Customer Orientation

How do you get your whole company to think and breathe customer?
Jan Carlzon, former CEO of Scandinavian Airlines System (SAS), wrote
Moments of Truth, in which he described how he got his whole work-
force to focus on the customer.[21] He would emphasize at meetings that
SAS handled 5 million customers a year and the average customer met
about five SAS employees in connection with a single journey. This
amounted to 25 million *moments of truth*, moments to deliver a positive
brand experience to customers, whether delivered in person, over the
phone, or by mail. Carlzon went further. He embarked on changing
the company's structure, systems, and technology to empower the
workforce to take any steps necessary to satisfy its target customers.

Today's CEOs must show employees, in financial terms, how
much more affluent they and the firm would be if everyone focused
on delivering great value to customers. The customers would spend
more and cost the firm less to serve. Everyone would benefit, and
special rewards would go to employees who rendered outstanding
customer service.

The task begins with hiring the right people. You have to assess
whether job candidates have not only the right skills but also the right
attitudes. I was always struck by the fact that most people chose to fly
Delta Air Lines from Chicago to Florida when they could have chosen

Eastern Airlines, which offered the same flight schedule. The difference: Delta hired its flight crews from the Deep South where friendliness is the norm; Eastern hired its flight crew from New York City.

Those whom you hire need good training. Disney runs a training program that lasts a week in order to convey what experience the company wants customers to have at Disneyland. A customer mind-set doesn't just happen. It has to be planned, implemented, and rewarded.

Yet companies tend to give two conflicting messages to their people. L. L. Bean and other companies train their people to value every customer: The customer comes first. Meanwhile they recognize that customers differ in their value to the company (i.e., what they add to revenue) and should therefore receive different levels of treatment.

American Airlines treats its customers differently beyond assigning different size seats and different cuisine. Passengers who have accumulated millions of miles get Executive Platinum Advantage treatment: they enter a shorter line at check-in, board earlier, get frequent upgrades, and receive surprise gifts such as interesting books and crystal Tiffany glassware.

The conclusion: Treat every customer with care but not necessarily equally.

To be truly customer-oriented, the firm should be run by *customer managers* (or customer group managers), not *brand managers*. They will find out the set of company products and services that their customers would care about and then work with the product and brand managers to deliver them.

Too many companies are *product driven* rather than *customer centered*. Their thinking goes like this:

Assets → Inputs → Offerings → Channels → Customers

Being product driven and heavily invested in assets, they push their offerings to every conceivable customer and fail to notice customer differences and values. Not knowing much about individual customers, they cannot efficiently *cross-sell* or *up-sell*. Both processes require capturing transaction and other information on individual customers and inferring what else they might be interested in. A customer-oriented company visualizes a different approach, called *sense-and-respond marketing*:

Customers → Channels → Offerings → Inputs → Assets

By starting with an understanding of customers, the company is in a much better position to develop appropriate channels, offerings, inputs, and assets.

Customer Relationship Management (CRM)

Everyone is talking about *customer relationship management (CRM)* as the new panacea. Yet it is an empty term until it is defined. Some people define it as the application of technology to learning more about each customer and being able to respond to them one-to-one. Others don't see it as a technology issue but rather a humane issue: