



TenStep Supplemental Paper

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Create Value Inside Out!

A company's ability to survive and grow in today's increasingly competitive global environment is tied to the people in the company. Meeting ever-increasing customer demands necessitates listening carefully to the customer and responding well to their needs.

Besides external customers, a company has internal customers. Internal customers are those within the company who receive others' work and add their contributions before passing it on to the next step. In manufacturing, the internal customer is the next person who contributes to building the project on the production line. Likewise, in software engineering, a computer program passes from one internal customer to another until a bug-free program is offered to the external customer.

By meeting the requirements of internal customers, a chain of quality is made that reaches out to the external customers. The first step in the total quality process is to identify the internal customers for the main outputs of any work group. A working relationship should be created between the internal supplier and the internal customer. The internal customer concept helps to solve problems associated with complex processes. However, keep in mind the following ideas to create more value in the entire customer chain.

Always Keep Your External Customer in Mind.

There are some employees who will say, "I have nothing to do with external customers. All my customers are internal." Such employees begin to believe that their main aim is just to serve internal customers. However every person's performance in a company ultimately affects the customer, directly or otherwise.

Rather than asking an internal customer, "What can I do to serve you?" an internal supplier can ask, "How can I serve you better so that we collectively serve our end customers better?" This helps uncover problems, which should then be resolved collectively through collaboration. Efforts should be made to match the capabilities of the internal suppliers with the real time needs of internal customers.

Internal suppliers must not approach their customers with the air of a benefactor. Instead, they should engage in conversations and discuss areas of concern and improvement. There should be a genuine exchange of ideas, information and suggestions. Open-ended questions should be asked for a better understanding of the internal customers' requirements and to enable the internal supplier to play a more effective role in achieving them. Conversation improves internal supplier-customer relationships. Once employees become a part of a true collaboration in the quest for real customer value, they begin to ask questions with solutions that add value.

Look Beyond the Next Immediate Internal Customer.



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In any work flow process, every employee's work is a step towards the final goal. Hence, internal suppliers must aim to understand the needs of those beyond their immediate internal customers. The idea is to look at internal customers as channels through which value can be delivered to the ultimate customer and not just as work stations at which value is dropped off.

There is a wealth of customers within any company. An internal customer can be someone you work for as well as someone who works for you. This is because just as your internal customer is dependant on you for discharging his responsibilities well, you are also dependant on the internal customer to get the right information and inputs. It is a two way process.

Customer service in today's fiercely competitive and fast-changing markets has to be a total company effort. It is no longer the exclusive responsibility of customer service executives who deal with external customers. Front line customer support executives require the support of everyone within the organization. The concept of internal customer is a sound and strong one.

Create a Customer Value Statement

Interestingly, in any company, at any given point of time, there are numerous internal customer-supplier relationships at work. However, do all these 'value vectors' point roughly in the same direction? How can you ensure that these value vectors collectively ensure delivery of maximum value to the ultimate customer? This is impossible without a sense of direction. Hence, it is important to create a 'customer value guide' containing a few statements that summarize what really adds value for the external customer. A customer value guide highlights how and where different internal customers add value to the external customer.

Your goal is not merely to create value for the internal customer. A company can ensure maximum value for the external customer by working more effectively and collaboratively through its internal customers. Before establishing crucial targets, companies must analyze which customer value statement the planned action will add value to.

Customer requirements change rapidly, and consequently what represents real value to them changes. Hence, the effectiveness of the customer value guide will fade over time. It must be constantly revisited and updated. This should be treated as an opportunity for the company to bring more of its people in direct contact with customers. The customer value guide is like a beacon from which people take their bearings before making decisions and taking action. It plays a powerful role and, if not kept up-to-date, it can be dangerously misleading.

Ensure Customer - Employee Interactions

Conventional thinking says that only certain areas in a company, such as sales, marketing and customer service, have direct contact with customers. If these are the only sources of customer insight for a company, then that insight is incomplete and skewed. By getting a new pairs of eyes (e.g. people from finance, human resources or administration) in front



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of the customer, new insights are developed. Moreover, a new, richer and deeper vein of information is established. This helps in creating customer value advocates throughout the company.

To create maximum value for the external customer, a company has to remind its employees that in serving its internal customers, it is adding value to the final customer. Hence, it should find ways to get customers in front of its employees, or the other way around. One company accomplished this by making room in its monthly newsletter for stories about its customers: who they are, how they use the company's products and how the company's products provide them with value.

Summary

The internal customer model has evolved as one of the most powerful insights behind the total quality process. Companies that have outstanding customer service find it easier to attract and retain customers. Companies that practice outstanding internal service find it easier to attract and retain good employees. Likewise, employees who practice outstanding internal service find it easier to enhance their careers. Internal customers can identify ways to reduce costs, improve service, and enhance efficiency. That is the essence of internal customer satisfaction. The focus should thus be on creating value for external customers through internal customer relationships.