

Blueprints for Growth

Ideas to Help Industrial Producers Build Profitable, Sustainable Growth

We help industrial manufacturers develop products their customers love, competitors respect and stockholders applaud... using new tools to uncover customers' deepest needs. Then we get out of the way.



Dan Adams
Advanced Industrial Marketing, Inc.
www.newproductblueprinting.com
dan.adams@aimtlead.com
330-715-8459

Do You Really Interview Customers?

What if your company could pick just one competency to truly master? What would it be? Acquisitions? Perhaps, but if you buy businesses and then can't grow them, you'll just build a house of cards. How about operational efficiency or quality or service? These are important, but if others match you—and they usually do—you're in a race to the bottom of a commoditization spiral.

Be Different to Differentiate

I find that most industrial leaders want profitable, sustainable top-line growth, and they look to new products for this. But not product "tweaks." They want differentiated products customers will pay top dollar for and competitors can't match anytime soon.

Now here's the interesting part. Differentiated products must be... different. And yet, many producers behave the same as their competitors while hoping for different results. I don't hear business leaders say, "Our R&D staff is 20% smarter than competitors", so our products generally win." And few plan to win by understanding customer needs better than competitors... which would let them "aim" their R&D brainpower better.

Nothing Comes Close to a Good Interview

That brings us to the subject of this briefing: Customer interviews. Of all the ways to learn about customer needs—telephone, mail survey, internet—nothing comes

Figure 1: Advantages of customer interviews over other approaches

- Face-to-face communication is the richest form possible (in terms of amount & variety of info)
- Most find it harder to refuse questions if they come from a person sitting across the table
- You have the flexibility to follow a lead and probe more deeply
- You can supplement the interview with on-site observations and probing questions
- Engaging the customer in product design helps you sell your new product when launched

close to face-to-face customer interviews (Figure 1). And if the information being sought is new, complex or ambiguous—as with industrial product design—the advantages of interviews become even greater.

So is the customer interview a key fixture in most new product development processes? For too many producers, the answer is no. Perhaps with so much routine customer interaction taking place, it's assumed some of it *must* be interviewing. But if you examine the call frequency and objectives of your sales and technical service staff, you will most likely find that over 95% of face-to-face customer communication is of the "tell-and-sell" variety.

Some might protest, "But we get lots of input from our customers on what they want in new products." As shown in Figure 2, the difference between that and what I'm proposing is the difference of night and day. Most new product discussions are actually customer-reactive meetings, not market-proactive interviews.

Market Proactive Interviews

You'll know one of these when you see it: First, a team targets an attractive market segment to pursue. Then it schedules interviews with customers, prospects and their



Figure 2: But we talk about products with customers today. So what's the difference?

The Difference is Often Night & Day	
Customer-Reactive Meetings <ul style="list-style-type: none">■ New product needs usually expressed by a single customer■ Work only with direct customers■ Little understanding. Just "The customer said he wants..."■ Only spoken needs addressed■ Today's problems discussed■ Other suppliers are often in a "foot-race" to solve same issue■ Solution often incremental and suitable only for one customer	Market-Proactive Interviews <ul style="list-style-type: none">■ Needs of many customers & prospects pursued in segment■ Interview customers' customers■ Needs are probed deeply to understand root issues■ Unspoken needs also addressed■ Future opportunities explored■ Close customer collaboration usually shuts out competitors■ Solution usually significant & suitable for entire market

customers' customers. Two-person technical-marketing teams carefully prepare their questions and interviewing roles in advance.

During the interviews, these teams use advanced listening, probing and interviewing skills to plumb incredible depths... and the customers love it! Someone explained it to me this way: "Dan, most people will never have someone listen this closely to them unless they pay ninety bucks an hour for a therapist."

Of course, the big question is, "Does it work?" One clue is that product leaders such as 3M perennially train their people in these skills. Some of the earliest evidence came from Hewlett Packard's customer visits nearly two decades ago. 90% of HP practitioners said their interviews directly impacted product offerings, and 76% reported these interviews led to *unexpected or surprising information*.¹

76% said their interviews led to unexpected or surprising information

And that's the point, isn't it? If we just create products our customers ask everyone else for, and we haven't cornered the market on R&D genius, we're going to keep struggling with this *differentiation*. But if we intentionally and frequently expose ourselves to unexpected and surprising information—that our competitors lack—we can create much more significant and protectable value.

What Works... and What Doesn't

I find most leaders earnestly want to launch a stream of exciting new products. After all, what else can so attract customers, please stockholders and put competitors on the defensive? But their tactics often fall short:

- 1) They throw more money at R&D: Don't skimp here, but a Soviet-style arms race can be inefficient and a poor gamble.
- 2) They ask tough questions: Keep asking them... but if your new product teams are not asking these and many more questions *before* you do, be nervous.
- 3) They exhort the troops: Fine, but don't repeat quality mistakes of the 70's. Deming railed against pep talks unsupported by employee training in new methods (e.g. statistics).

Most employees need much more training, especially in practices for the aptly-named "fuzzy" front-end (pre-development-stage). Many have been trained in a stage-gate[®] process which provides good discipline². But, gate review after gate review, isn't something becoming painfully obvious? Many product teams simply do not know *how* to explore unmet customer needs very well.

Imagine if teams were taught how to uncover customer needs, the practice was uniformly applied across your company and it was continually refined to the highest possible skill level. You'd be doing things differently and you'd have more differentiated products. You'd have profitable, sustainable top-line growth.

Learning More

Edward F. McQuarrie's book, *Customer Visits*, provides solid background on this subject. You might also pick up one of the many voice-of-the-customer (VOC) books available. A word of caution, though. VOC methods often fail to take advantage of significant benefits B2B producers have over consumer goods producers. (But that's the subject of another briefing.)

We've only been able to touch lightly on the type of training needed. It's about new interviewing skills, like active listening, deep probing and collaborative brainstorming. But it's also about targeting the right market segment in the first place, performing rigorous competitive benchmarking and building a bullet-proof business case prior to development.

For more information and a description of our in-house training, visit www.newproductblueprinting.com and click on *Industrial-Strength Workshop*.

¹ Edward F. McQuarrie, *Customer Visits*, 1998

² Stage-gate[®] is a registered trademark of the Product Development Institute