# Is the customer king?

blogs.lse.ac.uk/businessreview/2017/02/03/is-the-customer-king/

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We love customers. Popular authors and consultants encourage organisations to satisfy them (Cockerell 2013), delight them (Curtin 2013), and even hug them (Mitchell 2003; though we predict mixed success from following this advice, based on a myriad of background factors). Overall, companies accept these recommendations wholeheartedly. We want loyal customers; we want “raving fans” (Blanchard 1993).

And yet, this singular focus on customers represents a relatively shallow understanding of the modern business world. Yes, we need customers, and, in fact, we need them to be well taken care of and satisfied. However, in many exchange contexts, the customer is not the only party that must be successfully influenced. Instead, frontline sales and service personnel need to consider and influence an entire *portfolio of relationships*.

Consider a simple, everyday example of a real estate agent: Ricky is a real estate salesperson working with a young family to help them purchase a starter home. He invests several hours getting to know the family, understanding their wants, needs, budget, and so on. Then he takes the family to view several homes that appear to meet most of their criteria. The family decides they like one of the homes and chooses an offer amount they are confident will appeal to the seller. How much money has Ricky made after doing all this work? How much has his company made?

At this point it should be clear – satisfying the customer was a necessary but not sufficient condition for making the actual transaction happen.

So what else is needed? Ricky may also need to influence (i.e., “sell to”) members of his internal business team (e.g., those inside Ricky’s company that help support his efforts, thus impacting his sales performance) and his external business partners (e.g., those outside of Ricky’s company that work with him to serve mutual customers, thus impacting his performance). His internal business team includes individuals like administrative personnel that help process paperwork, other salespeople who might fill in when he gets double booked, or employees in marketing that helped get the property highlighted on the company’s website (perhaps this is what caught the customer’s attention in the first place). His external business partners include individuals like home inspectors and contractors, or even loan officers at banks, that Ricky may need to persuade to work on behalf of his customers (i.e., perhaps asking them to put his customer's needs at a higher priority in order to meet a deadline).

All this demonstrates the fact that, even after Ricky has persuaded or "sold" the customer on purchasing a "product" (in this case, a house), there are other members of his relationship portfolio that may need to be influenced in order to close the deal. This prompts an important question – how predictive are influence attempts directed at each group within his, or any other salesperson's, portfolio of relationships?

This is exactly the question we attempted to answer in research we recently published. Collecting survey data and objective performance numbers from multiple organisations, we explored the relative impact of each group on salesperson performance.

We fully expected to show that, in addition to customers, influence directed at both the internal business team and external business partners would be highly predictive of salesperson performance. What we didn't expect, but nonetheless found, was that both of these "non-customer" groups predicted a greater amount of the variance in performance than did the influence directed at customers.

In other words, not only are the internal business team and external business partners important drivers of salesperson performance, they appear to be more important than customers themselves!

While most who have read our results share our surprise and excitement, during a recent discussion between a member of our authorship team and a high level sales manager, the following statement was made: "I am not surprised by this. Most managers know that these other groups are, or at least can be, very important to closing business. I don't see what is so surprising about this."

Just in case someone reading this is tempted to the same thought, below are a few questions we posed to this manager.

1) During a salesperson's average work week, what percentage of time do you encourage them to spend building and strengthening relationships with individuals that aren't customers?

2) During new hire training and orientation, what percent of the time is spent talking about building, or explaining how to build, relationships with individuals that aren't customers?

3) What would you, or your average manager, say to a salesperson who told you they spent an entire day making connections within your own company? Or with non-customer, external business partners?

If your answer to question one is not a positive number, then we encourage you to reconsider your current approach. The same holds true for question two. If you already know how important internal team members and external partners are in driving sales performance, why aren't you sharing this information with your salespeople during training? For question three, our guess is that many, if not most, managers would either coach the salesperson in question to get in front of more customers or scold them for avoiding "real work." While we wouldn't advocate such a salesperson spend all week with non-customers, we would encourage managers to carefully consider how much time they should allow, no…encourage, their salespeople to pursue these types of relationships.

It turns out that a wide variety of relationships are required to drive performance. Is your company allowing the flexibility that enables frontline employees to capitalise on this fact? If not, why not?

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*Notes:*

- *This blog post is based on the authors' paper Does the Customer Matter Most? Exploring Strategic Frontline Employees' Influence of Customers, the Internal Business Team, and External Business Partners. Journal of*

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- *The post gives the views of its author, not the position of LSE Business Review or the London School of Economics.*
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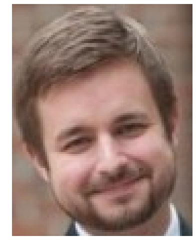

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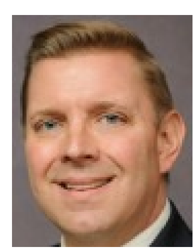

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