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by David Stauffer



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What Customer-Centric Really Means: Seven Key Insights

A genuinely customer-centric company isn't satisfied with the standard measures most firms take to win customers' loyalty—it seeks to win their love.

by David Stauffer

LOYAL CUSTOMERS are like the real fans of a football team, says Chip R. Bell, senior partner in the Dallas office of Performance Research Associates. Regular fans are “at every game, cheering the team on. But real fans do that and more. They paint their faces with the team colors and wear silly hats. They *love* the team.”

Studies show that companies with customers whose affinity goes beyond loyalty to love can charge a 15% to 20% premium for their services, Bell continues. But simply being customer-responsive or customer-focused won't get you there. You've got to go beyond. To get everyone—not just the sales, marketing, and customer-service folks—thinking about customers' needs, and to give them the tools to solve customers' problems. Above all, you've got to be willing to relinquish much of the power you wielded in the old days of command-and-control. You don't have to be a senior VP at corporate headquarters to make use of the following examples of what customer-centrism isn't—and is. Unit-level managers will find these insights immediately actionable, too.

1 It goes beyond handling customer calls efficiently. It means addressing all customer issues fully and resolving them completely.

“Your people have to be given the tools and incentives they need to push past the presented problem and uncover needs,” says customer-service consultant Grace Major, who heads Sigma Service Solutions in Ashburn, Va. The customer's immediate problem—the product doesn't work, the invoice is wrong—is often just the tip of the iceberg. “But that's what most reps are

trained to respond to,” Major continues. “They hear a magic word, such as ‘broken,’ and interrupt the customer in mid-sentence.” When reps are trained to listen carefully and ask follow-up questions, they can push past the presented problem to underlying needs. Result: less frequent callbacks and happier customers.

But reps won't take the time to listen if managers discourage the practice. If you assess their performance only on the number or brevity of calls handled, “you're encouraging them not to uncover needs and solve problems,” Major notes. She advocates assessing performance using “a balanced scorecard of measures,” including customer retention, revenue per customer, and rates of repeat calls and rework.

2 It's not just ensuring that your support departments regard front-line workers as their internal customers. It's ensuring that everyone adopts an external focus.

An “internal customer” approach helps ensure that support departments assign the highest priority to the needs of customer-contact employees. But such an approach can't guarantee that real customers' needs are being considered throughout the company—that kind of alignment requires an external focus. Just what does that mean? If, for example, you're selling a car, you need to think less in terms of its *features* (such tangible attributes as how much horsepower it has) and more in terms of its *advantages* (the reasons why the features are important) and *benefits* (what the features will do for customers)—that is, how the extra horsepower will improve the vehicle's safety by

enabling you to accelerate more quickly when you're on the on ramp of a congested highway.

But front-line workers aren't the only ones who need to see things from the customer's perspective instead of the company's perspective, adds Major. All employees must have an external focus. “You probably don't think of parking lot attendants for a medical center as being on the front line,” she observes, “but they are when a patient who uses a wheelchair asks how to get to the hospital two blocks away.”

3 It involves more than telling your employees how to treat customers right. You've got to give employees the authority and tools to decide the right way to treat customers.

In the digital age, a hierarchical gauntlet of review and approval takes too long. Your front-line people must be able to decide what to do on the spot. At Philadelphia-based Rosenbluth International, one of the world's largest corporate travel managers, CEO Hal F. Rosenbluth invests heavily in new technologies that can empower front-line workers. Res-Monitor, the company's low-fare search system, keeps track of customers' airline reservations and alerts agents when fares lower than those originally booked become available. As a result, the travel agent's role has expanded from that of reservation facilitator and ticket processor to one of travel advocate and consultant.

4 It's not a matter of steering customers through your Web site or store just the way you envisioned. Customer-centrism means letting customers interact with your locations just the way they want.

“Stickiness,” that much-lauded characteristic, means that people who visit your store or Web site want to hang around; as a result, they are more likely to buy—and to come back. But stickiness is a company-centric, not a customer-centric, concept, writes *Wall Street Journal* e-commerce columnist Thomas E. Weber (“A Sticky Situation,” 5 March 2001). “It tempts people to

view a business through the lens of steering customers to do something, rather than giving them what they want.”

That sort of distinction can be subtle, “but it’s a very important one,” says Patricia B. Seybold, CEO of the Boston-based Patricia Seybold Group, a consulting firm. “There are things customers *want* to do and things that you’d *like* customers to do.” A company wants customers to maintain their investment portfolio on the company’s Web site, buy a digital camera for that new PC, and sign up for premium customer-support service. But customers want a company to increase the value of their investments, help them purchase a digital camera before the weekend, and get their new printer to work with their old PC. Their needs had better be met, Seybold says, because now customers can switch to your competitors more easily than ever.

5 It’s not just giving customers what they want, it’s giving them what they will want.

In the past, a company could compete effectively by assessing consumer preferences through focus groups and test marketing and rolling out a new, improved product the next season. That doesn’t work in today’s hyper-competitive environment. “Ask customers what

they want,” former Apple Computer executive Guy Kawasaki writes, and the result is “me-too products that perpetually trail industry leaders” (“Supporting a For-Profit Cause,” *Harvard Business Review*, May–June 2000).

Today, the imperative is to know what customers will want before they know they want it. Spanish fashion retailer Inditex is a leading practitioner of such magic. The company’s roving fashion consultants prowl the hangouts of target consumers—hip youngsters—and spot fashion trends before the people being observed realize they’ve created a fad. The consultants send their findings to the Inditex designers and production managers, who are linchpins in a supply chain that speeds new fashions to store racks in a total elapsed time of four weeks.

6 It’s not organizing the company to serve customers. It’s letting customers determine how you organize.

In the new age of almost limitless customer choice, you’re in trouble if your customer-contact people have to say, “That’s handled by another department. Please hold while I transfer you.” Web strategy expert David Siegel explains it this way in an interview with *Fast Company* magazine (“Web Strategist David Siegel Says: Don’t Redesign,” April,

2000): “If you really care about customers ... then you have to reorganize your entire company around customers. A car company should have a division for commuters, a division for families, and a division for sports-driving enthusiasts. ... Sure, you still need departments like engineering and HR, but the customer divisions should be the power players: They should be able to partner with anyone to get whatever the customer wants.” Customer-led divisions, in other words, help you prevent tunnel vision—for example, when engineering or design decisions get made without the customer’s perspective being taken into consideration.

7 Customer-centrism isn’t just about winning new customers from recommendations of current customers. It’s about having customers say you should raise your prices.

Focus on gaining customers’ love, Performance Research’s Bell concludes, “and they will passionately reward you with their devotion, their advocacy, and their funds.” ♦

David Stauffer is the author of D2D (Dinosaur to Dynamo): How 20 Established Companies Are Winning in the New Economy (Wiley/Capstone, 2001). He lives in Red Lodge, Mont. and can be reached at MUOpinion@hbsp.harvard.edu

Companies Old and New Get “Centric”

Well-established and upstart companies alike can learn to be customer-centric, writes Patricia B. Seybold in *The Customer Revolution*. Hewlett-Packard, founded in 1939, has reorganized into two “customer-facing” groups and three “product-generation” ones. It named top-level managers of “total customer experience” for both its consumer and business operations. It implemented a blended channel strategy that allows customers to switch back and forth at will from the Web to the phone, as well as to other media. And it restructured managers’ bonuses to reflect their units’ customer-experience scores.

Timbuk2 Designs, founded in 1993, makes customized messenger bags, backpacks, and other carrying equipment. “We’re changing the balance of power from one where products were *pushed* onto the consumer to one where the consumer *pulls* exactly what he wants,” says the San Francisco firm’s VP, Jordan Reiss. Customers determine the direction of the company. “That means all of our business processes—not just manufacturing—conform to our [mass-customization] model, from the consumer all the way back to the textile mill.”

RESOURCES

The Customer Comes Second (and Other Secrets of Exceptional Service)

by Hal F. Rosenbluth and Diane McFerrin Peters
1994 • Quill

Customer Love: Attracting and Keeping Customers for Life

by Chip R. Bell
2000 • Executive Excellence Publishing

The Customer Revolution: How to Survive When Customers Are in Control

by Patricia B. Seybold
2001 • Crown Business