Customer – Centric Approach
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What businesses today needs are customer service standards. For an organization to be ‘market – led’ it must be ‘customer – driven’. The only way to embed customer service into the culture of a business is through a ‘management – led’ obsession for being ‘customer – driven’. Businesses need to understand that customers are not something who is bolted onto a business at the end of a process. They are rather the vital core element without which the business would not exist.

To survive and grow, a business needs to make profit. In order to make profit, the business should be able to find people who are willing to pay more for the products and services than they cost to avail them. Thus, it clearly means customers are the profits of a business. This may look very simplistic, but its implications are meant to be understood. If all profits of a business come from customers, then it makes sense to focus business on and around this source of profit.

Looking at this process, we can deduce that the employees of a company create and add value directly or indirectly to the product or the services so that the customers are willing to pay the price they pay to avail them. We can thus state that if an employee is not serving a customer directly, then he surely is serving someone who actually is serving the customer directly. Directly or indirectly all employees in an organization is actually serving the customer. This leads to the customer centric organizational structure of an enterprise – which from a macro perspective should consist of two main layers: 1) Of People who server the customers directly, and 2) Of People who serve people, who serve the customers directly (i.e. people in layer 1).

Once we have the organizational structure of a customer centric organization in place, what we next need to do is start estimating the lifetime worth of a customer. The organization should estimate how much the customer would spend on his purchases from the organization for the rest of his life if he were to purchase the supplies that the organization so provides to the customer, i.e. his lifetime purchase. A single purchase is the ‘Transaction Value’ and lifetime of purchases form the organization is the ‘Relationship Value’. Arriving at the Relationship Value is simple: from the Transaction Value we arrive to an estimated annual transaction value (total sales / total no. of customers) figure and multiply the same with the potential lifetime of purchasing to arrive at the Relationship Value of a customer.

We thus, arrive to the magic figure, which states a customer’s lifetime worth. Basing these facts and figures, we can generate an organizational growth chart showing the prospective growth of an organization if the organization is able to deliver and keep its customers satisfied. This also enables the management to weigh organization’s short – term and long – term potential. It is an
excellent tool for comparing the present and future scenario. Thus, customer satisfaction becomes a must.

Focusing on understanding customer satisfaction, there have been extensive researches done on understanding various levels of customer satisfaction. Let us consider a satisfied customer as the mid-point and try to categorize customers into various satisfaction levels. We find that there are mainly three categories that we can derive to – namely: “delighted customers”, “satisfied customers” and “dissatisfied customers”. Delighted customers are those who are more than satisfied. They fall above the satisfied customers on the customer satisfaction graph. Dissatisfied customers are those who fall below the satisfied customers on the customer satisfaction graph.

*Satisfied Customers:* How do we mathematically equate the term ‘satisfied customer’? A satisfied customer is a customer who arises from the equation of:

What you Provide = What you Promised / or What they Expected out of the purchase.

Satisfied Customers – are those who continue to purchase from you as long as there are no better options / alternatives. They are not to be mistaken as ‘Loyal Customers’. They do provide referrals, but very few in numbers. Therefore, we necessarily need to estimate what figurative gain a *potential satisfied customer’s can provide* = Average Relationship Value x No. of referrals. Thus, we deduce an average value of a satisfied customer.

*Dissatisfied Customers:* Analyzing the equation of the occurrence of a Satisfied customer, we can deduce the equation of a dissatisfied customer:

What you Provide < What you Promised / or What they Expected out of the purchase.

If the customer does not get what he expected to deserve, he surely will be dissatisfied. There are of course various degrees and reasons of being dissatisfied. Dissatisfied customers are like an anchor to growth of a business. They could also be the reason to sink you.

Dissatisfied Customers will surely stop purchasing from you sooner or later as they find another supplier – if no extra steps are taken to remove the cause of dissatisfaction. They could further, affect you adversely by destroying potential customers. They could also spread news to competitors who could use and possibly exaggerate the story to spoil further potential customers. Research provides that 96% of the times, the cause of dissatisfaction will not be reported to you and up to 90% of these customers will never come back. The referrals made by the dissatisfied customer are a lot more. Thus, the losses caused by a *potential dissatisfied customer* = Average Relationship Value X No. of referrals. We would obviously not like to have these losses on our Customer Relationship Balance Sheet. Therefore, it is a must to analyze and go out of the way to pick up customer’s complaints and exactly know how to react to the same.

*Delighted Customers:* Delighted customers can be defined by the equation:

What you Provide > What you Promised / or What they Expected out of the Purchase.

Satisfied customers are just not enough for an enterprise to survive the socio-economic culture so prevailing. How do we create delighted customers? How much is delight? Delight is any noticeable amount that the customer will value. It is a simple and an inexpensive thing put up at the right time and right moment in the right way that creates that little thing which converts satisfaction into delight. The only way to create delight is by being customer centric. It has to be a team effort by the organization as one entity. Every contact point between the organization and the customer provides for an opportunity to create delight. Not only satisfied customers can be transformed to being Delighted Customers, rather Dissatisfied customers too can be recovered to become Delighted Customers.
Delighted Customers can be considered as moving individuals creating direct publicity. These can be considered as Loyal Customers. Potential of a Delighted Customer = Average Relationship Value x No. of referrals where the No. of referrals is far > the No. of referrals of a Satisfied Customer. Further, they are direct assets of the company as they directly increase market value of the company.

Now, that we have all the potential worth’s of the above-mentioned customers, you probably will say ‘it sounds amazing and looks so far fetched’. All calculations done on customer’s life span and to achieve all of it at least ten to fifty years (as per your assumption of Customer’s Life Span of Purchase). Who cares? Let us do another small experimental calculation – let us convert those years to minutes and then hourly calculate the Bank Balance of the enterprise for one day. A few dissatisfied customers in few minutes could turn your company’s balance into huge losses and a few satisfied customers could create some real value. At the end of that day – you’ll come to know whether you are still in business or are you one of the fortunes 500. I guess you surely can feel the shiver.

Customers are profits. Profits are the fuel towards growth. To create growth, create delighted customers. To create delighted customers, be Customer Centric.

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