



The CEO Challenge for July 2010

## 8 Ways to Listen to Your Market

**Look OUT, not IN!** If you're following our CEO Challenge articles, speaking or consulting work, you've heard this mantra a lot. More often than not, answers to your most important business questions aren't inside your organization; the answers lie **out there** with your customers. As Betsy Morris wrote in her excellent [2006 Fortune Magazine article \*The New Rules\*](#), "No business can afford to focus its energies on its own navel. An inward-looking culture can leave firms vulnerable in a business world that is changing at a breakneck pace."

### TOUGH QUESTIONS

We constantly stress how you must understand what's important to your market. What problems are they facing? How is your firm REALLY doing at solving those problems? How do they make decisions? What's the image they have of your firm versus your competitors? How much value do you really bring? How consistent and predictable is your service? Do you know what your customers wish you did better? And so on.

You've all been very eager to follow through on this strategy. As a result, there's a question that we're hearing with more frequency and urgency: "How do we gather this research?"

### THE BIG QUESTION: HOW?

Fortune 500-size companies, especially those that sell to large consumer markets, spend a great deal of money on market and customer research. They hire expensive firms which employ the latest technology to delve into the minds and buying habits of various segments. They're armed

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with statistics, mounds of research data, complex software, and teams of field operatives in the effort.

Small and mid-size companies, however, often don't have the resources for expensive research, or they may feel that their markets are too small to warrant a formal research program. Are there smart techniques you can use to listen to your market without breaking the bank?

## SOLUTION

To answer this question for this month's Challenge, Rick and I talked with many of our own customers and colleagues including Tim McPartlin, the EVP of Lieberman Research Worldwide. Please enjoy their insights below!

### ACTION PLAN: 8 WAYS TO LISTEN

#### 1. **Have your own staff talk with, record, track and segment specific conversations with current and past customers on a regular basis.**

The danger here is that it's difficult for your own team to be truly objective. Thus, it's easy to jump to conclusions based on a single judgment or an isolated incident. Yet you can protect the company from that danger and make these conversations valuable by keeping on-going records so that you can notice trends. For example, one customer complaint about your invoicing system may be a lone voice. Five customers saying the same thing in separate circumstances may be a shout from the mountaintop. Without good records and consistent feedback, you may not detect the difference.

Segmentation is critical so that you can understand and apply what you're hearing accurately and better identify root causes, strategies and solutions for the right audiences. Common segmentation categories include:

- New/old customers
- High wallet share/ low wallet share
- Regular ordering/irregular ordering
- Different buyer types
- Different offers

#### 2. **Send out short (< 5 minutes) customer surveys via email or postcard to ask a few critical key questions, then follow up!**

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After each project, one firm we interviewed sends a short survey asking the highest contact to rate their performance on key criteria using a scale from 1 to 5. The firm tracks historical response rates and ratings for each question, and they immediately follow up with any client that didn't rate them a 5. Why? They believe that a "4" rating is significantly different from a "5." In their view, if you want to dominate a niche, "good enough" (a 4) is not good enough.

**3. Hire an objective professional to conduct phone surveys with select individuals – current customers, former customers, prospects, or companies in your niche.**

By using an outside party, you'll avoid injecting an insider's inherent bias into the process. The survey should be about the industry and market in general versus your company in particular; it's best if the customer doesn't know who is sponsoring the survey.

**4. Send an executive to regular 1-on-1 customer meetings to engage in creative, in-depth, strategic discussions.**

There are many benefits to these meetings – information gathering, relationship building, and signaling the importance and value of customers to your organization. It also helps executives mobilize to prevent isolation and inward-thinking in your company.

**5. Take advantage of inexpensive and easy-to-use online survey system (Survey Monkey, Zoomerang) to send regular, customized, anonymous surveys to specific audiences.**

For example, you can ask:

- What is the experience with your company like to a first time buyer?
- How responsive is your firm?
- How many other companies does your customer use for the same product/service? Why?
- What problem does your customer wish you would solve for them?
- What is the primary reason your customer uses you?

**6. Leverage your trade show participation by proactively meeting with your customers.**

Most companies try to take some advantage of trade shows to meet with clients for golf, dinner or a cocktail party. Go further than that. Instead of just trying to *sell* at the show, set this goal: "What can we learn from our key customers and strategic prospects?" This is an excellent opportunity to talk about bigger business issues, so connect with senior executives to find out what their future looks like. Share with them your plans and discuss how their needs and your new developments support each other. Learn what else you can do to improve their business. Test your assumptions about what they really value.

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By learning about your clients' big business challenges, you'll better understand how compelling your offers really are. You can also uncover opportunities to add even more value through focus, process changes and/or new offer development.

## 7. Employ an outsider to conduct field verification with your clients and/or prospects.

We've written about the dangers of making assumptions and the necessity of testing assumptions that, if proven to be incorrect, could have a significant impact on the business (<http://www.therevenuegame.com/ceochallenge/03/assumptions/>). A neutral third party is often the best choice for such field verification testing. In field verification, a 3<sup>rd</sup> party actually talks with a select number of people in-person in order to learn about a specific issue. For example, this technique is frequently used for:

- **Launching a new product or service.** What value would the new service/product bring to a prospective buyer and what price would they consider reasonable? More importantly, what reasons do they have for not buying?
- **Discovering why prospects chose not to buy or why a client left.** Simple surveys will frequently point to false answers to this question. It's easy for someone to answer that the price was too high or the need wasn't there. However, the answer is frequently quite different and a false reading will cause a company to proceed with even more dangerous assumptions.
- **Learning where true value lies.** A common (mis)assumption is often made concerning what the customer does or does not truly value. Frequently, we see what we've termed "value creep" where companies keep adding "stuff" in the false assumption that it's valuable to the client. In other cases, what a customer truly DOES value ( more likely in *how* something is done rather than *what* is done) is not understood, not adequately funded, or not expanded upon.

## 8. Post-mortem meetings are an excellent way to both deepen client relationships and to learn.

The objective of a post mortem is to sit down with all parties in a project and review what went well and what could be improved upon next time. The meeting should take place as soon after the conclusion of a project as possible while issues and experiences are still fresh.

As long as all parties come to the table for the sole purpose of continuous improvement, this methodology is highly effective and instructional for increasing value, reducing defects, and streamlining process. It also positions companies as partners and collaborators as opposed to vendors and clients.

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## CONCLUSION

What are your ideas for keeping on top of what's important to your clients and prospects? Please join the conversation and share ideas and experiences with the other readers of the CEO Challenge.

**Please share your thoughts and experiences with us here!**

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