

Customer Insight



by Curtis Bingham

DOES YOUR COMPANY suffer from declining prices and margins, decaying sales, unprofitable customers, and lackluster market performance? The solution may not be spending more money on advertising, replacing the sales force, or further cutting costs. No, the answer may lie somewhere else—and if recognized and addressed, may resolve all of these symptoms.

The problem may 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 company may be at risk.

Many companies don't understand their customers—what they need, want, and are willing to pay for. So, they don't know what products and services to offer, or how to market and sell to prospects. The only way to create stronger, longer, and more profitable customer relationships is to center strategic decision-making on actionable customer insight.

Tell-Tale Symptoms

The symptoms facing companies with poor 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 sync with changed customer needs will lose sales. 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.
- **Unprofitable customers.** Often companies do not know what a good customer looks like. They have not 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. Every company has to be alert to opportunity in products, markets, and business extensions 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. Neither tells a company what customers need 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:

- Proactively listen to customers in an organized, meaningful fashion.
- Make customer data actionable.
- Drive customer-valued change throughout the organization.
- Measure the effects of the change.

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

Customer Insight Conduits

The fastest way to gain real insight into what customers need and want is by establishing Customer Insight Conduits. These help bridge the gap between company capabilities and customer needs. They are channels through which information passes primarily from customers and the marketplace to a function within the company that can make data actionable and drive customer-valued change. These conduits provide an early-warning system for problems. As problems are recognized, the conduits serve as a diagnostic tool to understand issues and determine the solution.

Here are a few examples:

- **Customer advisory boards.** Ensure that these are composed of economic buyers of your products and services. You might rotate the membership every two years to ensure fresh insight
- **Technical advisory boards.** These should be comprised of people who are actually using your products or taking advantage of your services. From these boards, you obtain valuable insight.
- **Customer conferences.** Customer conferences are often sales conferences where companies roll out their new products, hoping to convince customers to upgrade. Use customer con-

ferences to gather customer insight and further cement customer relations.

- **Guest customers.** Invite guest customers to relate how they are using products to groups within the company.

- **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.** Glean ideas and identify problems through product discussion forums. Significant "thought-leaders" can be identified and used to gather insight and champion products.

- **Customer Hall of Fame.** Organize a Hall of Fame to reward customers for innovative use of your products. Select winners after reviewing applications.

- **On-site assistance for a day.**

Companies with a strong service or consulting component should send an engineer or consultant to a customer's site for a day to help them gain the full benefit of your product or service. They can glean huge insights in doing so.

- **Sales and support channels.** Send the sales people out to find answers to specific questions. Have support staff or call center reps poll their callers with a



survey. Leverage these channels to gain answers to specific questions.

These are only a handful of Customer Insight Conduits 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.

Using Customer Insight Conduits, you gain critical insights. When you make these actionable, you can: develop successful products and services, differentiate yourself from your competitors, improve prices and margins, and attract and retain more profitable customers. **SSE**

Curtis N. Bingham and his partner Jeff Lewis (former Chief Customer Officer of Monster.com), use Customer Insight Conduits to increase revenues
cnbingham@predictiveconsulting.com

ACTION: Gain customer insights.