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Spend a Day in the Life of Your Customers

by Francis J. Gouillart and Frederick D. Sturdivant

Every successful business is built on superior senses—of timing, opportunity, responsibility, and, not infrequently, humor. None, however, is more critical than the ability to sense the market. A senior executive's instinctive capacity to empathize with and gain insights from customers is the single most important skill he or she can use to direct technologies, product and service offerings, communications programs, indeed, all elements of a company's strategic posture. Bill Gates, Akio Morita, Sam Walton, and others brought this ability to the enterprises they founded. Without it, their ventures might have been short-lived or at least far less successful.

Paying attention to the customer is certainly not a new idea. But many top-level managers, particularly those at industrial companies, consider customer contact the bailiwick of sales and marketing staff. And even if they do believe that market focus is a priority, most retain only limited contact with consumers as their organizations grow, relying instead on subordinates' reports—second-or third-hand information—to define and sense the market for them.

Such approaches are dangerous for several reasons. First, customer input and market data are useful only if they're coming from the right sources. Most industrial companies define "customer" as the next entity in the distribution channel and stop there, routinely gathering all their marketing information accordingly. This is a serious mistake. Each link in the chain right down to the end user is as important as the next. Only market data that reflects desires and needs at every step can give senior managers the kind of comprehensive picture they need to make informed, accurate decisions about new services, product positioning, and the like. For consumer goods companies like Coca-Cola, Gillette, and Nike, the chain is short, so even information that doesn't reflect all steps will probably be on or near target. But for industrial concerns, several steps removed from the end users of a finished product, such an error can result in a grossly inaccurate portrayal of the market.

Another danger is that most managers do not understand the distinction between information and knowledge. Even if they include information from all points on the distribution channel, most general market data do not show a manager how each customer relates to the next or how customers view competing products or services. Managers faced with too much general information tend to average results, blur boundaries, and miss distinct, segmented market opportunities.

Finally, unless senior executives make market focus a personal, strategic priority, they will not initiate organizational change, even if all data indicate that such change is warranted. Most top-level managers routinely spend time visiting customers. But all too often, these visits are superficial; the managers don't invest the effort needed to understand and empathize with the customer. They may have preconceived ideas about a client's situation and, as a result, may not ask imaginative, probing questions or separate significant kernels of information from the overall picture.

This failure to listen carefully to all customers, to empathize with their needs and desires, results in reduced service levels, streamlined product lines, and uniform product designs. It inadvertently favors cost reduction at the expense of individuality, even when market needs point toward greater customization. What's more, managers who are not market focused often come to the conclusion that there is really no fundamental difference between their offering and that of their competitors. Commoditization, the natural outgrowth of all competitors fighting with the same weapons, becomes a self-fulfilling prophecy. And commoditization is why so many industrial companies that embraced time-based competition or reengineering may have realized short-term gains but have ended up destroying their industries' profit margins.

Top-level managers need to spend a day in the life of key customers in their distribution chains. There is no substitute for managers' instincts, imagination, and personal knowledge of the market. It should be the essence of corporate strategy. Only in that context can analytical devices like customer-satisfaction indices, market-share data, and benchmarking results become servants rather than masters. And only with market-focused leadership can companies continuously and quickly reinvent themselves to meet new market needs.

Consider the following fable as an illustration of how senior executives' commitment to market-focused management makes a critical difference.

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