

# SMOCK ♦ STERLING

## *Strategic Management Consultants*

### THE VALUE OF TALKING TO CUSTOMERS

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Companies across a wide range of industries have discovered that there is tremendous value in speaking formally and systematically with customers about their needs and expectations, the company's performance relative to those needs, and competitors' relative standing in the marketplace. This "*fact sheet*" discusses the benefits companies can expect to derive from talking with their customers formally, why companies choose to conduct customer feedback programs, and Smock♦Sterling Strategic Management Consultants' approach to such customer feedback programs.

#### **BENEFITS OF CUSTOMER FEEDBACK INITIATIVES**

The end result of any customer survey should be improved responsiveness on the part of a company to the needs and expectations of its customers. Ultimately, more responsive companies enjoy a competitive advantage and, over the long run, increased revenues and profitability. In addition to these all encompassing benefits, however, there are residual benefits to the customer survey process itself.

- Formally soliciting customers' input and acting on that input demonstrates a commitment and concern for the needs of key customers (i.e. - the process itself builds a positive image among customers).
- Feedback received from customers informs decision making and helps senior management set priorities.
- Customer feedback provides excellent intelligence on the company's relative competitive standing. In truth, customers' perceptions of the competitive environment are for all practical purposes reality, since customers' perceptions drive their purchasing behavior.
- Well executed customer surveys provide a baseline of data that can enable the company to actively track its performance relative to satisfying customer needs and expectations - a baseline that is independent of, yet reflected in, sales and profitability.

#### **WHY COLLECT SYSTEMATIC FEEDBACK FROM CUSTOMERS?**

Many companies began their most recent formal customer feedback program as an outgrowth of a total quality management program. Ad hoc customer survey programs are being actively pursued for a variety of other reasons as well. Some of the most commonly cited reasons that companies formally contact a sampling of their customers follow.

- **To make effective strategic decisions** - Companies engaged in firmwide or divisional strategic planning have found great value in conducting a systematic customer survey as part of that process.
  - Many companies have found that customers' needs and expectations form a valid backdrop for evaluating and prioritizing capital investment options.
  - Furthermore, customer feedback has proven to be instrumental in informing organizational redesign, particularly in those instances when organizational change is being driven by the need to be more customer responsive.
- **To improve the company's competitive position** - Customers' views of a company's and its competitors' relative standing (i.e. - its reputation for quality, integrity, responsiveness, etc.) are often the best gauge of how the company measures up against competition. That is, customers' perceptions are, for all practical purposes, "*reality*" as they pertain to competitive positioning, since customer perceptions directly influence purchasing decisions.
- **To determine the feasibility/desirability of launching new products/services, changing the product/service mix, or implementing other rationalization projects** - Customer reactions to new product ideas are often one of the most important means available to companies evaluating the potential for introducing new products. Likewise, customers can offer valuable insights relative to "*delisting*" decisions.

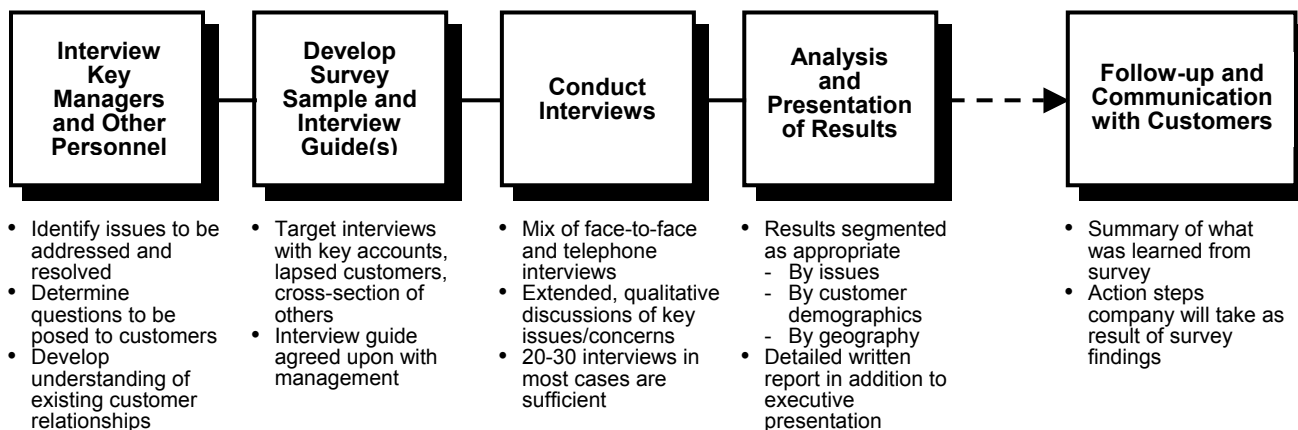
- **To evaluate potential acquisitions, joint ventures, and other strategic alliances** - Customer reactions to a potential merger are often strong indicators of whether the market will respond positively to an alliance that “looks good on paper.”
- **To inform the total quality management process** - Once a solid baseline is established through customer surveys, the same survey methodology can be used on an annual or more frequent basis to measure the company’s performance relative to continuous improvement and customer satisfaction.
- **To enhance sales force effectiveness** - A number of companies have effectively channeled the results of customer surveys into sales training sessions, as well as tactical planning exercises carried out by the company’s inside and outside sales forces.

Naturally, companies have found highly specific uses for customer surveys in addition to those noted above. In fact, virtually any time there is significant change taking place within an industry segment, customer feedback can prove invaluable in helping companies retain and expand market share and prosper from the change at hand.

**HOW SMOCK•STERLING STRATEGIC MANAGEMENT CONSULTANTS CAN HELP**

Smock•Sterling Strategic Management Consultants is an issue-oriented management consulting firm and as such, each of our assignments is individually tailored to the issues or concerns at hand. However, the schematic below outlines a “plain vanilla” approach that we would take to a “generic” customer survey project.

**A Generic Customer Survey**



Naturally, every project carried out for a client includes unique elements responsive to the particular research issues being addressed in the project.

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For further information regarding Smock•Sterling Strategic Management Consultants, our capabilities in assisting with customer surveys, or our broader market research capabilities, please contact:

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