

Customer Insight Conduits

Gaining Critical Insight to Grow Your Business

1. Introduction

Declining prices & margins. Decaying sales. Unprofitable customers. Lackluster market performance. Does your company suffer from these maladies? The solution to these may not be spending more money on advertising, replacing the VP of sales and the rest of the sales force, or further cutting costs. No, the answer may lie somewhere else entirely—and if recognized and addressed, may resolve all of these symptoms.

The problem may actually lie in the way that your products and services are designed, developed, delivered, and refined. Who drives these activities? Is it Engineering? Management? Support? Sales? If the customer is not in the driver's seat, your revenues, profits, and even your company may be at risk.

The problem may well lie in the fact that companies don't understand their customers—what they need, want, and most especially, what they are willing to pay for. Without this understanding, companies do not know what products/services to offer, or how to market and sell to prospects.

The only way to guarantee increased revenues, stronger, longer, and more profitable customer relationships is to center strategic decision-making on actionable customer insight.

1.1 Symptoms

Some of the symptoms that companies face that are operating without sufficient customer insight include:

- * Declining margins and prices—Price and margin are excellent measures of a company's ability to make its value proposition successful in the market. Too many companies do not recognize when the market no longer values its offerings and resort to price cuts or other margin-cutting promotions
- * Decaying Sales—A company out of synch with changed customer needs will suffer as sales decay. When customers are harder to find and sales are more difficult the reason is often that a company has not driven customer knowledge far enough into the company processes. Adapting everything a company does from product development to core metrics of business health to customer value is a key strategy to re-invigorate a company's economic engine.
- * Unprofitable Customers—Often companies, particularly those that have been successful, do not know what a good customer looks like. Many companies grew in different economic times by taking the business "came in the door" but have not yet invested in insight about what kind of customers are good ones.
- * Lackluster product/service performance—Lack of market adoption clearly means the product or service missed the mark and does not adequately solve customer pain. Customer knowledge needs to pervade a company's management of its innovation in product, markets, and business extension. Every company has to be alert to opportunity in these areas because growth is a broad based challenge—simply doing one thing very well is no longer enough.
- * Most companies have only two communications channels with customers: sales and complaints. Both of these are important—companies need to sell and customers need ways to seek redress—but neither tells a company what the customer **needs** to make **them** successful. To ensure success, you must continuously deliver what you **know** your customers and prospects need, want, and are willing to pay for.

There are four steps to success in this process:

1. Proactively Listen to Customers in an Organized, Meaningful Fashion
2. Make Customer Data Actionable
3. Drive Customer-valued Change Throughout the Organization
4. Measure Effects of the Change

The first step is critical for the success of the remaining three.

2. Customer Insight Conduits™

The fastest way to overcome the problems described above and gain real insight into what customers need and want is by establishing Customer Insight Conduits™. These Conduits help bridge the gap between company capabilities and market or customer needs.

Customer Insight Conduits™ are defined as channels through which information passes primarily from customers and the marketplace to a function within the company that is able to make data actionable and drive customer-valued change throughout the organization. These conduits provide an early-warning system for problems. As problems are recognized, the Conduits serve as a diagnostic tool to help fully understand issues and determine the efficacy of solutions. In addition, the Conduits are a measurement vehicle to assess overall customer value and other metrics.

Customer Insight Conduits are an early-warning system, diagnostic tool, & a measurement vehicle.

2.1 Examples

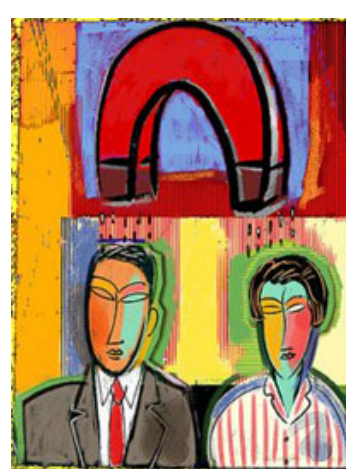
- * Customer advisory boards—Ensure that these are composed of economic buyers of your products/services from an appropriate sampling of the customer base. Some companies rotate the membership every 1–2 years to ensure fresh insight
- * Technical advisory boards—These should be comprised of the "use-buyers", or those who are actually going to be using your products or taking advantage of your services. From these, you obtain valuable, on-the-street insight helpful to develop/refine products.
- * Customer conferences are actually sales conferences where companies roll out their new products, hoping to convince customers to upgrade. Garland Hall, the Chief Customer Advocate of webMethods, a company that provides enterprise integration software to major companies, uses customer conferences to gather customer insight and further cement customer relations. webMethods invites customers to present ways in which they are using webMethods' products, share insights and issues with product managers, etc.
- * Guest Customers—webMethods uses "Guest Customers", where customers present info on themselves and how they are using products to groups within the company who don't normally have customer contact (ie. accounting, operations, etc.)
- * Product or service "proving grounds"—LL Bean invites outdoor guides to a special weekend escape where they try out new products and give focused and even harsh feedback.
- * Host/Monitor chatrooms and discussion boards—Mercury Interactive's VP of Services, Patrick Saeger, does an excellent job of gleaning ideas and identifying problems through the company's product discussion forums. Significant "thought-leaders" can be identified and used to gather insight and ultimately champion products and services.
- * Customer Hall of Fame—Laurie Long, the Sr. Director of Customer Success at Unica organizes a Hall of Fame to reward customers for innovative use of their products. Winners are chosen after review of applications by outside analyst community. This offers the customer recognition from the vendor, other customers, and from the analyst community.
- * On-site assistance for a day—Companies with a strong service/consulting component should send an engineer, consultant or other appropriate person to a customers' site for a day to simply help them gain the full benefit of your product/service. They can glean huge amounts of insight in doing so.
- * Sales and support channels—Send the sales people out to find answers to specific questions. Have the support or call center representatives poll their callers with a 1–2 question survey. Leverage these channels to gain answers to specific questions as part of an overall information gathering effort.

These are only a handful of Customer Insight Channels™ that could be leveraged as a key component to help gather customer data that is then converted to insight, made actionable, and used to drive strategic, customer-centric change throughout the organization.

3. Conclusion

The only way to overcome the maladies discussed previously is by listening to customers, making insight actionable, effecting change, and measuring change. Using Customer Insight Conduits™, companies can gain critical insight and when made actionable can:

- * Develop successful products and services
- * Differentiate from competitors effectively
- * Improve prices and margins
- * Attract & retain more profitable customers
- * Identify & implement appropriate success metrics and incentives



Curtis N. Bingham uses Customer Insight Conduits™ to increase revenues by developing an in-depth understanding of customers' needs, wants, and most especially, what they are willing to pay for. He translates this customer insight into business-critical strategy to ensure business success. Curtis can be reached at cnbingham@predictiveconsulting.com.

About the author :

Curtis N. Bingham, President of The Predictive Consulting Group, helps organizations dramatically increase customer acquisition, retention, & profitability. For more information about Customer Experience Audit, or Chief Customer Officers, visit his website at <http://www.predictiveconsulting.com> or his blog at <http://www.curtisbingham.com>