

## YOUR CUSTOMERS WILL TELL YOU EVERYTHING YOU NEED TO KNOW.

### Overview

We all know that the reason for being in business is to make a profit. Some of us know that to do that, you have to make having profitable customers who stay with you a long time the main thing today. But how do you do that? What do you have to do to persuade your customers to:

- (a) Do business with you rather than your competitor?
- (b) Pay you the price you're asking?
- (c) Want to come back again and again?
- (d) Tell everyone else how great you are?

The answer is easy – so easy in fact that it's almost like cheating.

All you have to do is listen to your customers. They will tell you everything you need to do to succeed. You just have to:

1. Turn staff into customer advocates.
2. Capture and use the information customers volunteer.
3. Systematically ask questions so that every month you know a little bit more.
4. Bring customers into the workplace.
5. Find out how you're doing
6. Use your relationships to learn about their business.
7. Find out what your customers value.

### 1. Turn staff into customer advocates.

Every day, customers tell your staff useful things about their needs and how they like the way you run your business. They make compliments about things they like. They complain about things that go wrong. They make suggestions for how things could be done better. And they ask questions about things they don't understand.

In most companies staff are told to be advocates for the company. When customers question or ask about the way things are done, staff patiently explain why the company does things the way it does. What's worse, when customers make suggestions they think would be improvements, staff explain why their idea would never work.

But in a customer driven organisation, staff are advocates for the customer not for the company. Customer driven leaders tell their staff to listen to what the customer has to say, ask questions to learn more, and then pass that information on to people inside the company.

They also tell managers within the company that when they are listening to someone who has been talking to the customer, they are not listening to a whinging employee. They are listening to the most important voice in the company – the customer's.

### 2. Capture and use the information customers volunteer.

Encouraging your staff to be advocates for your customers is just the first step. If you're really serious about learning from your customers you will:

- A. Make it easy for them to talk to you
- B. Set up a process to make sure they are heard.
- C. Learn from what they are telling you.
- D. Act on what you've learned.

**A. Make it easy for them to talk to you.**

One of the biggest frustrations customers have today is getting through to companies. Your best-case scenario is that 80% of the time the phone will be answered within 20 seconds. That's a standard that most of us would not accept in our personal lives. Usually though, you have to wait considerably longer and then when you do finally get through, it's a lottery as to whether the person can actually help you. If you want your customers to give you their feedback, make it easy for them to talk to you.

Of course, there's not much point making it easy for your customers to talk to you unless you're going to listen to what they have to say!

**B. Set up a customer feedback system to make sure customers' views are heard.**

Once your customer's message has been received by your frontline staff, they need a process, or customer feedback system, for recording the information so it doesn't get lost, and then for passing it on to the decision-makers within the organisation.

Most companies that do have a customer feedback system capture only customer complaints. Your feedback system should also include compliments, suggestions, and questions. A compliment tells you and your people what you need to keep doing. Also, if you capture compliments you can pass them on to your staff. Everyone likes to hear good news. Suggestions are gifts. Not only do they identify a problem, they offer a solution. Frequently asked questions tell you about needs that customers have that are not currently being addressed.

A well-designed customer feedback system allows for information to be collected so that team leaders and managers can see not only individual pieces of feedback, but also the larger picture. It is important to see patterns and trends because they can point to more fundamental issues that need to be addressed. The big picture also lets you know how serious a problem is. If one person complains, you might ignore it, but you won't if 100 complain.

**C. Learn from what they are telling you.**

Team leaders should sit down with their teams and review the feedback they have received to see what they can learn from it. Managers should look at the feedback from all the teams that make up their department, and senior managers should look at all the feedback that has been received anywhere in the organisation. This is the bit that's almost like cheating because by looking at the feedback you will easily see what you have to do to improve your organisation's performance. These insights are what should drive your future actions.

**D. Act.**

There's no point doing any of the above unless you are prepared to make changes and do things differently. You know that if you keep doing the same thing, you'll simply get the same result.

### **3. Systematically learn.**

You don't have to wait for your customers to tell you things. You could ask them.

Each month get staff who have customer contact to ask every customer they deal with (or perhaps only a sample of customers) one question. For example, you might ask your customers what you do well, or what you do poorly. Alternatively, you might ask what problems they have doing business with you or what problems they have satisfying their customers. There are lots of questions you could ask that would help you to learn about your customers and also to discover how you could improve the performance of your organisation. By asking only one question each month, you will learn in manageable bite-sized chunks. By involving staff, you will put them in a position of learning first-hand what their customers think. If you get people to contribute the answers they get to a central database, you will get an overall picture of what is important to your customers.

To get the maximum benefit from this approach, you need to have a programme of questions you will ask over the next year. You need to make sure all staff understand why you are doing this and the importance of them doing their share. As with a customer feedback system, the answers need to be captured in a central database and analysed so you can develop insights. You then need to act on what you've learned.

#### **4. Bring customers into the workplace.**

The only way that employees working behind the scenes are going to be able to put themselves in their customers' shoes is if they see customers occasionally. Therefore, one of the key tasks of a manager is to bring the world of the customer into the workplace. And one of the best ways of doing that is to invite customers to come and talk to staff on a regular basis.

Organise a 90-minute meeting towards the end of the workday and invite two or three customers to come and talk to a meeting of all staff. It works best if you ask customers who are demanding, unhappy or opinionated. Each customer should talk informally for about 10 minutes about:

1. What you do well
2. What you do poorly.
3. What their customers demand from them.
4. What they expect from you.

After each customer has had their say, give staff a chance to ask questions. Don't allow them to become defensive or argumentative. These are questions designed to help them to learn!

When the discussion has finished, end with a drink and a snack. These sessions take a bit of trouble to organise but they really work in reminding people about who and what is most important. You will see your staff become more motivated and productive for months afterwards.

#### **5. Find out how you're doing.**

Many business leaders suffer from delusions of adequacy! They think they are doing well but they don't get close enough to their customers to find out for sure. Some companies do spend large sums of money on customer satisfaction surveys but these results are often of questionable value. Most people don't put a lot of effort into answering such surveys and in any case, even satisfied customers defect so knowing that you have satisfied customers may lull you into a sense of false security.

Here are some other ways of finding out how well you're doing.

##### **A. Ask the right question.**

Now there is a quick and simple way to assess the health of your business. Based on recent American research, you can get a reliable indicator of how well your business performing as seen through the eyes of the only opinion that really matters – your customer's. And you need to ask your customers only one question: "What is the likelihood you would recommend this company to a colleague or friend?" Ask them to rate their answer on a scale of zero to ten, where 0 = not likely, 5 = neutral and 10 = very likely. By looking at the distribution of the answers, and the median score, you can assess the health of your business. Using your customers' answers to this question, you can calculate the percentage of your customers who are promoters. These are customers who rated the likelihood they would recommend your company to another as being 9 or 10. You can also calculate the percentage of your customers who are detractors. These are customers who gave a rating of 0 to 6 in answer to that question. By subtracting the percentage of detractors from the percentage of promoters. The higher this figure, the better your company's prospects for growth.

##### **B. Drill down.**

If you knew what your customers loved and what they hated, you would know what you have to do to keep them for life. Your customers' answers to the question above, might produce two extreme groups: Terrorists (who score your company 0 – 2) and Advocates (who score it 8- 10). You could contact these people again, asking probing questions, drilling down to find what they hate or love about the way your company treats

them. By cutting out 'the noise' created by the vast majority of people falling in the middle, you will be able to get a clear picture of what you have to do create a truly outstanding customer experience.

### **C. Understand the experience.**

The aim is to have profitable customers who stay with you for a long time. To do that, you must provide your customers with a great experience that keeps them coming back for more. What experience are your customers looking for? Talk to your customers to find out specifically the kind of environment you must create, the way your customers want to buy and how your staff must behave. Then use this information to develop a Customer Promise which tells your customers how they will be treated when they choose to do business with you.

### **D. Do a Customer 1st review.**

Engage a Customer 1st reviewer to come and assess your business. They will look at how well your organisation is performing from your customer's point of view. The reviewer will assess your performance on 5 core processes by talking to management, staff and customers. They will present a detailed report outlining your strengths and weaknesses, and they will make recommendations about what you can do to improve. They will even give you a CD of the interviews they have with your customers so you can hear for yourself what your customers think.

To learn more about how you can find out how well you're doing, see [www.customer1st.co.nz](http://www.customer1st.co.nz).

## **6. Learn about their business.**

We all think that building relationships with customers is important. And it is – but only if (a) having a relationship with you makes it easier for your customer to do business with you and (b) you use that relationship to learn more about your customers.

In this competitive market, it is not enough to service your customers, or even to satisfy them. You must aim to make your customers successful. But it is very hard to make your customers successful unless you understand what they are trying to do. In other words, you need to understand your customer's business. Most of us don't. In a survey by the National Association of Purchasing Managers, done in the USA three years ago, 70% of purchasing managers said their suppliers did not understand their business. What would your customers say?

Use your relationships with your customers to understand their business drivers, competitive issues, and strategy, and the issues they have to deal with, the barriers to their success, and the obstacles that stand in their way.

## **7. Find out what your customers value.**

Business is the activity of creating value. Therefore, those who understand what their customers value will prosper and those who do not will fall by the wayside.

Value is not what people want or even what they expect. Value is what people are prepared to pay for. Most companies do not understand what their customers *are prepared for*. They do research to find out what customers would like, and then often they are astounded to find that customers are not prepared to pay for these things when the company provides them.

If you don't understand what your customers are prepared to pay for as opposed to what they would like to have, it is hard to price the value you have created and also difficult to sell that value to your customers. You won't be able to segment your customers according to what they value, and therefore, you will not be able to customize effectively your offerings.

Understanding what customers value is the last unexplored area in the marketplace. Find out what your customers are prepared to pay for then use this information to segment your customers, refine your value propositions, review your pricing and develop more effective sales techniques. It will make a huge difference to your business if you do.

**For more information, read:**

- **Second to None, Six Strategies for Creating Superior Customer Value**
- **10 Steps to becoming Customer Driven**
- **Putting the Customer First**