



# Lesson 2.5: Customer Objectives

In this lesson, we are going to be talking about customer objectives and another term is customer value propositions and the three typical types of customer value propositions, which we will cover. And then I will walk through eleven examples of customer objectives in various parts of the business.

So, the first question is who are your customers and what do they want from you? That's a very basic question but you might find that your customers are interested in price. So, you must be one of the cheapest and that can create a lot of, obviously tension, but you can also look at value for money as opposed to just being the cheapest.

The second attribute your customers might be looking for is quality. And you must distinguish between, is it high performance? or it is fit for purpose quality products or services so do not get confused. Do not think that only high-performance is quality. Fit-for-purpose quality is fine. If it is at a low price point, then fit-for-purpose is relevant.

So, you should always look at quality in relation to price and delivery. Delivery is about availability and on- time. So, if I am ordering inventory, is it coming on time? If I order in a service, will the service come on time, and is included in the delivery, is it available? Do I have to wait six weeks, or can I go and shop now and get it?

That is availability. The fourth attribute is around the selection. It is the range of products and services. In this example, you can think of going to a restaurant that only serves hamburgers, where you can go to another restaurant that has fruit, hamburgers, hot dogs and pizza. That is selection. That is a wild selection. The fifth attribute is around functionality, is the product or service versatile and does it have bells and whistles, so it is different from the quality – now we want to know if it is a versatile product. - Can it be used in this situation or that situation.



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And it has lots of little features that are cool. So that's functionality and that is what we call product and service attributes. The sixth item is partnership. So, some customers are looking for a long-term relationship. And you help in building their business, that is a partnership, and you are interested in their KPIs and their interest in your KPIs.

And it is a long-term relationship. Other people who buy on price will not typically worry about partnership. They just want the cheapest possible price. And then some customers buy the image. They want to be associated with your brand, which is why people have the brand on their T-shirts and they drive fancy cars because they want to be associated with that brand, that is why they buy that product. So, I am taking this a little bit further. We can break these value propositions down into three typical types. So, one is a low total cost. So, this is where we deliver a combination of quality, price, and ease of purchase that no one else can match.

And what customers are looking for here is that you are a low-cost supplier that you have fit-for-purpose quality. It is easy to do business with you, it's been an easy purchase and the selection is appropriate, you do not need the full range of products. These are some of the companies that might be included. In fact, Toyota is a high-quality product, so, it is not just a fit for quality - it is a high-quality product. Then the second type of customers that you get are those looking for customized solutions and they are the convenience customers. They wanted it to be easy. They want to show a lot of service in the offering, so you build bonds with customers, and provide them with a complete bundle of products and services they need.

So, they will be looking for customized solutions., they will be looking for multiple products and services from you as a supplier, they want excellent post-sale service. They are looking for strong personalized relationships. A good example is a company like IBM that can offer software, hardware, training consulting, they will maintain the system for you.

They offer a wide selection of products, and they build those strong customer relationships with their customers. And then you get the product leadership type - they continually develop products that offer superior performance for customers. So, they are typically high-performance products.



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They are first to the market, they have lots of innovation and they penetrate the market segments, like Tesla, Apple, these are the kinds of companies that are product leaders. You can do this for external customers and internal customers, you first need to understand what profile your customers are looking for, whether they are just looking for a low total cost or are they looking for one of the other two.

I had a customer that thought their customer wanted product leadership. So, they invested lots of money and projects into developing products. The customers were saying that it would be cool and that they were looking forward to that. When it came time to sell those products, the customers did not have the money to buy them.

So, there were low costs and total cost customers, they were intrigued by the product leadership, but they were not prepared to pay for it. You must make sure that if you are a product leader, your customers are prepared to pay for that product leadership because it is going to cost you in research and development and product launches, and R and D all those good things that fall into product leadership.

When I write objectives for customer objectives, we said previously should be verb, adjective, noun - we are going to break the rules here. We are going to describe it. And this is a slight variation from the rule. Try and put it into the voice of the customer. Have it as a noun, as the customer would say to you.

That is how you are going to write these objectives. We have three types of offers. You have product and service attributes. You have partnership, and you have image. So again, you will see my naming convention, let us say C1. The customer is looking for a quality solution here and C2 a quick reliable delivery or availability and in C3 it's about price or value for money, in C4, it's about selection and functionality, C5 it's partnership/relationship. If you are an internal support function and your customer is the business, they will want you to be a trusted advisor, that's part of partnership and relationship, they trust you and they trust your opinion. So that is highly relevant for HR, finance, IT, legal – those kinds of support functions.

Image - is based on the best brand in the market. So, what I am going to do, as I did for the financial objectives, is I am going to walk through some examples. So, this is an overall



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business. The C1 was consistent delivery. This is how they name the objectives so what value do our customers want from us - well it is consistent delivery C1.

The second one is they want to be globally competitive, it's a price issue C2. And then C4 total solutions (I swapped them around), that is around selection and functionality and the broad range of solutions, and the customers want to trust the partnership. So, they call the trusted partner.

This was another overall business where they said the attributes consistently meet customer agreed to expectations within commitments. It talks to quality and delivery. Strong personalized relationships was the second objective. And the third one was brand of choice. So, this was for an overall business.

This was a services business, with a solid record of accomplishment with similar clients. That is what their customers want from them. So, they do not want to buy services and projects if there is no record of accomplishment with similar clients, quick implementations, and long-term partnerships. Then this is a supply chain example, consistent, good quality, C1 reliable supply, value for money.

Their customers are both a combination of external and internal, so those were the attributes -value for money and then collaborative relationships. Now that I remember it was largely external customers that they were talking about. Here is an HR function. I have two examples. And what you will also notice is there are boxes for employees and business partners.

They said their customers are two groups of people, the employees, and the business partners, they call them business partners or management. So, in C1, they said, we want a wonderful place to work. That is what they heard the employees saying from their business partners. They heard C2 - standardized HR policies, and processes, including compliance.

C3 - We want accurate, timely and consistent HR information. C4 - Capability and capacity to deliver the business strategy. And C5 - we want you to be a trusted advisor and people literacy coach. So, how do I manage my people?



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I am struggling with that. I am looking to HR to help me with that. This is another example where they also said C1 - standardized efficient, effective shared service policies and processes, price, and quality. They are talking about efficiency there. C2 - accurate timely and consistent business information.

That is what they wanted from HR. C3 - Compliance with standards, legislation, and regulations, and C4 - trusted advice to help improve the business. Here is a finance department, so they said the business wants us to C1 - manage transactions, risk, and compliance, C2 - accurate timely and consistent financial information – so there is a bit of quality and delivery in there. And the third objective C3 - provide advice and guidance to maximize profit. So, that is what we expect from finance, not just to be the bookkeepers, but to provide insight into profitability.

Here is an internal audit: C1 - independent and objective that's quality C2 - assurance to corporate governance requirements, C3 - trusted practical and efficient advice on risk and opportunity and C4 - encouraged risk and control awareness across the organization. That is what they felt their management team were wanting of them as internal auditors> The shared service department or function: C1 - standardized efficient and effective shared service policies and processes, C2 - accurate, timely, and consistent business information, C3 - compliance with standards, legislation and regulations and C4 - trusted advice to help improve the business, similar to the one we saw in finance. Here is a marketing department. This was an overly complicated, complex marketing department because part of the role was to service employees in employee wellness and employee communication.

They had internal business partners, they had external business partners that they had to cater for. And then they had their customers as well that they had to provide services to. So, there are four different customer groups. It is a good idea to be clear about who these are on, you can put it in your strategy map by differentiating like just this- by putting boxes around them (Employees (C1 & C2), Internal Business Partners (C3), External Business Partners (C4) and Customers (C5)).

So, they want to C1 - enable a work-hard play-hard culture. C2 - Reach and relevance to the right audience, C3 - trusted as subject matter experts (those are with internal partners), C4 - authenticity and credibility to the external partners and C5 - brand consistency is what they were trying to drive to the external customers.



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Then we have an IT department and this one is about availability. What is quite nice about this is that they put it in inverted commas so they gave it a one-word title C1 - Availability = "I can get to it" i.e. I can get to my IT systems (delivery). C2 – Performance - "It needs to be fast enough" (quality). C3 - Data Quality - "I can trust the information" (quality), C4 – Support - "my problems are resolved quickly" (delivery) and C5 - Development - "projects are delivered on time and in budget" (price & delivery). So now it is your turn and what I am going to do is just flip over to the template as we did for finance. We have the guideline like I showed you in the video previously, then we have the examples below. So, the examples go all the way down and then there is a template. So, if you are going to do this exercise, I suggest you duplicate that template. You move it just below here so that you have a copy of that template.

And then like we did in finance go back and find something that you want to do. Let's say we wanted to do something like the IT one. So, let's say I wanted to do IT, I am going to copy that. I am going to bring it down into the template. Just, as a guideline, I do not want to copy and paste if I do not have to (put it into orange so I can see what other people do in IT one).

Let's say I want high-performance and modern technology, that could be an objective that the customer wants so you go through it and finish it as we did for the financial one. So, in summary We saying there are three different customer value propositions.

Do not confuse this with the unique selling proposition or USP. This is more generic, and it is based on price or convenience, or product leadership. Those are the three big categories. We call them slightly different things early on, but that is what it is about price convenience or product leadership customer objectives, are typically split between product and service attributes, partnership, relationship, and image, and then customer objectives are normally stated as nouns and in the voice of the customer.