



Internal Customers are not Customers at all

by Curtis N. Bingham

**CHIEF CUSTOMER OFFICER
COUNCIL**



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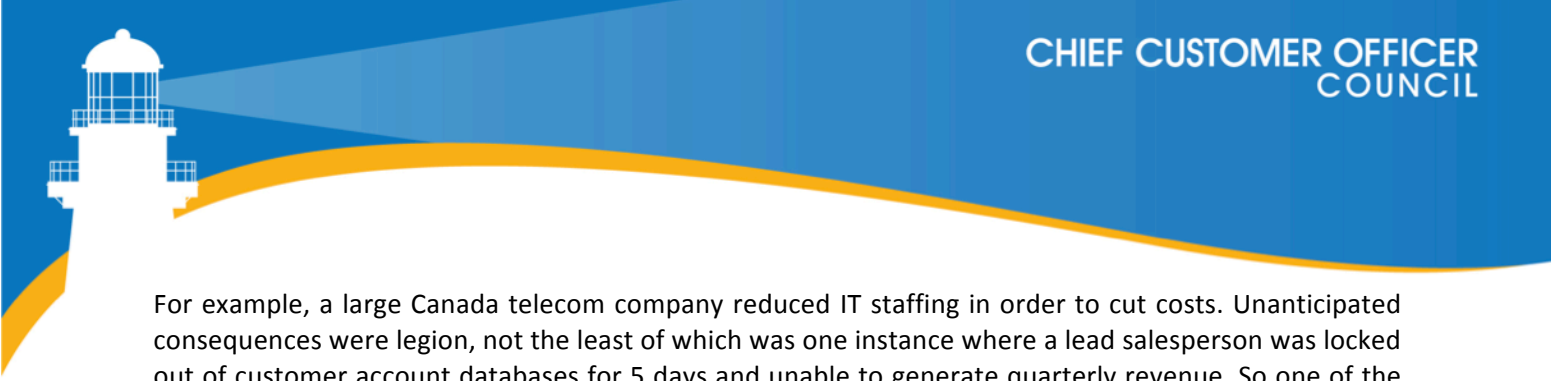
Curtis Bingham is the recognized authority on chief customer officers and the first to promote this role as a catalyst for competitive advantage. He is the creator of the CCO Roadmap, a groundbreaking work containing 100+ critical strategies essential for customer centricity. As an international speaker, author, and consultant, Curtis is passionate about creating customer strategy to sustainably grow revenue, profit, and loyalty.

I recently had a conversation with an executive wherein he suggested that a large part of his focus was in helping employees better serve their “internal customers.” But the concept of “internal customers” is a logical fallacy that focuses attention inwards on policy and procedure, creates false success metrics, and derails strategy in the creation of customer value. Left unchecked, it can be fatal.

The concept of “internal customers” arose during the era of Total Quality Management as a means of distinguishing the consumers of output and has been transformed into a misguided attempt by HR and others to educate employees on basic human interaction in an effort to make people “play nice.”

A customer can ONLY be someone whose name or company name appears on a check. Real customers pay for goods or services. Customers are the ultimate decision-maker in determining which goods and services are produced. They define your business future. Employees are not customers. Employees have no future in a business without customers, yet a business can still deliver customer value without employees (albeit in a limited fashion). As Peter Drucker said, “The purpose of a business is to create and keep a customer.”

An “internal customer” approach or “employees first” culture statement derails strategy and tactics and creates a damaging, false sense of customer centricity as well as a sense of employee entitlement. If call center managers argue over whose needs are primary – the business units they support or the customers calling the center – the paying customers lose simply by virtue of the distraction of the argument. Focusing on internal customers results in a myopic view of policies, procedures, and metrics, often at the expense of customer service and customer value. IT departments worldwide are notorious for focusing on internal customers. They minimize risk and expense and hamper sales’ or marketing’s ability to serve real customers. Consequently, the marketing discipline is now on the verge of systemically co-opting IT departments in order to correct this damaging imbalance.



For example, a large Canada telecom company reduced IT staffing in order to cut costs. Unanticipated consequences were legion, not the least of which was one instance where a lead salesperson was locked out of customer account databases for 5 days and unable to generate quarterly revenue. So one of the company's customer-focused executives then recast the IT mission to enable company employees to deliver outstanding value to customers. This simple shift energized and focused IT employees and insulated the department from future cost-cutting efforts.

A similar mistake is to focus on distributors as customers. This also distracts from real customer needs and can lead to product or service obsolescence.

In the "employees first" model, "internal customers" place themselves on equal footing with external customers, jockeying for position, resources, and status that may damage the company's ability to serve paying customers. Employee expectations of quality and service cannot trump the mandate of external customer focus.

If customers are our businesses' *raison d'être*, employees' existence must be predicated upon delivering outstanding and profitable customer value. Every employee's purpose must be tied to some customer outcome. Otherwise, what real value does that employee serve? They must be tasked in such a way that they are partners in delivering customer value.

There are and should be different mechanisms whereby employees are engaged, educated, and inspired to productive behaviors. Gallup and others have proven repeatedly the value of engaged employees who know what is expected of them, have the tools to succeed, have the opportunity to excel, and are recognized for their excellence. Employees must initially be selected (in part) for their willingness to engage and then be shown their individual impact on customers, be given clear customer priorities, and be given clear performance expectations that align with meeting customer needs.

"Employee first" cultures have no place in business. Executives need to create a singular focus on profitably delivering increasing customer value and they must engage employees as critical partners in that delivery. The correlation between engaged employees and satisfied customers/increased revenue is well established. But their priority order must remain: customers first.*

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About CURTIS N. BINGHAM

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About THE CHIEF CUSTOMER OFFICER COUNCIL

The CCO Council is a powerful and intimate gathering of the world's leading customer executives from widely diverse industries. The Council helps executives achieve objectives faster and more easily by leveraging best practices. It helps validate and refine strategies and initiatives to avoid experimenting at customer expense. Membership is by invitation only, and purposefully cross-pollinated with the most forward-thinking companies, large and small, so as to help customer executives deliver solid, customer-centric business results. For more information, email info@ccocouncil.org or call 978-226-8675.



Eight Imperatives for the Chief Customer Officer – This **Bingham Advisory** lays out in detail numerous strategies that enable customer executives to be successful in driving customer centricity throughout their businesses and in creating sustainable competitive advantage, including: six key challenges to CCO success and the means to overcome them, nine metrics that need to be considered for the CCO dashboard, seven critical success factors for CCOs, three necessary characteristics for CCOs, and seven strategies to support customer centric change.

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