

Know thy customer



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Roll up your sleeves, trash your tie, crash those costly luncheons, and spend some time sniffing in your customer's backyard, because there is no other better way of knowing your customer, says SAM SWAMINATHAN.

Some time back I was invited to address a marketing conference of a company in Dubai. After providing enough ammunition to set the tent on fire, I concluded by exhorting the senior managers to spend a day in the life of their customers. The silence that ensued was deafening. This wasn't exactly rocket science, but I said it all the same. Why? What's the point? Read on.

Because there is no other better way of learning what your customers really want, no other surer way of discovering how you can make the difference to their business. The rewards are twofold. First, the experience provides new insights into business opportunities, and reawakens the managers' instincts. Second, and more important, managers experience their customers' challenges, disappointments, frustrations and pains.

The Wireline division of Schlumberger assists owners of oil properties in assessing the configuration of the oil reservoirs on their properties. In simple speak, Wireline's job is to help its customers maximize the yield from their assets. Wireline's expertise is symbolized by the large truck that employees drive to customer properties. They are fully equipped with the latest in mechanical and electronic wizardry.

Wireline's engineers are a proud bunch of fellows with unabashed elitism. Even so, in the early eighties, their market share was slipping. Nearly 40% of their customer base consisted of individuals like a San Antonio dentist and a Tyler cattle rancher, not mega-corporations like Exxon, Mobil or Shell. These customers didn't need Wireline's full range of gizmos, nor were they prepared to pay for them. They chose to go to someone else who could do the job for less. Bottom line Wireline was losing its market share.

Wireline responded by creating a division which focused on the needs of these customers. They designed a cheaper truck, and used their technology to improve operating efficiency. Result reduced project costs.

This sudden flash of brilliance occurred during a Wireline engineer's intense discussions with his customer while witnessing a shimmering belly dance under the moon in the Mojave desert. Right? Wrong.

In fact, Wireline would have found it very difficult to spot this need for segmented services even by traditional analyses. As Wireline's General Manager put it, only a direct experience of spending a day with the San Antonio dentist, from a morning at the office fixing cavities to an afternoon walk in the oil patch, compelled Wireline to redesign its truck and move beyond the elitist mindset to compete in the smaller property segment. One Field Manager expressed it beautifully, saying, "After sweating it out with the guy for a whole day, I felt like I had to help him out."

A recent article in Fortune has this to report about Weyerhaeuser and Deere. Weyerhaeuser used to stamp a bar code on the newsprint rolls it shipped to its customers (printing presses). During a week spent by a Weyerhaeuser executive at one of its customer's locations, he discovered that the bar code label was sticking to the presses. A simple relocation of the bar code a few inches away solved the problem. The interesting thing is that many other customers of Weyerhaeuser had the same problem and never complained. Now their problem is resolved as well.

The construction and agricultural giant, Deere, sends its engineers for a week or more to watch customers at work. This results in a redesign of several aspects of the 7000 series of row-crop tractors. By the way, Deere measures customer satisfaction and loyalty in terms of generations of farming families that have used

its products. Result in one of its division, sales were up 35 percent in 1993.

Got a list of the family run businesses your company serves? What would generations of loyalty mean to your market share in the region? I leave it to you to work that one out.



Most companies do spend time with customers. And most companies continue to make the same following mistakes:

- Top managers think that sales and marketing staff are responsible for customer contact. They rely heavily on second and third-hand information as the organization grows, all along extoling at their luncheon speeches that market focus is a top priority.
- It is common practice to define 'customer' as the next entity in the distribution channel. It means gathering market information limited to the distribution channel. This is a serious mistake. Each link right down to the end-user is as important as the next.
- Too much general information drives managers to average results. This leads to lost market opportunities. Information is wrongly treated as knowledge.
- Lots of managers spend lots of time visiting customers. The problem is, most visits are not real visits to customers, but rendezvous in comfy club houses on overworked expense accounts. Outcome-superficial visits that do nothing to result

in a better understanding of customer needs and empathy.

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■ Most managers have preconceived notions about their customers' situations and, as a result, may not ask imaginative and probing questions. The opportunity to gather valuable information is thus lost.

All these mistakes result in reduced service levels, unimaginative service methods, and uniform product offerings. Managers end up focusing on cost reduction at the expense of individuality, even when market needs cry out for greater customization. Worse, such managers conclude that there is really no difference between their offerings and that of the competition. As a Harvard Business School study revealed, "Commoditization, the natural outgrowth of all competitors fighting with the same weapons, becomes a self-fulfilling prophecy."

The message Work closely with one customer at a time, and you can escape the commodity trap. Define yourself merely in relation to your competitor, and you risk the pitfall of commoditization. You are then well and deeply entrenched in the "me too" mode. Get out of those pin stripes, grab an overall, and go visit your customer's sweaty service center. What you learn will amaze you and dazzle your customer. What's more, your customer will find these discoveries tastier than expensive chateau briand or lobster thermidors. Get the drift?