



Growth: A Question for The Customer

Paul Blackbeard lets us in on his best kept secret to boost your business growth.

Interview by Chris Harper

As founder of Argil.Online, Paul Blackbeard has spent over 20 years working with progressive and customer focused leaders and their organisations, on all four continents of the world, utilizing his senior management facilitation experience to help leaders grow their businesses and their people.

A presentation by Argil Managing Director Paul Blackbeard at a recent business growth breakfast had a group of senior leaders thinking and questioning their own methodologies for growth. He boldly challenged the group with his opening question: “What kinds of conversations are you currently having with your customers and could these conversations be the key to unlocking your business growth?”

Paul’s question hints at what he deems to be the best kept secret in business growth and forms part of the simple philosophy that Argil is using to achieve astounding results for their customers in the business growth arena.

So, let’s get right to it: what is the best kept secret in business growth?

Here it is: If you go to your customers and listen to their needs, ask for an understanding of where they are and where they want to go, then go back home and deliver on their needs - if you do this, they will buy from you! And if you deliver well, they will buy more from you.

So then why, when organisations are looking for growth, are they doing everything but listening to their customers?

Everyone talks ‘growth’ ... they all want to grow. Yet, when you look at their strategies, and more importantly, when you look at their day-to-day behaviour, what are they doing? They are cutting costs. That’s not a growth strategy. Yes, it’s a wise, correct discipline that should be followed by every organisation to ensure they remain competitive, but in any business once you have cut costs to their base, where do you go? You still have to grow the business. You always have to come back to revenue – the so called ‘top line’, and the people who affect that key number are the customers.

What does growth actually mean?

To some companies it might mean retention of their customers; to others it can be turnover growth, growth in market share, ROI, improved profitability. It really depends on where the company is and where they want to be.

So, how does an organisation begin to develop a growth strategy?

By asking the question, “What can I do for my customer that makes me stand out and be seen as reliable, that brings innovation and continues to ensure that my products and services are supporting my customers’ own growth plan and strategy?”

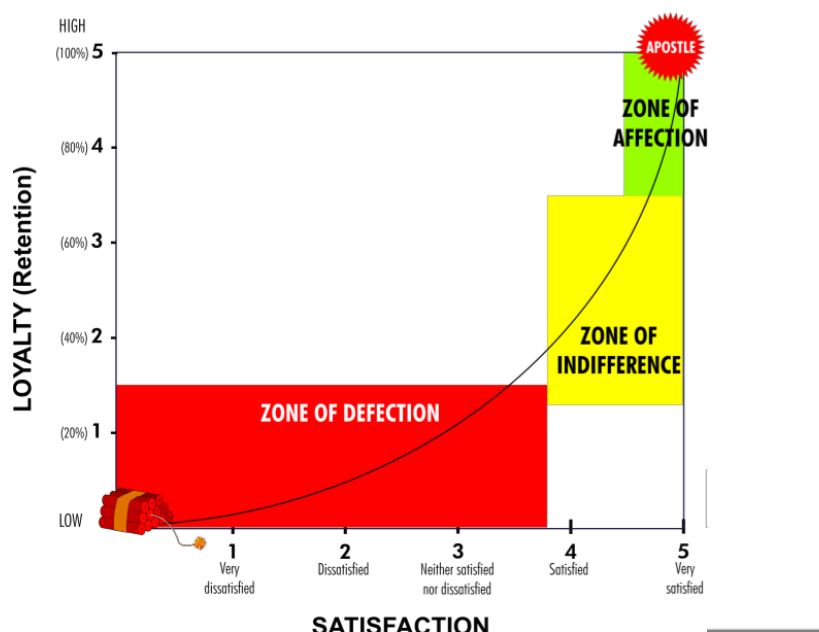
If you have a strategy to help you to get closer to your customer, at worst he will continue to buy from you at the same amount; but if you do it well and it helps you deliver on their growth strategy and their business grows, he will buy more from you! Why wouldn’t he?

The Satisfaction and Loyalty graph developed in the 80’s (James L. Heskett, W. Earl Sasser, Jr. Leonard A. Schlesinger) is one we should keep in our heads. Every business should aim to measure more than a 4 out of 5 on Customer Satisfaction and Loyalty.

If you are rated 4 and above, you are in the Zone of Affection and your customer becomes your best salesman at board meetings or industry conferences. However, if you are in the Zone of Indifference, the board discussions are normally focused on “Who else does this stuff?” or “Who else provides this service or product?”

But Paul, surely, it’s not as easy as all that?

It really is! And if you are in defection, it’s only a matter of time before you face tenders or price negotiations as in the customer’s eyes, you’ve moved to a ‘commodity’. We all know as a commodity the next question that is always asked is “What’s your price?” Then there is no value discussion. Of course, if you measure in the Zone of Defection – you are on your way out.



Can you give me an example?

Sure. I have just come from a meeting where our client has \$12m at stake. They have been servicing their customer for 5 years and would like to grow their partnership and their business over the next 2-3 years to \$15/20m. It sounds good and we are excited to support them.

However, when I meet their customer for the first time to share with him the process, and get his team involvement, I sense he is not that enthusiastic. I ask questions and in time it comes out that our client is about to be thrown out. He goes on to say, "We're getting out of every commitment we have with them. Their culture has shown they have no ability to partner with us – delivering late, being dishonest, over-charging and letting us down on huge promises, which seriously compromises the delivery of our own strategy".

That is very serious feedback to get from one of your biggest customers. What is your client doing about this?

Our Client was unaware of this! Talk about not being close to your customers! They were about to lose a \$12m account and didn't know it! When I shared this feedback with them, they became very defensive and aggressive, saying the customer's facts are wrong. This might be true, but I do know the customer's perception counts and they are the ones spending the \$12m which our client wants and needs.

So, let's go back one step – where would a company start? How does Argil help them get closer to their customers? Assuming they get that customers are important?

Let's start at the beginning of the Argil journey.

You have to get the whole management/leadership team 100% committed to the strategy of getting closer to customers. And be careful with this, it seems such common sense but don't assume that all leadership understands and buys into it. They don't!

Why not?

Getting closer to customers is about having an external focus and this is hard work and for a company it means constantly asking themselves what the customer needs and putting the customer first. This is easy to say, yet not easy to deliver on! However, if this gets entrenched in your leadership, your people and your culture, it will make a massive impact. Argil has many success stories where this strategy and culture has produced significant growth.

Ok, so the leaders are on board with the new customer focused strategy. What now?

Now we begin a process of measuring impact in various focus areas specific to our client's industry and business. This really consists of conducting interviews with our client and then more importantly their customers. These interviews are carefully customised to include measures that show the specific criteria the customer is using to measure our client's impact.

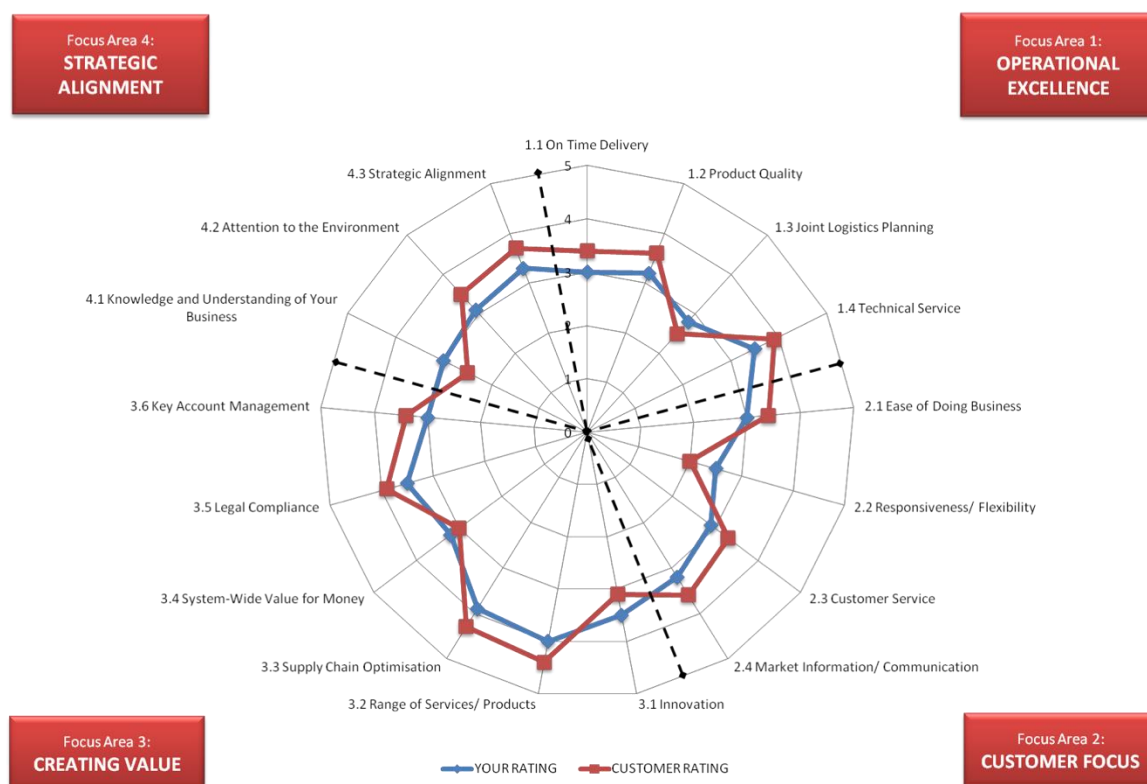
Each company and industry have its own criteria (see below an example) and this gets people focused daily on what the customer needs or wants, but also on what needs to be delivered.

Then, with these measures in place, we can compare where the client is in the eyes of the customer compared to where they think they are.

This can be both exciting and of course very challenging – but always revealing. Different companies have different levels of candour. Some frankly are too hard on themselves, putting themselves down. Others believe they're a perfect 5 out of 5. They normally learn a lot when they get the customer feedback!

Either way, this part of the process gets the organisation, in a real way, to move into the customers shoes and reflect 'where we are 'good', "where we are really bad?", "We wouldn't accept that!" or "We are good in delivery – we do deliver 100% on time", "We don't understand their strategy". This internal check-up can also build their confidence.

Whatever the measure, the conversation gets their team ready to hear directly from the customer.



Paul, who do you interview? How many people?

Our interviews are one-on-one with the strategic influencers – CEOs, commercial directors, marketing directors, ops directors... the people who sit around a boardroom and make the decision which suppliers to use.

The interviews are not a 'checkbox' type survey, but rather open-ended questions, creating a business conversation as well as measuring how our client is performing. Questions range from operational areas and quality to the value arena and of course the business relationship and strategy/strategic alignment.

Most times at the end of the interview we hear:

"Whew, you've made me really think"

"You helped me talk about my business issues"

"I'm excited – I've had a chance to think strategically" "I need them to know where we are going"

Can't the customer do their own interviews?

Remember, this is a strategic process. If we needed to only measure operational stuff there is a much easier route. And most companies are doing that already and look where it's getting them: not much growth!

Also, being independent means we don't carry baggage, and we are not emotionally invested in the answers – we can ask any questions and we do. We don't take answers personally and we have no hidden agenda. We are trained to do these interviews – they last for 1/1/2 hours sometimes and our measurement for ourselves, as the interviewer, is always 'what value did we get for our customers from this interview?'

Our training helps us create a safe environment that allows the senior leader being interviewed to open up and share valuable but sometimes sensitive information, knowing it will be constructively used to help grow their business.

But, how do you share this feedback with the customer so that it doesn't become just more market research?

Our role then is to share the interviews, both as ratings and quotes from the interview, in a way that gives our customer a realistic view of where they are with their customers. On their own, our customer receives the interview feedback. It's an emotional day where there is celebration, emotion, confusion, agreement and excitement. However, it always comes down to:

It is what it is – that's the customers perception of where we are! Now what will we do about this?
The customers perception is our reality...

This feedback is also where our customers get ready to be involved in the second round of feedback, what we call the Joint Strategic Workshop. Which is of course the most unique part of our process or experience as some like to call it.

What is the Joint Workshop?

This is where we have both our client and his customer in the room together. We share the interview feedback and then facilitate a conversation around joint actions. This is a special, unique time for both teams. Businesses don't normally do this! This is exciting - working together, thinking and planning together.

They work together on growth by having strategic, high level conversations. Never does this conversation degenerate to 'delivery on time' or 'quality' etc. Although these basics are always recognised as important, this is a time to discuss the strategic growing questions such as "We need you to help us get into a new market or develop a new product", "We are behind in innovation, how can we get to world class?" and "What value saving would there be if we worked together on our logistics/ distribution?"

Again, these are key conversations that most organisations are frankly not having. And this is the voice of the customer. And it's a very powerful tool.

How long is this process?

Well let's be 100% clear that it's a process. It's also a way of life. It's not a '2-week course', nor a quarterly driven project or market research. Ideally, it's a 2–3 year process that eventually becomes the day- to-day, year in and year out way of life for an organisation, helping them become partners with their customers, or at the very least their best supplier.

One of our clients said it best in a session with their customer. "We don't take it for granted that we are partners - we realise partnerships have to be earned. We have to continually earn this status."

You have to earn the partnership. But think about what happens when you are "a business partner":

You are discussing strategies: their strategy and yours and how you can work together for mutual growth.

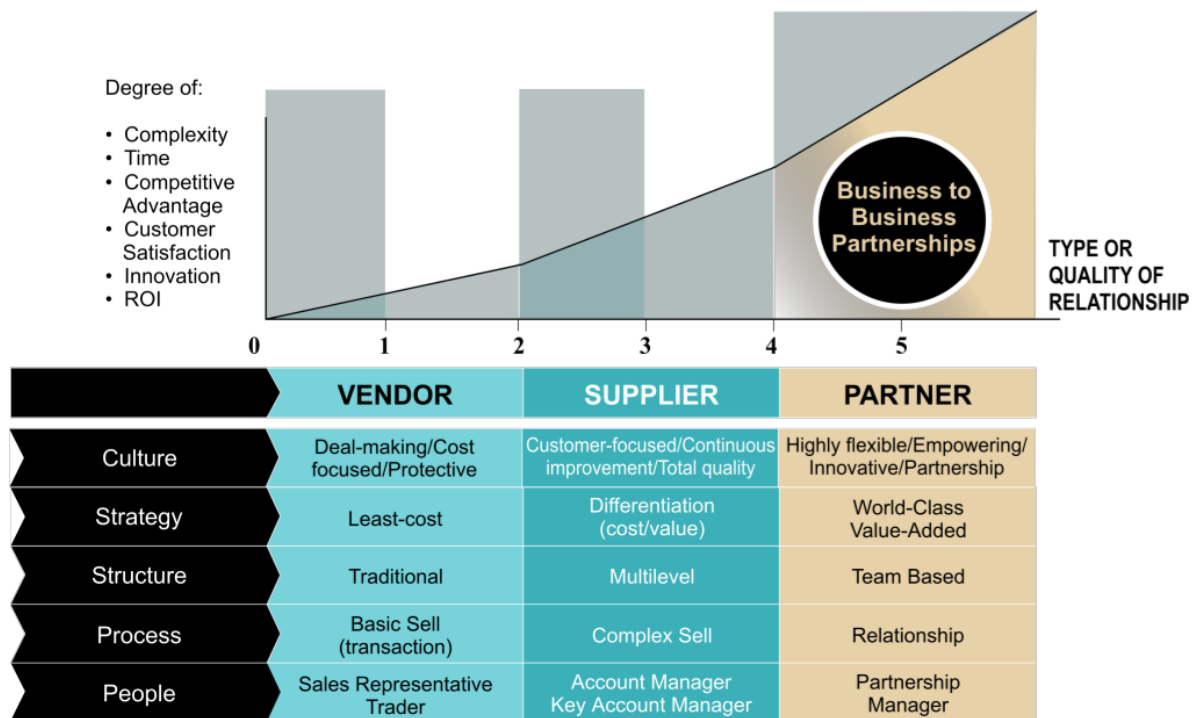
You are discussing innovation: working together to get into new places in the market - growth.

You are not only discussing the everyday stuff such as quality, timeous delivery and price. Yes, these are necessary and vital conversations to have in order to remain a good supplier, but if you are only having these kinds of conversations, does growth ever have a chance to take place?

You stay ahead of your competitors. Any one of your competitors can deliver on the basics; to be a real partner you need to move the conversations to more strategic discussions around value and strategic alignment.

This process will help the senior leadership to build trust, and therefore raise the level of conversations which will bring real value to the relationship.

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So I'm a senior leader reading this and it makes sense to me. Obviously I want to grow my business. What's my next step?

It's about the strategic conversations – committing to the process and creating the environment for these conversations to happen. And we believe Argil can help your organisation do this – whether you're a service organisation, retail, financial or business to business.

20 years of experience tells us you can't waste any more time, you need to get closer to your customer now! And this starts with listening. We know you will find it a very rewarding and profitable process.

By getting closer to your Customers you take out some of the risk of business, not losing a Customer – rather at worst keeping/ retaining the revenue...and at best growing the business and your relationships.