company can to help make its customers' business performance successful!*

"Doing all the company can..." means keeping an open mind to building customer benefits by:

- Learning about *everything* customers do and need to be successful – even if their business performance activities that do not *seem* related to your company's value proposition(s) – **VP** – and execution capabilities – and mine what you learn for *customer value creation opportunities*.
- Similarly, getting an understanding of all the *issues* that customers face, regardless of their relationship to your "present" set of products and services, and explore them for opportunities to develop new offerings.

It's in your best interests to identify your customers', for example, operations, customers, competitors, products and related services, and issues. It's within areas like these that you'll find opportunities to increase your customers' success by developing solutions to improving your customers' performance. For example, could you help your customers recruit and retain qualified personnel to use (or service, integrate, etc.) the products and services you provide to them? Think about it.

Does this mean you help customers with operations, problems and issues that are *both* related *and* unrelated to your products and services? Does it mean you are obligated to help your customers with operations, problems and issues with which your company may not have the competencies to handle?

Getting answers to questions like these creates a "chicken and egg" scenario. You could say they depend on your strategies, capabilities, economic position and other factors because the business would be "stretching" itself beyond its present capabilities. Then again, your company's strategies, capabilities, and economic position depend on "stretching" itself – that is, finding improved and new ways to provide value to customers.

Regardless, your company is dependent on *profoundly knowing about* your customers' businesses – each individually or collectively as a market segment – for, at least, the following reasons:

- First and foremost, it's your business' goal to attract, acquire, and keep the right customers. Finding success and failure information helps your company segment customers.
- By answering the question "What are my customer's problems?" you will be able to assess the potential impact, negative and positive, on your company's value proposition(s) – **VP**.

- The knowledge will help you develop the competence you need to provide useful advice to your customers on a wide range of business performance issues – from process to tools to management.
- You need to plan your future. Your customer's future helps predict yours. A customer successfully using your products and services doesn't necessarily mean a successful customer.
- In order to stay competitive, you have to start focusing on what you *can additionally* do (and sometimes, have to do) as opposed to what you already provide in your company's VP.
- Profoundly understanding your customers' businesses can open up opportunities to partnership, alliance or collaborative relationships where they may not have been previously considered. For example, your company might collaborate with a business that specializes in human resource management to create industry specific services for your customers as a group.

By embracing the core value of "doing all that can be done to make customers successful" through evaluating for information about their total business performance, you, your colleagues and your customers will start looking for and finding value opportunities that you never thought you should or could take advantage of, regardless of your company's present capabilities or VP offerings.

For example: How about setting up a web page that allows your customers to access financial management tools that are tailored to their industry (not necessarily the ones your company uses – although they could be – but some third party's)? Or, what would it take to transfer your project management knowledge to your customers so they take advantage of your experience and don't fall into the same traps you encountered? If you are unaware that your customers may have these types of needs, then you probably won't think of possible solutions that may influence your initiatives.

But to find opportunities and formulate the "right, smart" initiative decisions, you need to take this timely, significant customer knowledge and use it as input to other decision-making activities, such as:

- **Integrating information** about technology, markets, people, resources, and more.
- **Research** into the existing products and services in your market - yours and your competitor's - and in different industries.
- **Brainstorming** with colleagues (in and out of the company), customers, partners, and suppliers to create innovative and unique VPs.
- **Communication** with all stakeholders just mentioned, letting them know your company's strengths, what you know about the future, and your business intentions. Find out the same from them.
- **"What if?" analysis** to test out different VP scenarios for different customer segments against economic and operational success for them and your company.
- **Risk identification and analysis** to determine impact to your company and your customers.
- **Benefits and consequences evaluation** to develop a clear understanding of what will happen by implementing initiatives.

Build A Permanent Information Gathering Process

Gaining customer business performance knowledge is most effectively accomplished through (co)evaluations of some type, covering their Key Success Factors - those business components (product/service requirements and operations) that drive their value creation process and define their VPs. Regardless of the evaluation type employed, it needs to be done regularly.

It's important *not* to evaluate for information that's already part of your company's regularly scheduled satisfaction surveys, those that ask customers to tell you how well your company is doing. Customer surveys like this won't do the trick because they are *focused* on asking customers to evaluate *your* company's benefits and performance, not theirs.

You need information that's focused on your *customers'* businesses. Your company needs knowledge about how customers look at themselves; how they 1) operate their business and 2) respond to *their* customer's needs - i.e., knowledge about *their* abilities. Evaluate them on their Key Success Factors not yours.

Getting your customers to subject themselves to the scrutiny of a “detailed” evaluation won’t be easy due to skepticism about your motives and their reluctance to share confidential information that could compromise their competitive position.

You could suggest to your customers that an externally conducted evaluation would be beneficial because they might be caught up in the “forest and trees” conundrum, clouding their ability to see issues clearly. A safe outsider, a supplier with a vested interest in their success, could more objectively guide the discovery process *and* learn new things about their business as well.

But you will get more customer cooperation than you expect if your “core value” is perceived to be sincere and your resultant actions support your belief in its validity. Your motives will be defined by your core value - which is helping your customers become competitively strong.

Sincerity is helped along by putting a permanent process in place to ensure adherence to this core value. I say *permanent* because core values are enduring. This doesn’t mean the process can’t be improved or even replaced. But you need a process that defines the actions that ensure your company’s “purpose defined by the value” is constantly and consistently being achieved, making it part of your company’s culture. “Part of the culture” means that you believe the process will be supported by personnel – up and down and across the company – and delivers the intended results, causing it to become part of your regular business activities.

There is a range of processes that could be used to evaluate your customers:

- From building an “evaluation tool bag” and training customer contact personnel (sales, marketing, and service representatives) on how to use it when they “visit” with clients.
- To something as simple as building an evaluation survey to be “mass mailed,” filled out and returned. (I don’t recommend surveys for the following reason: you may not get as a complete and accurate response since most people won’t be “publicly critical” of themselves or their company to someone they “do not know.”)

I prefer a “person to person” process that invites open discussion between the various customer organizations under evaluation. This promotes communication between their function or business line groups (from my experience, this seems to occur too infrequently in companies) and helps dispel any misconceptions about each group’s interpretation of company strategies and supporting activities. Use the following steps as a guideline for building such a process:

- Step 1:** Determine customer group characteristics – such as by profitability, industry focus, or revenue size - and categorize customers into segments, if necessary.
- Step 2:** Identify company and customer “champions,” individuals to cultivate and lead the process.
- Step 3:** Iterating between Steps 3 and 4, develop a framework that represents the customer’s value creation process. Draw value chain maps to the level of detail sufficient for Step 4.
- Step 4:** Define the business performance components, Key Success Factors (KSFs), and criteria for your customers, either as individuals, by customer segments, both, or generically for all customer and market segments. The KSFs and criteria, once evaluated, will describe your customer’s performance level.
- Step 5:** Formally evaluate KSFs by representatives from individual customers (possibly include customers’ customers) – covering the desired segments – facilitated by a representative of your company, someone who has no vested interest in the outcome.
- Step 6:** Analyze results and develop value proposition or execution initiatives. Don’t forget to compare findings between customer groups since initiatives that seem pertinent to only one group may be modified and used for another.
- Step 7:** Schedule another evaluation that coincides with how fast change occurs in the industry.

The straightforward information derived from evaluating KSFs will help you understand your customers' businesses and help guide your company into "customer value creation mode." The amount and quality of information you gather will depend on the KSFs and related criteria you select.

By carefully selecting the right ones, you should, for example, find out how well your customers know *their* customers or end users. You should learn something about your customers' skills, processes and tools not to mention their abilities to manage resources, deliverables and time.

The Process' Benefits

The first evaluation forms a baseline to compare against subsequent evaluations. As you will see, doing this type of assessment once is valuable enough, but implementing it on a regular basis will provide the most value because of the information acquired from comparing baselines. The evaluations and baseline comparisons can, for example, help uncover the following:

- **Change** – The only constant in business is change. This is true for your customers as well as your company. Comparisons can help identify any changes to your customers, e.g., operations, markets and client base.
- **Trends** – An evaluation, by asking the right questions and comparing baselines, can help both your company and your customers identify trends in, e.g., market participants, technology adoption, and operation standards.
- **Customer Critical Issues** – Your customers have strategic directions. Assessments focused on customers' value propositions and execution abilities will help uncover the critical issues that may stop their strategies from working.
- **"Competitor Driven" Business Environment** – Customer "success and failure" information will help your company and theirs identify whether they are industry innovators or competitor followers, the latter being a key indicator of the customer's future success. Your customers' ability to innovate is as key to their success as your ability to innovate is to yours.
- **Customer's Business Practices** – Evaluations help identify the Key Success Factors that separates the "winning" customers from less successful ones. This information can be used to develop initiatives for new or improved processes and performance tools.
- **Your Company's Business Practices** – Business practices are, for example, the way your company runs service and product development operations. Customer evaluations help you find the challenges to your present practices.
- **Custom Value Propositions** – Evaluations uncover the information your company needs to customize your value propositions for individual customers or market segments, and help identify what needs to be different for each.

Needless to say, the categories just mentioned aren't the only ones your company could use to interpret the information gathered from an evaluation. Your experiences and intuition will lead you to think of others.

Also, these categories help explain why evaluations are important and why they need to be done carefully. Failure to gather and accurately interpret customers' business performance information could result in failing to include the "right" initiatives in your strategies, which in turn could mean hardship for *your company*. Remember, the best way to deal with problems is to recognize and solve them before they occur.

Summary

The success of your business depends on, to name a few things, technology, innovation, your skills *and* the success of your customers. The success of your customers depends on the successful implementation of their core competencies at least as well as your company implements theirs.

Again, it's in your company's best interest to know when and how your customers' performance will impact *your* business. If you adopt as one of your company's operational core values "customer centricity" that means "doing all you can to make your customers successful" then you will have less surprises and more loyal customers, not to mention a hard to duplicate competitive edge.