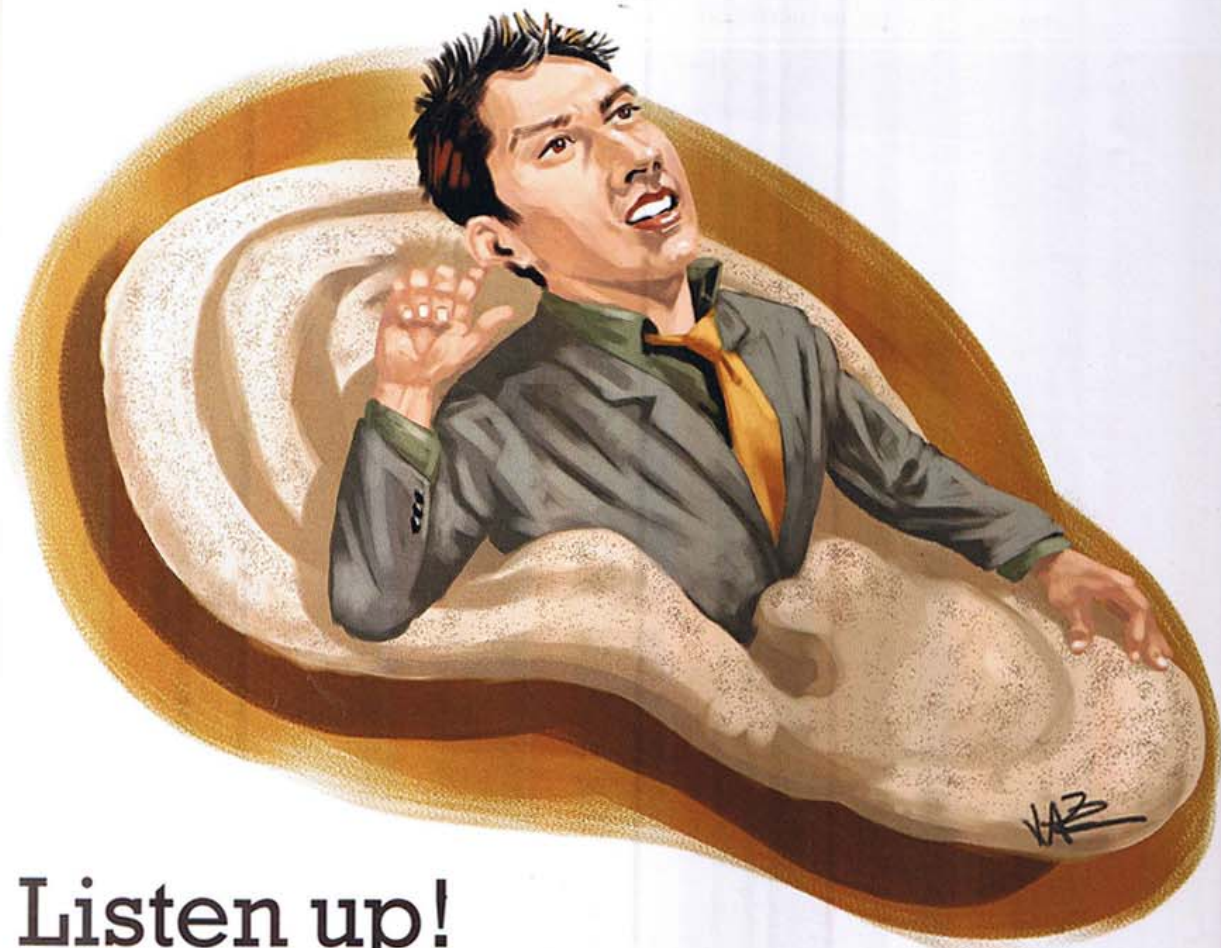


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Listen up! The art of customer visits

Professor Ed McQuarrie promotes organisational leadership, not 'followship', to create product features that meet customer needs. But figuring out what your customers want is harder than you might think. By **Chris Bell**

FROM A distance Ed McQuarrie is the measured academic; up close the corporate wizard. He's in Auckland to lead a workshop called 'Mastering the art of customer visits' and has almost 40 managers from a variety of industries to impress — not just a roomful of marketing execs; many of them are engineers, scientists or product innovators.

It would seem our record on meeting customer needs isn't always what it should be.

In 'Customer satisfaction in the multi-polar world', Accenture's 2007 global customer service satisfaction survey, 47% of respondents say their service expectations are only met sometimes, rarely or never. Having attended

McQuarrie's workshop you might expect him to be routinely headhunted by CEOs desperate to redress that imbalance. But he isn't out to catch the big fish for you; he teaches you to fish so you can go out and catch them yourself.

McQuarrie is a professor in the marketing department at Santa Clara University's Leavey School of Business in California. He developed many of the 'voice of the customer' (VoC) techniques that today form the market research equivalent of the multi-tool. It began, he says, with a "fortuitous accident". In the mid-1980s he was working as focus group moderator for US firm Burke Marketing Research, which Hewlett-Packard commissioned to explore

customer satisfaction and dissatisfaction. HP wanted 36 customer interviews, but surprised McQuarrie by announcing it wanted its own managers to participate. "We thought they'd ruin everything, but no," says McQuarrie. "They knew their industries, asked better questions than could have occurred to me and I felt it had more impact, as they heard it first-hand."

What McQuarrie describes as "the grandfather" of a PowerPoint presentation (he still uses it in his workshops) took shape soon after, and eventually resulted in his 2004 book *Customer visits: Building a better market focus*.

Many companies visit customers on an ad hoc basis, taking a reactive approach with

a focus on selling, telling or fixing problems here and there; it's what McQuarrie describes as "management by wandering around". He advocates planning, and prefers companies to involve workers who don't see their customers every day — engineers and R&D staff, for example. Better still is for visitors to comprise a multidisciplinary group. This eliminates the 'line loss' that occurs when messages are filtered through to technical teams via sales or marketing. And the resulting visit report acts like a talisman when communicating bad news to management: they can't fire the customer. A three-person team (moderator, listener and observer) is ideal; although the observer — there to get a head-start on analysing the customers' responses — is arguably a luxury. Workshop attendee Adam Hester, design office manager at industrial design specialist Sharp Concepts, makes the point that having even two people absent from a small team for any length of time is difficult.

Although McQuarrie says true face-to-face interaction is gaining power in a world that is increasingly electronically mediated, he predicts Kiwi exporters tyrannised by their distance from global markets will find relief in high-definition videoconferencing technology — once its cost becomes less prohibitive than flying teams around the world. But in his view, if we aren't prepared to invest in a programme of visits, we can't expect our products to succeed. While customer visits won't solve all your problems, you overlook them at your peril.

Customer visits need to be programmatic because a single one might be more misleading than none at all. McQuarrie says the 'sweet spot' is somewhere between a dozen and 30.

It's not about collecting numbers but about making surprising discoveries. Define between one and three objectives per programme, characterised by active verbs such as define, describe, explore, generate or identify.

Many organisations find customer segmentation the biggest challenge. You need three to four examples of each kind of customer to differentiate idiosyncratic from typical responses. If you hope to grow your market you will also have to visit prospects, and customers who currently use a competitor's product.

Recording customer interviews is powerful because verbatim quotes can be transplanted to sales stories and marketing collateral. But taping post-interview debriefs may be even more productive, as McQuarrie points out. "There might be some wild-eyed brainstorming you want to go back and review." But he has a caveat: analysis of the results is the least developed aspect of the discipline.

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WAYS TO MINE GEMS FROM YOUR CUSTOMERS

1. **Debrief immediately. Subtle impressions gained during your customer interviews quickly fade and team members come away from them with contradictory impressions.**
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2. **Harness the power of verbatim quotes. Quotes help if you need to communicate bad news to technical product teams or managers — they can't fire the customer.**
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3. **Document it. Organise your report by theme, not customer. Lead with the big news, but remember no one is going to read a report resembling *War and Peace*.**
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4. **Use matrices for analysis. You might find your product has features corresponding to no need, and requirements not addressed by any feature.**
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5. **Archive your reports for review. Maintain customer visibility with your market intelligence; identifying trends, suggesting marketing opportunities and inducting new employees.**

SOURCE: CUSTOMER VISITS: BUILDING A BETTER MARKET FOCUS. PROFESSOR EDWARD F. MCQUARRIE, SANTA CLARA UNIVERSITY, 2004

Elizabeth Coleman is product innovation manager at IAG Insurance New Zealand. She has trouble finding studies to support her advocacy of a visit programme. McQuarrie agrees a shortage of research material is a problem, as is a culture of 'followship' rather than leadership in downsizing organisations.

"The easiest thing in the world is to say 'no' to anything new or different, and that's not leadership. Most firms feel they're under pressure, and success is not coming easily, so the best rebuttal to 'show me some documented cases' is, 'show me that what we're doing now works'."

Coleman says her product innovation team at IAG has not yet engaged in formal customer visits.

"One of the biggest initial challenges is the identification and selection of the target communities — businesses — and the key participants," she says. "Product innovation is a new team and although there's a lot of work done by the account managers in visiting the customer, we haven't designed interviews specifically for our purposes: discussing product ideas in planned interviews."

VoC techniques continue to be evangelised by Kiwi early adopters such as Dr Richard Mander, CEO of HumanWare, a company specialising in Braille-literacy products. One of the benefits of programmatic visits, says Mander, is they save time. "The dirty little secret is that on product development projects you can only save time at the start. You can never save time at the end or in the middle."

Grant Reid is software development manager at Harris Stratex Networks, a supplier of wireless transmission systems. A challenge for Harris Stratex has been the cost associated with New Zealand's isolation, but he and his team have been surprised to discover management doesn't have a problem with travel and accommodation expenses.

"It's funny because during hard times the New Zealand team stopped visiting customers because we thought we couldn't justify the cost when money was tight," says Reid. "We really missed the benefits and complained bitterly to visiting executives. To our surprise, the execs told us to go ahead and do it — they were behind us spending the money."

A subliminal side-effect of McQuarrie's deceptively informal workshop is that during coffee breaks and over lunch the conversation between participants is relaxed and unforced. Most eagerly share their experiences and open up to one another, which may indicate they're already preparing for their next customer visit.