

## NANO TOOLS FOR LEADERS®

### CUSTOMER INSIGHTS: GO DIRECT

**Nano Tools for Leaders®** are fast, effective leadership tools that you can learn and start using in less than 15 minutes — with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

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#### THE GOAL:

Gain a deeper understanding of your customers, your market, and your competitors by making direct contact.

#### NANO TOOL:

The importance of deep customer and market insights can't be overstated. They are the foundation on which companies create customer value and capture superior profits. And yet despite the compelling benefits, most firms are ineffective at consistently gathering market intelligence.

Firms shouldn't count on insights emerging organically. Instead, they need to develop a disciplined process that connects them directly with their customers. To acquire relevant and actionable information that lets you anticipate your customers' needs (and fill those needs before your competitors do), you need to collect customer data in new ways. Rather than outsourcing your data collection, keep it in house. And get as close to the customer — and the customer experience — as possible.

#### HOW IT WORKS:

- **Create online tools to collect customer data.** P&G recently opened up its own online store to learn directly from customers. They don't expect the eStore to provide a significant or quick boost to revenue or profit, but rather are more interested in the customer data it will produce. They learn about the effectiveness of efforts such as product pairings, social media links, environmentally friendly pitches, packaging options, and banner ads. Other companies use online forums or newsgroups to stay in contact with customers.
- **Develop a customer visit program to gain direct customer insights.** In Hewlett-Packard's customer visit program, managers visit customers individually and as members of cross-functional teams. During team visits, both marketing and R&D hear the same thing at the same time, and the information may be more likely to be dissected for insight and acted upon in subsequent strategy. This is an effective way to overcome the conflicts, implicit assumptions, and poor communications that too often afflict the marketing/R&D manufacturing interface.
- **Take a walk in the customer's shoes.** To better understand how and what their customers are thinking, feeling, and doing, Netflix gives its employees a subscription, Smith & Hawken asks employees to work in company gardens with the tools it sells, and P&G employees live on a low-income consumer's budget. This emphasis on customer empathy is beginning to gain ground, and even retailers are sending executives into the field with gloves and dark glasses to understand the challenges that elderly customers encounter when shopping in their stores.

## ACTION STEPS:

1. **Go online** — Consider creating an online store, a social network, or a direct customer feedback link on your web site to gain direct insights from your customers.
2. **Develop a customer visit program.** Consider cross-functional team visits to ensure internal momentum for making customer-centric changes, and explore ways to involve employees at all levels of your organization.
3. **“Become the customer”** by creating situations in which employees use your product or service, or experience life as your customers do, to better understand the customer experience.

## SHARE YOUR BEST PRACTICES:

Do you have a best practice for understanding your customers? If so, please share it on our blog at Wharton’s Center for Leadership and Change Management. <http://whartonleadership.wordpress.com/>

## ADDITIONAL RESOURCES:

- “Blind Spots in Industry and Competitor Analysis: Implications of Interfirm (Mis)Perceptions for Strategic Decisions.” Edward J. Zajac and Max H. Bazerman, *The Academy of Management Review*, Vol. 16, Issue 1, pages 37–56, Jan. 1991. In this classic but still valid article, Zajac and Bazerman identify specific blind spots in visions of competitors and how they may explain phenomena such as industry overcapacity, new business entry failures, and acquisition premiums.
- “Getting into Your Competitor’s Head.” Hugh Courtney, John T. Horn, and Jayanti Kar, *McKinsey Quarterly*, Feb. 2009. The authors discuss the need to understand how competitors’ strategists and decision makers think in order to become more predictive.
- *Strategy from the Outside In: Profiting from Customer Value*, George Day and Christine Moorman (McGraw-Hill, 2010).
- George Day teaches marketing, organic growth strategies, strategic planning, organizational change, and competitive strategies in global markets in Wharton’s [Growing the Top Line: Full Spectrum Innovation Strategies](#), [Essential of Marketing](#), and [Competitive Marketing Strategy](#).

## ABOUT NANO TOOLS:

Nano Tools for Leaders® was conceived and developed by Deb Giffen, MCC, Director of Innovative Learning Solutions at Wharton Executive Education. It is jointly sponsored by Wharton Executive Education and Wharton’s Center for Leadership and Change Management, Wharton Professor of Management Michael Useem, Director. Nano Tools Academic Director, Professor Adam Grant.