

Listen to Your Customer - "Tell Me Something I Don't Know."

PeerSight Writing Team

Listen to your customer. Change your product to meet the customers' needs or change your market. You have heard this from every business advisor in the business. Kathleen Dahlberg (Founder of numerous companies and currently the CEO and Founder of oVention, a technology firm ensuring hard returns on technology) says that entrepreneurs spend too much time creating their product and not enough time selling it.

They must change the product to meet the demands and needs of the customer. If the customer doesn't like it, it doesn't matter what you think of it. They won't buy it. Great, what if the customer doesn't know what s/he wants? How do you get the right balance of what they want and what makes sense from a profit perspective?

How do you know what they will want in the future? This is tough stuff says John Fox (President of Venture Marketing and author of The Marketing Playbook. Venture Marketing is a marketing consulting firm focusing on its clients top line revenue) Kent Nelson, (CEO of HRH Illinois; formerly TJ Adams. HRH is the 8th largest insurance brokerage in the U.S.), recognized most of his competition (insurance brokerage) used the simple approach of shopping for expiration dates and quoting lower prices to find new business.

That solved the customers cost issue, but only until the next broker came along with a lower price. But the customer has many more issues than just cost. In response his commercial property and casualty business offered safety classes, introduced wellness classes, and provided blood screening to small businesses. The value added was obvious to the customer, and shopping price quickly evaporated.

Customers no longer jumped to another insurance broker because HRH offered so much more. Cross-selling eliminated the price war, and everyone within HRH selling each of the services participated in the commission. Nelsons customers didn't know they wanted wellness classes and blood screens. But it has broadened their attitude toward their insurance broker and the value they offer. Nelson has now expanded his brokerage service to include an HR outsourcing solution for small business (5 to 2500 employees).

By introducing these different services, HRH has multiple points of value with prospects. It's no longer just quoting premiums, but truly hassle free solutions in areas small businesses cant afford to hire independently. Ben Carnevale (Former President of Oxford International, a high growth Chicago based Multinational

Corporation serving the OEM automotive industry) says, Keep an open mind and recognize the opportunity provided by the relationship.

By working hard to understand Chrysler and working closely in a give and take relationship, we saw needs well ahead of our competition. Oxford's close communication with Chrysler allowed them to develop technology that solved problems.

We began combining elements that led to higher efficiency within Chrysler. We saw the need for automation and delivered the first automated plant of the 80s. The result was a better, more competitive product for both Oxford and Chrysler. But the customer doesn't always know what they want?

What then? John Fox tells the story of a major manufacturer of garage door openers who sold millions of remotes each year, but failed to see the automotive industry offering the remote as a standard item in newer cars.

Now, they sell less than 100,000 remotes a year. The customer could not have told them this. So how should they have known what the customer wanted? Oxford's thorough understanding of the automotive industry not only brought better efficiency to Chrysler, Chrysler saw them as a problem-solver.

Here is how we did it. We sent three people into the assembly line to study their process. What happened to our product when it went in? We noticed we could reduce cost on packaging, we could provide a lighter product, and better quality was the result. We were perceived as going beyond the scope of the vendor "just by listening." So what's the so what of all this? How do you listen to the customer when they don't know what they want? Your success is tied to the questions you are not asking as well as the ones you are.

What does that mean? Instead of merely asking the customer what they want, become the customer for a day. Invest time in understanding them and their businesses. Ask them how they do things? Why they do them? How much it costs to do them? What keeps them up at night? What are their priorities for the next 12 months?

If they could change three things about their business what would they be? Take specific ideas to them and ask, what if? What would be the benefit to them? See the world through their eyes. This isn't easy, but it must be deliberate and become a formal part of operating your business. As John Fox says this is tough but very necessary stuff.

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