

# Superb Customer Service is Smart Innovation



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## How do companies identify customer needs?

**TC:** You must look and listen to many different sources to have an accurate assessment of customer needs. People typically think about customer visits, interviews, satisfaction surveys, and focus groups when identifying needs, but they can also come from complaints and everyday interactions with customers. The most significant innovations sometimes come from identifying needs that customers may not even understand they have until presented with a solution. A deep understanding of customers' business challenges and what "keeps them awake at night" enables the identification of these undiscovered needs.

**BB:** I agree that some customers don't realize they have a need until it is suggested to them. This is especially true for consumers in markets such as personal care and home care. They don't think they need a new washing powder for their laundry until a better one is presented to them.

This is often a significant challenge in B2B environments. Many B2B companies have been successful in identifying and responding to customer needs. Dow Corning, like many companies, used to rely solely on developing innovative products in the hope that they would sell. Today, because of a focus on listening to the voice of the customer, they have expanded their offerings to provide innovative solutions to address specific customer needs.

## What role does customer service play in customer loyalty and future sales?

**TC:** Product companies often underestimate the impact of services in their ability to differentiate products. As is inevitable in the product-market life cycle, products become commoditized and less differentiated over time. As a result, the service component of a company's offering becomes a critical differentiator, and if it is well matched with the relative customer needs, significant loyalty and sustained, profitable sales growth can be achieved.

In this dialogue, Dr. Brian Balmer, program manager of Performance Materials Research, Frost & Sullivan and Tom Cook, Dow Corning vice president and general manager - Service Enterprise Unit, consider the critical elements of effective customer service.

**BB:** I believe it really depends on the customer. Dow Corning is a great example of a supplier that services a wide range of customers. At one end of the scale, some customers just want to be supplied with commodity products at the best possible price, with no value-added service. Dow Corning is targeting this group of customers with its Xiameter® brand. Of course, there is still an element of customer service involved – accurate pricing and reliable delivery are still critical factors for these customers.

At the other end of the scale are customers who want more of the value-added service, such as technical support, product development, process troubleshooting, and so on. If a supplier can provide not only a product but also help so that the customer uses the product effectively, this can be a powerful tool in retaining that customer – it makes it a lot harder for them to switch.

## How does a company's organization impact its customer service capabilities?

**TC:** A company's organizational structure needs to reflect its strategy in serving customers. I think about this from two primary perspectives.

The first is a product lines organizational structure vs. a market oriented structure. While a product line structure can help a company to understand and service common needs from a product perspective, market oriented structures provide broader opportunities for understanding and fulfilling customer needs, thus building loyalty.

Whether the organization is local or global also needs to be taken into account. Local structures tend to promote faster decision-making but can create inconsistencies across local boundaries. Global structures can deliver consistent solutions in a coordinated fashion but tend to be slower and difficult to manage. In the end, an effective combination of structures yields the best results.

**BB:** In many ways, customer needs should actually impact the organizational structure. By listening to customer views and adjusting or aligning the organization to align resources and targets with customer needs, a company's customer service capability drives the organization. Good customer service translates into an

organization that is very much in touch with customers and thus ensures quality and reliability in order to meet, or even exceed, customer expectations.

Moreover, customer service is a key priority in ensuring that a high level of customer retention is maintained, which ensures greater profit for the organization. For the organization to positively impact customer service, it must listen to customers and ensure that it is responding to both local and global customer voices.

## How can companies strengthen the effectiveness of employee/customer interactions?

**TC:** The effective segmentation of customer needs can help employees to more easily recognize and respond appropriately to common requests or requirements. Working to eliminate or automate activities that are less valued by the customer and using that time to focus on more valued customer activities can significantly strengthen employee-customer interactions. Each interaction with a customer should be viewed as an opportunity to identify needs and live your brand promise. Companies and employees have these "moments of truth" everyday.

**BB:** It sounds simple, but for us, face-to-face contact really works. At Frost & Sullivan, we've found that the more we meet our clients in person, the more constructive information we can learn from them. There is a limit to this, of course, as time is a valuable commodity for all of us these days. Most importantly I think it's important that companies truly listen to what their customers are saying and respond quickly and appropriately.

Equally critical to the effectiveness of these interactions is the preparedness of your employees. Know your customers – understand their markets, understand their challenges, and have some thoughts on how you can help them before you meet – don't just turn up with a blank slate.

For more information about Dow Corning, go to [www.dowcorning.com](http://www.dowcorning.com).

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