



MEMO TO CEOs: SCRAP THE CUSTOMER VISIT

IF YOU WANT TO BE A CUSTOMER-LED LEADER FOLLOW THESE 4 STEPS

By IMD Professor Seán Meehan – April 2015

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“A desk is a dangerous place from which to view the world.” – John Le Carré

CEOs and senior executives have long heeded the advice of spymaster bestseller John Le Carré. For most, their weekly or monthly ritual of spending a day or three in the market calling on customers and consumers is a non-negotiable fixture on their generally hectic schedules.

They value seeing and experiencing what’s often called “the coalface” and of course being seen seeing it! And, it’s exhilarating – executives love it. They love how they are welcomed, what they see and the animated discussions that follow. It is seen as time well spent. But is it well spent? Probably not. I’d suggest stopping this practice completely or rethinking it fundamentally. Consider the recent reports of how once hot US retailer, Target, conducted such visits:

“Store visits ostensibly intended as intelligence-gathering missions, were meticulously planned affairs, only slightly less formal than, say, a presidential visit. Every relevant national manager and local functionary would be notified in advance, each step choreographed, the ‘regular shoppers’ handpicked and vetted.”

(Reported in *Fortune* February 2015)

Brian Cornell, Target’s new CEO, has ditched the old visit process. Instead, he reaches out to pals outside the company to put him in touch with a mix of Target shoppers with whom he visits a local store unannounced to management or staff. They give him what he values most – a grip on reality. There’s no advance notice, no quota of visits, no specific schedule, no set visit plan – instead there are loads of basic questions. He absorbs reactions and answers, he probes for better understanding, he learns and he has a more vivid, animated and powerfully informed perspective with which to engage his management colleagues. For Cornell, these visits are simply part of how he does his job – which right now is focused on steadying the ship and gaining much needed forward momentum.

Firms led by executives who fully appreciate and take seriously the customer’s perspective are often at an advantage to their less enlightened competitors. Direct customer contact should work for senior executives because it provides them with an unarguable version of the truth, equips them with a filter through which to view indirect data such as formal market research, stimulates powerful storytelling and spreads not just the results of learning but also the act of learning. That’s how it should work.

But, based on my experience measuring, monitoring, evaluating and participating in customer visits for two decades, most of them are like Target’s old visits – a complete waste of time, hugely resource intensive, distracting and meaningless. The problem is that, the depressingly typical approach provides them with an unarguable version of a fiction fabricated by insecure country managers or divisional executives. The probability of the kind of spontaneous, realistic interaction providing an invaluable hitherto unrealized insight is practically zero. Reliable learnings are minimal or non-existent. So, stop this waste. Rather, heed Le Carre’s wisdom: Don’t stay behind your desk. And when you do get out, follow these 4 simple recommendations:

1] Scrap the customer visit. But be ready, there will be a backlash. Colleagues will feel undermined. And that reaction reveals the underlying issue – culture change. Scrapping the customer visit is a loud, visible warning shot across the bows of all internal, process-oriented organizations. It signals your belief that the real voice of the customer is of paramount importance and must be clearly heard. It’s a big move and an opportunity to move the culture in the right direction if the next recommendations are implemented.

2] But do get out from behind the desk. Most of you are living a life utterly disconnected from that of those making, delivering, buying or consuming your product. Insist on making their voices heard. Insights come from developing deep understanding, appreciation and empathy. So, make it a part of your schedule. Make time to visit real customers without in-firm, in-country support. Organize authentic spontaneous visits using your own contacts. *Genchi Genbutsu*, or go and see, is part of the Toyota Way. When there is a challenge to be addressed or a problem to be solved at the company, it is simply inconceivable that leaders would not go to the source where the work is done to find the facts they need to make sound decisions and build consensus to achieve their goals.

3] When you are behind your desk, use your time well. Rupert Soames, the CEO who led the turnaround of British temporary energy provider, Aggreko, has described how thanks to the company's customer feedback system that had been implemented, he benefited from reaching out by phone, "whenever he had a moment" to 15-20 unhappy customers. When doing something like this, make sure to convey clearly that these learnings and insights inform your perspective in executive team decision-making.

4] Re-examine your promotion and hiring criteria and processes. Across the board, irrespective of function, do your employees reveal a genuine interest in customer's lives, challenges, interests and values? Are they passionate about improving the customer's lot? In the end you want colleagues around you who care, who want to get at the truth, and who want to create the conditions for winning customer preference every day.

Customers remain deeply skeptical about the intentions of companies they buy from. There is therefore an opportunity to win in the market place by being the obvious choice for customers. You cannot get there without the voice of the customer informing decision making up and down your organization. It does work – but it is hard to achieve and current practices are getting in the way. Intervene! Scrap the visits, influence values, behaviors and beliefs. Be a customer-led CEO.

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