

THE TIME FOR CUSTOMER-ALIGNMENT IS HERE: IS YOUR COMPANY READY?

By Dick Lee, High-Yield Methods

Becoming more customer-centric has moved from the “whether” column to the “when” column. Smart companies don’t try to wait out change. Nor do they continue trying to maintain dominant roles in buyer-seller relationships. Nor do they try getting away with “persuasive arguments” not backed up by products and services beneficial to customers.

Today, customers will punish the less-than-smart companies that do. They’ll punish them directly by taking their business elsewhere—as they have with Circuit City, Dell and Gateway. They’ll punish them indirectly by viral badmouthing—as they have with Apple (think iPhone rebates), Sprint and Wal-Mart. And in extreme cases, they’ll even punish them legally by appealing to the new breed of consumerist, U.S. attorneys general—as in the cases of Allianz, Ameriprise, Microsoft and half the pharmaceutical industry.

So what’s the alternative? How about dispensing with all the familiar bromides and self-congratulatory pats on the back and determining where the organization *really* stands on the customer-alignment continuum? While developing a new, [link to www.h-ym.com] free Customer Alignment Assessment, my research partner David Mangen, Ph.D., and I identified six critical parameters that determine the degree of customer alignment for most companies. These six factors provide a good starting point for honest inquiry:

1. **Customer relationships**
2. **Strategy**
3. **Marketing**
4. **Sales and service**
5. **Process design**
6. **Capacity to change**

While each company, and especially across different industries, will have unique issues pertaining to each of these factors, all six matter to most businesses.

Executives intent on improving customer alignment should try rating the company on each of the six parameters—as objectively as they can, minus corporate “happy talk.” Then they can apply labels like these:

- **Doing great.** Even the best aligned companies shouldn't rate more than a couple of these.
- **Could stand some improvement.** This is very much a positive rating.
- **Needs prompt attention.** Be honest.
- **Putting us at risk with customers.** This is common with underperforming companies, as well as “basket cases”.

Most companies will be surprised by what they learn.

Consider these examples of good customer alignment within each of the six factors.

Customer relationships

Companies should look hard at both management's level of customer contact and the empowerment of line staff to deal with customer issues. In Mangen's and my 2006 study of purchase drivers, [link to http://www.customerthink.com/store/customers_say] *Customers Say What Companies Don't Want To Hear*, customers rated dealing with empowered employees second only to a combination of quality product and quality service in importance.

Good questions to ask include:

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| <ul style="list-style-type: none"> ▪ Do we allow employees some leeway to “bend” policies to offset unintended consequences and remedy customer problems (in ways that should return long-term value to the company)? |
| <ul style="list-style-type: none"> ▪ Does management see buyer-seller relationships as win-lose, with the company on the winning side? |
| <ul style="list-style-type: none"> ▪ How much time do senior managers spend with customers? |
| <ul style="list-style-type: none"> ▪ Where does the company sit on the spectrum of being honest with customers at all times, versus doing what’s good for the company short-term? |

Strategy

Honestly, far too many companies wouldn’t know a strategy if it bit them. Strategy is not “making the numbers” or attaining an inflated stock price (think “all balloons eventually pop”) or increasing margins. Strategies are mid- to long-term business plans. They’re directional, not operational. Companies like 3M, Best Buy and GE have strategies. Companies like Circuit City, Palm and Sprint have panic attacks.

Companies heading for improved customer alignment should be asking themselves:

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| <ul style="list-style-type: none"> ▪ How often do we reset strategies to align with changing customer needs and conditions? |
| <ul style="list-style-type: none"> ▪ Do we plan with our company hat on or wearing our customer hat? |
| <ul style="list-style-type: none"> ▪ Is there a senior level customer advocate within the company? |
| <ul style="list-style-type: none"> ▪ Do we set business goals relative to customer needs or apply as much pressure as needed on customer segments to meet sales goals? |

Marketing

Ironically, many marketing departments operate further out of alignment with customers than most other functions. And these splits are often widening, as the need to build relationships with customers creates demands that marketing staff

aren't necessarily trained for or even interested in meeting. Good questions to raise include:

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| ▪ Is marketing speaking much more than listening? |
| ▪ Does marketing work harder at persuading customers to do the company's bidding than at doing customers' bidding? |
| ▪ How well-aligned and integrated are marketing and sales? |
| ▪ Do marketers see sales people as equals? |

Sales and service

Why lump these two functions together? Partly because they so often depend on each other for success. Partly because sales-service collaboration matters so much to customers. But also because customers appreciate shared values between the functions—as long as they're customer-sensitive values. Probing questions to ask include:

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| ▪ How empowered are customer contact staff? |
| ▪ How does the company measure performance for both functions, and do these metrics encourage (and compensate) customer-aligned behaviors? |
| ▪ Are sales goals set around building strong customer relationships or achieving product sales objectives—which are frequently set irrespective of customer need? |
| ▪ Is the customer service function measured on efficiency or effectiveness helping customers? |

Business process design

Of all aspects of business, process is the great laggard. Despite radical changes in virtually all non-manufacturing work environments, business continues applying 20- to 30-year-old manufacturing process approaches to functions doing far more variable work including, but not limited to, sales, marketing, customer service, accounts receivable, logistics and other customer-affecting functions. Good questions include:

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| <ul style="list-style-type: none"> ▪ Are processes designed to align with and support customer-centric strategies (if customer-centric strategies are in place)? |
| <ul style="list-style-type: none"> ▪ Is adding value to customers driving process design, or does efficiency dictate? |
| <ul style="list-style-type: none"> ▪ Are process and customer information flow fully integrated? |
| <ul style="list-style-type: none"> ▪ Is technology designed around process or process around technology? |

Capacity to change

Five years ago, you could count the number of customer-aligned large companies on your fingers and toes. Today, there are many more. But most of the new arrivals endured some measure of organizational upheaval—often considerable upheaval—to make it to the other side. Questions companies intending to become more customer aligned should ask include:

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| <ul style="list-style-type: none"> ▪ Do company goals put long-term customer development ahead of short-term gain, especially when achieving the short-term requires pressuring customers to buy? |
| <ul style="list-style-type: none"> ▪ How thick are silo walls? |
| <ul style="list-style-type: none"> ▪ Are internal functions designed to balance building strong customer relationships with achieving internal operating efficiencies? |
| <ul style="list-style-type: none"> ▪ Is the company “elastic” enough to permit changing internal functions to align with external realities? |

Just asking these questions will help point companies wanting to “hit the road” and head down the right path towards customer-alignment.

If you'd like to spend less than 15 minutes getting a more detailed customer-alignment rating of your company, please take the free assessment. You'll find the link on our home page, www.h-ym.com.