

# THE CUSTOMER DRIVEN COMPANY

## Moving From Talk To Action

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### MAIN IDEA

Customer satisfaction is now the core function of successful business and the key to maintaining a sustainable competitive advantage. The company or organization which best meets and exceeds customer expectations in both product quality and service quality will succeed. However, customer expectations and customer satisfaction must be measured not from the company's perspective but solely from the viewpoint of the customer.

Creating satisfied customers on a consistent and ongoing basis is the key to business success. Companies that are organized around the central objective of creating satisfied customers are positioned to generate superior profits in an era of fierce commercial competition.

### SEVEN FUNDAMENTALS OF CUSTOMER DRIVEN COMPANIES

- 1. CREATE A CUSTOMER KEEPING VISION** Companies which are focused on generating profits and keeping customers have a clear vision of that objective. This vision is shared by every person employed by the company, from the Chairman right through to the switchboard operators.
- 2. THE CUSTOMER'S VOICE** Successful companies saturate everything they do with feedback from their customers. When you create a close working relationship between yourself and your customers, you can deliver outstanding service that keeps clients coming back for more again and again.
- 3. LEARN FROM THE WINNERS** Study the methods and philosophies employed by the outstanding companies in your business field. You will discover a number of ideas and techniques you can build on to provide outstanding customer service.
- 4. LIBERATE YOUR CUSTOMER CHAMPIONS** To deliver outstanding customer service, managers need to create an environment in which all employees realize they are the key to the company's entire reason for existence - to serve its customers.
- 5. SMASHING THE BARRIERS** Some companies inadvertently create barriers to serving customers. Outstanding companies, by contrast, constantly challenge themselves to eliminate any internal procedures which do not create added value for the customer.
- 6. MEASURING YOUR PROGRESS** To accelerate the rate of improvement within a company, keep written record of every factor which directly affects customer satisfaction. Then analyze the results and measure the effect of any changes which are introduced.
- 7. ACT THE PART** The leaders of companies which put the customer first set the right example - they personally become customer focused and create effective ways for every employee to share their perspective on the way the business should operate.

**THE CUSTOMER DRIVEN COMPANY IDEAL**

Main Idea

Customer driven companies provide high quality products not according to definitions of quality developed by the company but quality as the customer defines it in two specific areas - product quality and service quality.

Supporting Ideas

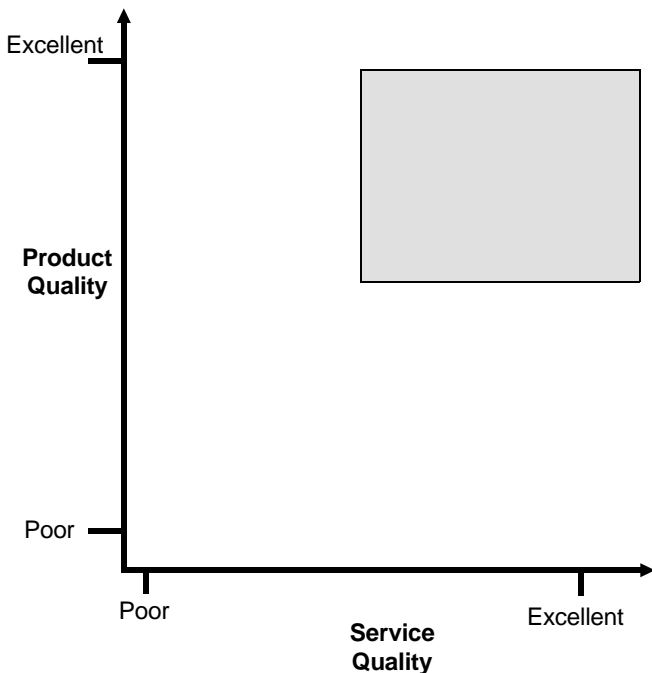
The business world today is dynamic and constantly moving. One area which has gained enormous significance over the past few years is a very simple concept - successful companies create satisfied customers by consistently giving customers what they want. These companies can be described as being customer-driven.

Customer driven companies work at improving both product-quality and service-quality to consolidate their competitive advantage. In fact, these companies continue to delight existing customers and win new customers by regularly producing enhanced products and services at lower prices.

Consider the two dimensions of quality:

1. Product quality, from the perspective of the customer, is what you get. That is, for a service, it is the tangible aspects of the service. For a tangible item, product quality is the reliability and general operation of that item.
2. Service quality, by contrast, looks at how you get the product. It includes everything from the helpfulness of sales staff, after-sales service, instruction manuals, delivery and all other aspects of dealing with the company supplying the goods or services.

Looking at this graphically:



To be successful over the longer time, companies need to provide goods and services that fall within the shaded area - that is, they have high product quality and high service quality - from the perspective of the customer.

There are seven imperatives which work together to produce a well integrated organization which can consistently deliver high quality in both product and service. These are:

1. Creating a company vision which has keeping and serving the customer at its very heart.
2. Creating real intimacy between the company and the customer by saturating the company's operations with the voice of the customer.
3. Learning from the outstanding performers to learn new ways of creating satisfied customers.
4. Liberating employees to allow them to provide outstanding customer service without bureaucratic entanglements.
5. Consistently improving all internal company procedures so they serve the purpose of serving the customer more effectively.
6. Regularly measuring and keeping track of performance levels by benchmarking your company against the best in the world.
7. Having company leadership that are focused on creating added value for the customer. That is, leadership who personify the customer service ideal.

These seven points are the fundamentals of business success.

Key Thoughts

*"There are only two things of importance. One is the customer, and the other is the product. If you take care of customers, they come back. If you take care of your product, it doesn't come back. It's just that simple. And it's just that difficult."*

- Stanley Marcus, Neiman Marcus

*"Always deal with complaints before they're made."*

- Timothy Farnstahl, CEO, Satisfaction Guaranteed Eateries

*"We should not try to sell things just because the market is there, but rather we should seek to create a new market by accurately understanding the potential needs of customers and of society."*

- Hideo Sugiura, Executive Vice President, Honda

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