

The Relationship is the Customer

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Marshall McLuhan in the 60s said, “*The medium is the message.*” In those five words he made us see the limitations of our old way of thinking. After McLuhan, we could no longer look at content in isolation from the way it was delivered.

Sun Microsystems, only a decade ago, said, “*the network is the computer.*” Using the same 5-word structure, it shifted our ideas of technology to a new paradigm, one in which everything was connected.

Customer relationships need a similar reframing. We need to see that “*the relationship is the customer.*”

Business talks these days a lot about customer focus, customer relationships, and customer-centric processes. Consider initiatives like CRM, customer loyalty, one to one marketing, and mass customization. Customer focus is the current business equivalent of political correctness.

But something is very wrong. Despite the language

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of customer orientation, the underlying paradigm remains sustainable competitive advantage—of the seller, not the customer. In that paradigm, the overriding goal is to beat the competition.

Customers are like poker chips—he who collects the most, wins. Customers become means, not ends.

Customer focus has become a tactic, not a goal—and customers can smell the difference. This is the customer focus of a vulture.

Customer focus should be about the customer. The point should not be winning competitive battles, but increasing the collaborative relationship with customers themselves. The point should be the customer relationship. *The relationship is the customer.*

When Customer Focus is Bogus

The head of sales at a major technology company told me, “we have two strategies: one--be customer-centric; two--increase share of customer wallet.”

Question: do you tell your customers both strategies? If so, you may offend. If not, you are hiding key objectives. Neither choice is customer-centric—because the second strategy itself is intrinsically not customer-centric.

There's nothing wrong, of course, with profits, or increasing share of wallet, or gaining competitive success. What's wrong is subordinating all else to those objectives, and treating customers as simply a vehicle to getting them. Thinking that the purpose of business is to make a profit is like thinking the purpose of living is to eat.

Customer focus will always be bogus if it is merely a means to the seller's end. The comedian George Burns famously said, "The most important thing in life is sincerity—if you can fake that, you've got it made." Business is in danger of no longer getting the joke.

But the solution is not simply flipping the focus from seller to customer. It is not enough to just stop asking, "How much can I get from this customer?" and ask "how much can I do for this customer?" That way lay charity and non-profits, with no significant role for a seller. Unfortunately, that's how most business people perceive the alternative—as some anti-capitalist form of woosiness.

The problem is not a capitalist, competition-based economic system. Competition itself is not the problem—it is competition on steroids, a monolithic focus on nothing but competition that is the problem.

Jeffrey Skilling—Enron's CEO at the time of its downfall—had a plaque on his wall which originally had stated Enron's aspiration—"to be the world's greatest energy company." Skilling had crossed out the word "energy." What was left was pure, naked, competitive ambition—without reference to product or market. And competition as a standalone objective cheapens everything else it touches.

True Customer Focus

What then is true customer focus?

The customer is not the transaction. Nor is the customer the discounted present value of all future transactions. The customer is also not just the buying individual, and not just the firm.

Motives matter. If the motives are entirely about the seller, there can be no true customer focus. But neither can motives be entirely eleemosynary. A seller that goes out of business via charity is not contributing economically; and an out-of-business or sub-profitable seller is no long-term help to a buyer either.

But the alternative isn't charity--it's a valid, two-sided relationship. Only a synergistic and symbiotic relationship between seller and buyer can maximize the value to the customer, because only a trusted, healthy and profitable seller can collaborate with the buyer to produce that value.

It is the relationship itself—an interlocking web of personal commitments, over time, with transparency, based on respect—that is the source of all value.

It is the relationship itself—an interlocking web of personal commitments, existing over time, conducted with transparency and founded on respect for each other as ends in themselves—that is the source of value. *The relationship is the customer.*

Real Customer Relationships

This is hardly revolutionary if we consider any other significant form of human relationship—spousal, parent-child, friend. Relationships founded on naked self-interest—unless consistently backed up by abusive power—are relationships bound to fail.

We do not talk about the “sustainable competitive advantage” that one spouse has over another. A true friend doesn’t operate from a “customer focus” that is aimed only at maximizing his or her value from the friendship. Parents do things all the time that are motivated by holding the best interests of the child at heart—even when it may not serve their own interests.

When other relationships fail to value the relationship itself, we call them dysfunctional. Business relationships follow the same dynamics as other personal relationships. Behaving from pure self-interest—particularly when dressed up in the guise of bogus customer focus—are every bit as dysfunctional as the other kind.

And in a world that is increasingly based on relationships—networking, outsourcing, alliances, joint ventures, modularized—it is also dysfunctional to behave from purely self-aggrandizing motives. Not immoral, or wrong, or un-idealistic—just simply stupid.

What should a business do vis a vis its customers? It should in all cases nurture the relationship. It should look at the relationships with a long-term view, with an eye to understanding the other’s perspective, and with an attitude of transparency and collaboration. If we behave as if *the relationship is the customer*, all parties to the relationship benefit.



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