

Drucker on Being Customer-Centric

Adapted from *The Five Most Important Questions Your Organization Will Ever Ask*

by Peter F. Drucker

Not long ago, the word “customer” was rarely heard in the social sector. Nonprofit leaders would say, “We don’t have customers. That’s a marketing term. We have clients . . . recipients . . . patients. We have audience members. We have students.”

Rather than debate language, I ask, “Who must be satisfied for the organization to achieve results?” When you answer this question, you define your customer as one who values your service, who wants what you offer, who feels it’s important to *them*.

Social sector organizations have two types of customers. The primary customer is the person whose life is changed through your work. Effectiveness requires focus, and that means *one* response to the question, “Who is our primary customer?” Those who chase off in too many directions suffer by diffusing their energies and diminishing their performance.

Supporting customers are volunteers, members, partners, funders, referral sources, employees and others who also must be satisfied. In other words, the primary customer is never the only customer.

This makes it very tempting to say there is more than one primary customer. But effective organizations resist this temptation and keep to a focus—the primary customer.

What does the customer—and, especially, the primary customer—value? This may be the most important question. Yet it is the one least often asked. Nonprofit leaders tend to answer it for themselves. “It’s the quality of our programs. It’s the way we improve the community.” People are so convinced they are doing the right things and so committed to their cause that they come to see the institution as an end in itself. But that’s a bureaucracy.

Instead of asking, “Does it deliver value to our customers?” they ask, “Does it fit our rules?” And that not only inhibits performance but also destroys vision and dedication.

My friend Philip Kotler, a professor at Northwestern University, points out that many organizations are very clear about the value they would like to deliver, but they often don’t understand that value from the perspective of their customers. They make assumptions based on their own interpretation.

The question “What do customers value?”—what satisfies their needs, wants and aspirations—is so complicated that it can only be answered by customers themselves. And, remember, there are no irrational customers. Almost without exception, customers behave rationally in terms of their own realities and their own situation.

Leadership should not even try to guess at the answers but should always go to the customers in a systematic quest for those answers.

Integrating what customers value into the institution's plan is almost an architectural process, a structural process. It's not too difficult to do once it's understood. But it's hard work. First, think through what knowledge you need to gain. Then listen to customers (both primary and supporting), accept what they value as objective fact, and make sure the customer's voice is part of your discussions and decisions each and every day.