

7 Steps to a Customer- Centered Culture

(Abridged)

Robin Lawton, President of International Management Technologies, Inc. (IMT) &
Dar Schwanbeck, Partner with Redline Advisors, Inc.

Step 1: Define knowledge and service work as tangible products.

We normally think of service as a continuous *activity*, an intangible 'something' that we cannot measure. Our first challenge in creating a Customer-Centered culture is defining service in a way we can manage it. Even though most of us would say we perform service work, it can be very difficult to define what that means. When we embark on improving an activity, we look at changing how we do what we do (process). This is a great area of opportunity but the wrong place to start for service. We can achieve a wonderfully efficient, error-free process but produce something our customers don't want. It also misses the basic fact that customers generally do not care *how* we do our work. This focus on internal activity encourages producer-centered thinking.

We find that knowledge and service work seems hard to define, often lacks explicit planning, and represents activity. Unless we change the way we think of service, we will remain producer-oriented and miss opportunities for competitive advantage. We have found that customers *do* care about what we provide them—things which help them achieve some desired outcome. These things are **products**. Products are deliverable in discrete units. Unlike our activities identified by verbs, products are nouns. Products are the bridge between the value our customers seek and our activity as producers.

For simplicity, we refer to either information or service products as “knowledge products”. Knowledge products are the tangible result of work activity either from an individual or work group. Products are concrete. Every product has a producer and at least one customer. A knowledge product (information or service) is the link between us and our customers, whether they are internal or external. Its identification is essential for creating a Customer-Centered culture.

The understanding of this concept of the knowledge product is absolutely critical to everything else we will address here. The real beauty of identifying knowledge products as tangible entities is that everyone makes and uses them. Their concreteness also makes them measurable.

Step 2: Differentiate customers by role, power, characteristics and needs.

Unfortunately, all customers are not equal in power, need, or role. We need a way to handle competing customer expectations for our and their optimum benefit. Customers actually have three primary roles. These roles are always determined by the specific product in question, not necessarily by organizational membership. These customer roles are briefly described below:

- **End-users** are individuals or groups who use the product to achieve a desired outcome.
- **Brokers** transfer the product to someone else who will use it. They may either act as an agent of the end-user or as an agent of the producer. As an agent of the end-user, the broker makes the product more accessible, easier to use or more appealing. As an agent of the producer, the broker "encourages" the end-user to accept the product.
- **Fixers** transform, repair or adjust the product at any point in its life cycle for the benefit of end-users.

Our goal should always be to satisfy the **end-user** customers. (They are the ultimate reason we are in business.) Unfortunately, we may inadvertently focus on satisfying **brokers'** needs. This can easily happen by not differentiating customer roles. **Fixers** generally have the least power over the design of a product, even though they are often familiar with customers' frustrations and have first-hand knowledge of design problems. **Brokers**

often have the most power, but can have interests in opposition to their customers'. It's easy to get confused about who the most important customer is—the **end-user**.

Step 3: Determine customer expectations.

Once customers have been clearly defined, the next step is to identify their expectations. Contrary to most thinking about quality, *customers do not really care about your processes*.

Outcomes: The basis for satisfaction. “Customers don’t buy products, they buy results.” *Customers are constantly seeking out new products that will better deliver the outcomes they desire.* The simple truth is that most producers do not sufficiently understand the *outcomes* that their customers are trying to achieve. Customers are left to shop around for someone who (inadvertently or by trial-and error) “gets it.” Understanding expectations in this way has tremendous strategic value. Being Customer- Centered means tuning into the results that your customers seek. So how do we focus on these results strategically?

Step 4: Measure the degree to which expectations are met.

Customer-Centered organizations take pains to measure what customers care about. Research indicates that customers consistently look for 4-5 specific types of attributes in virtually all products, whether tangible or not:

- Ease of use
- Timeliness
- Certainty (consistency, accuracy, reliability, predictability, safety)
- Cost to own/use
- Variety/choice

Lack of measures of these attributes makes it virtually impossible to proactively address customer expectations. Once we measure, we can act. Quality measures for products should be tailored to the specific product's most important attributes. These quality measures should be related to the desired outcomes of the customer's use of the product. Our challenge is to specifically design products with the customer's expected outcomes in mind.

Outcome requirements can have both *performance* and *perceptual* attributes. The use of graphics to display data, rather than number-filled tables, is an example of how perceptual attributes can make a financial report satisfactory to an end-user customer.

Step 5: Align organizational purpose and goals with customer priorities.

Once you understand what your customers are trying to achieve (outcomes), you can determine how well your organization's mission fits with these needs. A Customer-Centered organization is focused on these outcomes. If slide rule manufacturers had understood the significance of outcomes in the Seventies, they would have seen that they were in the business of delivering *fast, accurate answers*. Instead, a little company called Texas Instruments found a better way to provide the same outcome to customers. How can you avoid the same fate?

Improvement vs. Innovation. Incremental improvements in the performance and perceptual attributes of products are often the result of *convergent* thinking. That is, steady, incremental, measurable modifications are made to the same product. This is often referred to as *continuous improvement*.

True leadership in quality also requires *divergent* thinking (innovation) which is focused on the results desired by customers when they use the product. Naturally, most producer-centered improvements flow from *convergent thinking*. Producer cultures ask: How can we make the same product better? In contrast, *divergent thinking* is driven by customers' outcome expectations. The Customer-Centered question reads quite differently: How can we deliver the same outcome differently?

The difference between convergent and divergent thinking may be illustrated by our experience with the training department of an equipment manufacturer. Using convergent thinking, management had already identified one of their training manuals as a knowledge product that needed improvement. They had also determined that the end-users of the manual couldn't read well enough to easily use and understand the manual. They had decided to rewrite the manual at a lower reading level and asked us for assistance. Using divergent thinking, we asked them what outcomes they were trying to create. They said they wanted manual end-users "to be able to successfully operate the equipment within X hours and cause no damage."

We then asked if they had considered using audio tapes or interactive video plugged into the equipment. They hadn't. The key to moving from improvement to innovation is to consider the outcomes or results desired by customers in their use of our knowledge products. The steps of identifying our product, differentiating customers, defining expectations and measuring quality all deal with *effectiveness*.

Step 6: Describe and measure the product creation and delivery process.

Once we understand our customers' desired outcomes and have created or redesigned our products to best meet those expectations, *the next step is to redesign the process which creates and delivers the product*. *Ease of use* and *timeliness* are the recommended starting points for improving product quality.

Step 7: Model, measure & reward behavior & results that support Customer-Centered values.

Any progress you make toward a Customer-Centered culture will be an uphill battle unless members of the organization have incentives to change. Do your employees have incentives to increase customers' success in achieving their outcomes? As an example, what if firefighters were paid for *fire-free days*? What might they do differently if they were motivated to help their customers achieve this desired outcome, rather than motivated to sustain the producer-centered priority of *fighting* fires? In a Customer-Centered culture, the motivation of the organization is intimately linked with the outcomes its customers seek.

IMPLEMENTATION

Typically, a cross-functional team is the best vehicle for translating customer needs into product and process redesign. The selection of the **product** determines which problems are addressed. In other words, problems are grouped by product, simply because our products are what customers use, not our processes.

Training is provided to team members on a just-in-time basis. Only the specific training needed by the team members is provided, at the time it's needed. The customer-driven change strategy uses projects, focused on specific products, to achieve high impact with minimum time and cost.

SUCCESS CONDITIONS

The first condition for success is *high readiness* This refers to the receptiveness of individuals or groups to change. We need to accept the fact that the people in any organization differ in their readiness to change. Use this knowledge to guide the selection of the projects, project sponsors and team members. People who have to be dragged, kicking and screaming, are not ready.

The second condition for success is high potential. This refers to potential of the project to address a significant business issue. Return on investment should be a key factor in project choice.

High visibility is the third condition for success. That is, when the project is successfully completed, others will notice the impact. High visibility successes are very important to expanding organizational involvement, sustaining the change process and transforming the culture. As the success builds, it will become important to increasingly open up the change process to broader involvement as fast as possible.