

What Big Businesses Can Teach Small Business About Customer Loyalty

by Carol Sanford

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If you were to ask most owners of small businesses, what is the most important issue in being successful, they would answer “customer satisfaction”. But for some long-term successful big businesses, the answer is “continuous improvement of your *customer’s effectiveness*”. It is like refocusing from looking at the immediate relationship you have with your customer and they have with your products and services, to looking at your customer’s entire world and what it takes to make *them* more effective within that environment. This will give you a bigger, more relevant perspective on their life and work. Pursuing customer effectiveness in this manner leads to customer loyalty.

Customer Effectiveness is NOT the latest fad from business school professors but is a basic approach that the best of business like Procter and Gamble, DuPont Corp., and Clorox have been pursuing for over three decades. As Finn Hovland, Executive Vice President of DuPont of Canada (DOC), says, “satisfying the customer’s needs is something any competitor can do; but it does not cause them to come to you first and stay with you

last. You have to be like a personal consultant to your customers and determine what will help them succeed. Then make that [product] for them or supply that service. It is what we had to learn to do first before we could go on the other critical factors.”

Customer effectiveness has three steps which, when followed, can help you become irreplaceable in your customer’s eyes whether a company of one person or one thousand. First you have to determine what makes the customer effective, keep doing that, since goals for customer effectiveness change, and finally design work so everyone in your operation can have a role in producing customer effectiveness.

Step One: Defining Effectiveness

In defining your customer’s effectiveness, you have to ask at what your customer is trying to be effective , by understanding what they want to *do*, what they want to *be*, and , what they are trying to *cause* to happen—each of which is unique and distinctive for each customer.

What is your customer trying to do in their business or life to be successful?

For example, Kingsford Charcoal, a Clorox business, realized that its

consumers are trying to cook a perfect entree, every time, without complications. This led Kingsford toward creating charcoal that can be effective over a longer cooking time while maintaining constant cooking temperatures.

What is your customer trying to be? The charcoal user is a “special equipment cooker” who cooks only infrequently but wants to feel instantly competent, especially when cooking for guests. Knowing this Kingsford made charcoal briquettes that light easily, even making a bag especially designed to facilitate lighting, along with a briquette that does not extinguish until the cooking can be completed.

What is your customer trying to cause to happen? The outdoor cooker is trying to create a relaxing environment with food that tastes distinctive because of its smoky taste. The flavoring competent of charcoal became paramount for Kingsford, and led them to further innovations to help their customers achieve these intended effects.

Why isn't this just customer satisfaction? You also have to ensure customer satisfaction, but that is not what creates loyalty. What the successful big

companies have found repeatedly is that even in market surveys and focus groups, participants could not suggest the quality of ideas for product improvement that result from the working on the three questions above. That is because these are intangible and can only be uncovered through a process of visualizing someone at work with a mix of products in a natural setting or through a dialogue that “reveals” what it means to experience the sought-after “effects” from their efforts.

Step Two: Making *Customer Effectiveness a way of life*

This is not a one-time event because your customers are always raising their aspirations. You have to keep the dialogue going about their lives and/or their businesses. *It is not about your products..* It is easy to fall back into counting “on-time deliveries, no errors, and quality specifications.” But, anyone can do this. Very few organizations build the communications approach it takes to be thinking ahead for your customers to what would be “life-giving” for them in their environment, before even they can think of it. DuPont site manager Milt May says, “We can bring uniqueness to them and make our products a non-commodity by understanding the whole ‘shh-bang’. DuPont does this by continuing to understand how their customers

and consumers become more *effective* in their businesses and lives, not just how satisfied they are with DuPont's customer service.”

Procter and Gamble businesses has continued to dominate the cleaning products industry because they interact with their own employees about their use of products. They rigorously seek to understand what the person needs, as a consumer, to produce the desired effect. P&G also carries on a constant interaction with their distributors to improve their retailing effectiveness. For example, sales teams may be dedicated to improving a particular customer's market share. This approach has produced one of the most sustainable growth companies on the planet and one of the greatest brand loyalty records in history.

Step Three: Involve Everyone in the Process

Finally, redesign the work with an eye toward every single person in the business being involved in making improvement in customer effectiveness a reality. Ensure each person has an opportunity to make a contribution and to be accountable for one or more customers, in one or more of the areas of effectiveness, that really matters for those customers. DOC “puts a demand on the guy operating the valves to advance the business by connecting

operating people directly to customers as a customer champions. Each operating person has a defined role for serving specific customers to ensure on-going improvement in the customer's effectiveness, not just meeting customer specifications.”

Small businesses are close enough to their customers to bring these three steps to life everyday. But, continuously and forever following these three steps requires dedication to your customer's continuous improvement. And that is the key to deep and abiding customer loyalty.

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Additional Resources:

- *Learning Organization: Developing Cultures for Tomorrow's Workplace*, editor Sarita Chawla, contribution by Carol Sanford
- *Leadership in a New Era: Visionary Approaches to the Biggest Crisis of our Time*, edited by John Renesch, contribution by Carol Sanford
- *Future Perfect*, by Stan Davis