

Do You Struggle to Hear Customers?

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Most manufacturing books acknowledge that customers are the people who pay the bills, who send your kids to college and whom we absolutely have to satisfy. Some even admit that the process-centered approach should “start by determining what customers really want from us and then we will work backward from there.” They even go on to say that all of the processes should be “customer-centric.” But it seldom happens. Why?

The reality is that most manufacturers still look at the customer from the inside out, not the other way around. That inside-out perspective makes it hard to be “customer-centric.” It is the author’s contention that this happens because most manufacturers are defender-type organizations that are designed to be very good at internal operations and processes (not external information). Plus, most have never had to aggressively prospect in the marketplace, or monitor customers and markets.

It means calling people you don’t know, prospecting on the phone, becoming a good interviewer, and exploring totally new applications and market niches. This is not a matter of simply hiring some extra sales people or spending more money on promotion. The key point is that changing from an order taker to an order maker is about creating a new type of organization that can find out what customers want and need.

For most of us, it is a bit difficult at first. Listening to customers and monitoring their needs is not natural ability — it must be systematically developed. But it is one of the most immediately productive ways for you to increase your business intelligence.

Developing a systematic way of monitoring customers is where you will find many

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ideas for new products and services. Monitoring customers is almost always the key to success in increasing sales and finding market opportunities, regardless of whether it is something you're naturally good at or it feels like pulling teeth. It must be done if you are to compete in a changing economy. As we said, it's not always easy because customers are external to the situation and not easy to monitor.

Face-to-Face Customer Information

Another good example of face-to-face (FTF) information gathering is the Paper Converting Machine Company of Green Bay, WI. Paper Converting has gotten closer to its customers at all stages of manufacturing. It is no longer just the salesmen who have contact with customers. Engineers, assemblers and installers all involve customers in the process of building machines, be they rewinders, printing presses or converting lines.

Customers go to Paper Converting facilities, and employees, including engineers, go to customers' plants. When they get customers into their plant, they get them out on the floor, get them into the assembly area and meet with their engineers,

"With constant visits, customers get very familiar with (new equipment) right off the bat. They are not surprised when they get a machine with all these connections," said Gene Mikulski, electrical assembly technician.

Customers have a lot of suggestions. They want machines that run with fewer people, use less energy and are economical to operate. They drive improvements, said Paul Nelson, an engineering leader.

"We get a lot of input from them. They ask questions like, 'Why do we have to go through this guard to get to this?' Especially with safety in mind, we are trying to make it the most practical for them."

FTF Contact for Market Intelligence

If you have to make a decision that requires a lot of money, such as developing a new product for your customers, then there is no better way to gather information for the decision than FTF contact.

In the late 1980s, I was commissioned to do an extensive competitive intelligence project to determine whether a local foundry should design bucket teeth (castings) to compete with competitors that supply them for Caterpillar Tractors. The price and wear characteristics would be critical in determining whether the new product could compete against entrenched competitors.

I spent a lot of time in rock quarries from North Carolina to Arizona, evaluating competitors' bucket teeth. I could have spent weeks or even months in the field trying to gain enough information to make a decision on developing the new product. Instead, I found the answer in one meeting in a bar outside of Phoenix with a local dealer.

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In a rambling conversation about the wear parts industry, he just happened to tell me that Caterpillar was no longer manufacturing these bucket teeth in the U.S. Rather, they were purchasing them from foundries in Brazil, South Korea and other places around the world. As the night wore on, he explained that most of the strongest competitors were now importing bucket teeth from foreign countries at list prices below my client's estimated costs. By finding an industry guru, I determined that developing the new product would be a financial disaster, which saved the company several hundred thousand dollars. Sometimes you can find out more in one FTF meeting than with months of primary research.

Whether easy or hard, listening to customers must become a regular part of your operations, just like maintaining your equipment. You may have to begin by hiring a third party to help you get started or perhaps another employee with these skills. But, you can no longer afford to operate in an information vacuum. Your future depends on it.

Some Simple Tips to Get You Started

Here are some basic techniques that work with a small staff and tight budget. I don't mean chit-chatting on the phone when they call you. I mean developing systematic ways to gather information on an ongoing basis. There are many complex and expensive ways to gather customer information, but let's start with nine simple methods you can use to begin monitoring customers right away:

1. **Use lunches.** Budget 10 percent of your time to have lunch with key customers and other industry gurus. This is low-cost research. For a start, this means at least one lunch a week.
2. **Phone customers.** Randomly select some names and call them up. Try to have every employee occasionally phone customers. Don't make this complicated; just ask them what they think of your products and services. Then ask if they have any suggestions. Have everyone send his or her customer notes and information to a "customer intelligence" file.
3. **Analyze lost orders.** This subjected was discussed in a [previous article](#) [1] in depth.
4. **Analyze quotations.** It is easy to design a database that provides a running analysis of quotations and orders. This analysis usually includes the number of orders lost and won, the dollar amount of quotations, a quotation "hit" rate and the quote-to-order ratio. This gives your sales manager a very quick look at the sales history of any given account and is excellent internal information that could be used for a variety of analyses.
5. **Make sales calls.** Monitoring customers inevitably leads to sales calls, usually at the customer's plant. Many job shops and small manufacturers have never had to do this — or they relied on sales reps to do it. It is important that owners and presidents occasionally make sales calls on their

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own to find out why customers buy or don't buy as well. Placing yourself on their premises, where you have no control, strips away the assumptions and is a fast way of gaining empathy for their problems and needs. If you feel you don't have the time or are uncomfortable in making these calls, appoint someone who can.

6. **Engage with dissatisfied customers.** Have all managers go into the field and make customer calls. Make sure they call on customers who favor the competition or are not fully satisfied. They will quickly find out about customers' wants and needs. In fact, these calls are magical because they are experiential. The closer you get to the customer's pain, the more you understand
7. **Train sales people.** Sales people get to see competitive products, competitor bids and pricing. They listen to customer complaints about your company and product weaknesses from buyers. However, they don't know exactly what you need to know from customers. Enlist their support by introducing the information gaps you need to fill at the next sales meeting and tell them specifically what information you need.
8. **Keep a customer intelligence file.** In some cases, this can be surprisingly useful. Remember, the changes you're facing are hitting your competitors as well. Begin a file to collect information on competitors, lost orders, customer changes, etc. Have everyone who receives a valuable call about any of these three subjects write you a quick memo or email. Appoint someone in the office to be the collector of all of these memos.
9. **Display the information.** Since you have now spent time and money collecting all of this good information, you must put it to use. All key managers and supervisors should know what customers want and don't want. Post everything on the walls of the conference room once a quarter for anybody to examine.

Anytime there is rapid growth or massive change in industries, thousands of new market niches and hundreds of thousands of new applications emerge. U.S. manufacturers are geographically closest to these industries and can seize the initiative for finding the best solutions to these new applications. It's all about staying close to customers and their problems.

Note: The quotation analysis, lost order analysis and three types of competitor/market intelligence are explained with extensive how-to instructions in the Growth Planning Handbook for small-to-midsize manufacturers at www.mpcmgt.com [2]. Michael P. Collins is the author of the book Saving American Manufacturing. You can find more related articles on his website via www.mpcmgt.com [2].

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