

# Question 2

## WHO IS OUR CUSTOMER?

Peter F. Drucker

- ❖ Who is our primary customer?
- ❖ Who are our supporting customers?
- ❖ How will our customers change?

**N**ot long ago, the word *customer* was rarely heard in the social sector. Nonprofit leaders would say, “We don’t have customers. That’s a marketing term. We have clients . . . recipients . . . patients. We have audience members. We have students.” Rather than debate language, I ask, “Who must be satisfied for the organization to achieve results?” When you answer this question, you define your customer as one who values your service, who wants what you offer, who feels it’s important to *them*.

Social sector organizations have two types of customers. The *primary* customer is the person whose life is changed through your work. Effectiveness requires focus, and that means *one* response to the question, Who is our primary customer? Those who chase off in too many directions suffer by diffusing their energies and diminishing their performance. *Supporting customers* are volunteers, members, partners, funders, referral sources, employees, and others who must be satisfied. They are all people who can say no, people who have the choice to accept or reject what you offer. You might satisfy them by providing the opportunity for meaningful service, by directing contributions toward results you both believe in, by joining forces to meet community needs.

The primary customer is never the *only* customer, and to satisfy one customer without satisfying the others means there is no performance. This makes it very tempting to say there is more than one primary customer, but effective organizations resist this temptation and keep to a focus—the primary customer.

## **IDENTIFY THE PRIMARY CUSTOMER**

Let me give you a positive example of identifying and concentrating on the primary customer in a complex setting. A mid-sized nonprofit organization's mission is *to increase people's economic and social independence*. They have twenty-five programs considered to be in four different fields, but for thirty-five years they have focused on only one primary customer: *the person with multiple barriers to employment*. In the beginning, this meant the physically handicapped. Today, it still means people with disabilities but also single mothers who want to be finished with welfare, older workers who have been laid off, people with chronic and persistent mental illness living in the community, and those struggling against long-term chemical dependency. Each belongs to a single primary customer group: the person with multiple barriers to employment. Results are measured in every program by whether the customer can now gain and keep productive work.

The primary customer is not necessarily someone you can reach, someone you can sit down with and talk to directly. Primary customers may be infants, or endangered

species, or members of a future generation. Whether or not you can have an active dialogue, identifying the primary customer puts your priorities in order and gives you a reference point for critical decisions on the organization's values.

## **IDENTIFYING SUPPORTING CUSTOMERS**

The Girl Scouts of United States of America is the largest girls' and women's organization in the world and a nonprofit that exemplifies service to one primary customer—the girl—balanced with satisfaction of many supporting customers, all of whom change over time. A long-held Girl Scouts priority is offering equal access to every girl in the United States. This has not changed since 1912 when the Girl Scouts founder said, "I have something for all the girls." Frances Hesselbein, at the time she was national executive director (1976–1990), told me, "We look at the projections and understand that by the year 2000, one-third of this country will be members of minority groups. Many people are very apprehensive about the future and what this new racial and ethnic composition will mean. We see it as an unprecedented opportunity to reach all girls with a program that will help them in their growing-up years, which are more difficult than ever before."

Reaching a changing primary customer means a new view of supporting customers. Frances explained, "In a housing project with no Girl Scout troop there are hundreds of young girls really needing this kind of program, and families wanting something better for their children. It is important as we reach out to girls in every racial and economic group to

understand the very special needs, the culture, the readiness of each group. We work with many supporting customers; with the clergy perhaps, with the director of that housing project, with parents—a group of people from that particular community. We recruit leaders, train them right there. We have to demonstrate our respect for that community, our interest in it. Parents have to know it will be a positive experience for their daughters.”

## **KNOW YOUR CUSTOMERS**

Customers are never static. There will be greater or lesser numbers in the groups you already serve. They will become more diverse. Their needs, wants, and aspirations will evolve. There may be entirely new customers you must satisfy to achieve results—individuals who really need the service, want the service, but not in the way in which it is available today. And there are customers you should *stop* serving because the organization has filled a need, because people can be better served elsewhere, or because you are not producing results.

Answering the question Who is our customer? provides the basis for determining what customers value, defining your results, and developing the plan. Yet, even after careful thought, customers may surprise you; then you must be prepared to adjust. I remember one of my pastoral friends saying of a new program, “Great, a wonderful program for the newly married.” The program was indeed a success. But to the consternation of the young assistant pastor who de-

signed it and ran it, not a single newly married couple enrolled. All the participants were young people living together and wondering whether they should get married. And the senior pastor had a terrible time with his brilliant young assistant, who became righteous and said, “We haven’t designed it for them!” He wanted to throw them out.

Often, the customer is one step ahead of you. So you must *know your customer*—or quickly get to know them. Time and again you will have to ask, “Who is our customer?” because customers constantly change. The organization that is devoted to results—always with regard to its basic integrity—will adapt and change as they do.

### **Note**

The preceding text is from Peter F. Drucker, *The Drucker Foundation Self-Assessment Tool: Participant Workbook* (San Francisco: Jossey-Bass, 1999), SAT2, pp. 22–24.

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Philip Kotler

**P**eter Drucker told us over forty years ago, “The purpose of a company is to create a customer. . . . The only profit center is the customer.” Jack Welch, former CEO of General Electric, drove the same point home to his employees: “Nobody can guarantee your job. Only customers can guarantee your job.”

In the Internet age, when customers have so much more information and are daily exchanging opinions with each other, companies are finally waking up to the idea that they have a new boss: the customer. A perceptive Ford executive at one time said, “If we’re not customer driven, our cars won’t be either.” Apparently the Ford company didn’t listen to this executive.

If Peter Drucker were here today, he would amend his observation. He would say, “The best companies don’t create customers. They create fans.” He would say that it is less important to report better profits this year than to check on

whether you improved your share of the customer's mind and heart this year.

We must do a better job of understanding who the customer is. The old thinking was that customers would hear about us and, we hope, choose our products. The new thinking is that we, the company, choose our customers. We even may refuse to do business with certain customers. Our business is not to casually please everyone, but to deeply please our target customers.

So the first job is to define our target customers. This definition will affect everything: the designing of our product and its features, the choice of our distribution outlets, the crafting of our messages, the choice of our media, and the setting of our prices.

In order to define our customer, we must take a broader view of the buying process. The purchase of anything is the result of several roles being played. Consider the purchase of a new family automobile. The *initiator* might have been a family friend who mentioned an impressive new car. The teenage son might have been an *influencer* of the type of car to consider. The *decider* might be the wife. The *buyer* might be the husband.

The marketer's job is to identify these roles and use the limited marketing resources to reach the most influential people involved in the final decision. Marketers and salespeople need skills in mapping the perceptions, preferences, and values of the different players in the decision-making process.



Many companies have adopted *customer relationship management*, meaning that they collect loads of information about transactions and encounters with their customers. Most pharmaceutical firms, for example, have deep information on individual physicians and their values and preferences. Increasingly, however, we are recognizing that this information is not enough. It doesn't capture the quality of the *customer experience*. Simply managing data about customers is no substitute for ensuring that the customers are satisfied with their experience of the company. An old Chinese proverb says, "If you cannot smile, do not open a shop."

So in the end, we must master our knowledge of who are the target customers, who and what influences them, and how to create highly satisfying customer experiences. Recognize that today's customers are increasingly buying on value, not on relationship. Your success ultimately depends on what you have contributed to the success of your customers.