Serving Your
CUSTOMER

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A central tenet of lean thinking is delivering value to our customer. However, there are two problems in how this long-standing belief has been practiced. First, it is stated as a principle yet not backed up by deliberate actions and systems. Sure, we eliminate waste we perceive doesn't help deliver value, but that's not the same as increasing the value of what is delivered. The second problem is that a large percentage of the people in many organizations do not directly touch the work it delivers value to the customer. We may say we work on behalf of the customers' interests, but that still isn't the same as directly delivering value to the customer. Therefore, our customer is quite often an internal customer, someone who depends on our output for them to do their work.

So it really doesn't matter if your direct customer is external or internal, most of the same fundamentals apply.

Why does this matter?

 It should define how you design, manage, and improve your work. It helps greatly when you don't make the customer an abstract concept, such as a whole part of the organization. When you say your customer is a factory, or a business unit, or all employees, then the needs remain abstract, the feedback remains buried, and specific value remains undefined. You should be able to look your customer in the eye. While there certainly is often more than one person, it should still be definable. You should be able to find your customer and ask them how you are doing at providing value.

Why is it so important that you define specific value?

Because all of your work, all of it, would fall into one of the following categories. It is either value provided to your customer, necessary administrative work to keep the wheels turning, investment in process or personal improvement, or waste. If you don't define your value, you don't know what of your work is what. Where do you focus your improvements? What do you invest in? What do you cut? Without a clear understanding of what specific work is of value, you cannot make informed decisions.

What happens when you don't design your work around value?

An extreme example is Kodak. Some companies fail because there is some technological obsolescence, yet Kodak cannot claim this because they invented the digital camera. Some companies fail because they lack critical information or insight in the marketplace. Kodak predicted when each market segment would switch from film to digital with amazing accuracy. They had everything needed to be successful and yet failed. The reason is their actions were not in line with their customers' needs. The focused their energies on making film cheaper, instead of how to meet the needs of customers through digital solutions. Knowing what customers want is only a portion of the challenge. You must audit your activities to determine if they are aligned with those needs.

To accomplish this, you still must start with understanding customer needs. The most obvious answer is to ask, however this approach implies the customer (internal or external) clearly understands their own needs. For example, the internal IT department will often rely heavily on their internal customers telling them what is needed. However, even if IT gives someone EXACTLY what they ask for but it doesn't actually solve their problem, then IT is still blamed. The point is, if you want to serve your customers, you must understand their needs even better than they do.

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How do you understand their needs without just asking them?

The skill of direct observation helps you observe work in its true form without bias. Direct observation is about learning why things work the way they work. A simple version of this is getting people within the process together, including customers and suppliers, to process map their current state. I've been through this countless times, and more often than not there is a moment where someone shouts out "that's why I do what I do." They see, for the first time, the needs of their customer and how their work relates to those needs. Even without changing the work, the insight gained regarding your customer's real everyday work will lead to small nuanced improvements in serving their needs.

A great example of this observation of the customer comes from a team tasked with designing a new children's toothbrush. Like most products shared between adults and children, you just make the child's version a smaller version. This team started their work, however, by observing children brushing their teeth. This seemed like a pointless exercise, since each one of them is quite familiar already with the process of brushing their teeth. But when they approached observation without bias they learned something important: children brush their teeth very differently than adults. What they learned resulted in a completely different design, one with a fat handle and wide head, which is the basis of most children's toothbrushes today. Suspending their assumptions and observing with a fresh lens led to new and useful insights about customer needs

We had a similar experience with the minivan platform at Chrysler. As many know, Chrysler created the minivan and continued to lead its evolution for many generations. We had a problem in high warranty claims for rear-window wipers. All product testing showed they met the product specifications. Eventually, this lead to going into the field to observe real customers in real situations with real products. What was learned appears obvious in retrospect, as is often the case with observation. Minivan owners usually have kids. Kids like to climb. And the rear-window wiper looks like a handle for climbing. It certainly wasn't designed for that function. So you can design your products for the ideal condition, or you can design them for the real conditions. So they were redesigned to withstand the pressure of also being a handle. Of course all of that required observation because customers didn't really want to tell us what happened.

Clearly understanding what the customer values and why they value it helps you drastically with waste elimination. There are 3 wastes that are most prevalent when we don't understand our customer. The first is often the most hidden: the waste of over processing. Over processing is doing more than the customer requires or values. This could include writing a 3 paragraph email when 1 sentence will do, or loading the dinner plate with more food than they will eat or take home. Sometimes it shows up in specifications. One famous example is the reincarnation of Excelsior-Henderson, the motorcycle company. In the design of the new bike, very tight specifications were put on many features, thinking it would make a better bike. Unfortunately, a tight spec on the length of a bolt that is in open space turned a $0.25 bolt into a $2 bolt. Many decisions such as that led to a product that was cost prohibitive and the company ultimately failed.

The waste of waiting is next.

This is often created not by delays (although that happens too) but simply by not understanding the time requirements and reasons of the customer. Has someone ever asked you for the status of something and whether you think it or say it, your response is "I told you I would get it to you." This very frequent exchange is based on two people or

groups having different expectations of need when it comes to time. When we are the customer, this is a great opportunity for us to be more clear about time requirements and the reasons behind it.

The third waste is the waste of defects. The obvious defect is when the product does not even meet the specification. The more hidden waste of defects is when we fail to understand the customer's requirements. We produce something perfectly, and it doesn't meet their needs. Any way you put it, that is a defect in the customer's eyes. If you clearly understand the customers' needs, you can avoid these wastes.
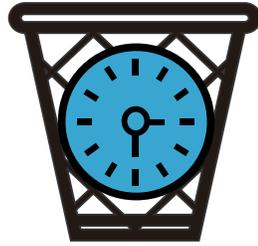
Once we understand the value, we need to design clear connections to deliver that value. That is often a lot easier for external customers, because there is a natural marketplace transaction that takes place. But there are still surprisingly too many situations where a company puts barriers between a customer and their purchase. I was buying some stationary from a custom-producer. The process to get the order complete took 20 steps and I had to restart the process 3 times. They had the best product, but I am certain they lost many customers because it was just too difficult to get what you needed.

For internal customers, this involves designing the process with a clear connection. A clear connection involves both a means for making a request and a means to respond. A well-designed connection should be binary, meaning there is only one way to make a request and only one way to respond. This creates clear connections. I was observing two people clear brush along a railroad track during and observation process. One acted as a guide and feeder, the other drove the machine. It was very loud equipment. There were two unmistakable hand-signals. Four-fingers waving with an open palm meant move forward. A full hand up towards the driver meant stop. There was zero room for error, and zero chance of misinterpreting the connection. This is a seemingly simple

connection, but whether it is testing within the product development process or a request to pay a purchase order, ambiguity in the customer-supplier connection will lead to errors and delays

With a clear understanding of the customers' needs and a clearly designed connection, we have completed the Plan and the Do elements of the Plan Do Check Act (or PDCA) cycle. But what about the Check? How do we know we are getting the results we want? How do we know we are getting better when we implement improvements? You need a means for feedback.

A common but failing approach is to tell your customer "let me know if there is a problem." We now assume if we haven't heard anything that everything is fine. This simply doesn't work because if there is a failure, and customer experienced waste, taking the time to go and tell you only compounds that waste. Sometimes it is worse, in that if they experienced the problem in what they considered clear terms, they assume the supplier is just as aware of the gap but since they did not act, then they must not actually care. The "set and forget" approach to serving customers' needs is doomed to fail.

You need a means to get feedback. There are 3 ways of getting feedback. A metric is perhaps the most common. If you are expected to respond in a given time period, then measure the response time. If you have a more complicated definition of value from the customer, then even something like regular surveys gives you something to evaluate.

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Your metric must be consistent because you want to understand when something changes, good or bad.

Especially for internal customers, where many customer-supplier relationships are across functions or departments, a simple conversation on a cadence can be enlightening. It is still quite rare for an internal service provider to go to their customers and ask "on a scale of 1-5, how am I doing at providing you value?" Why don't we do this? Because we are afraid of the answer. We might tell ourselves "I know it's not a 5 so I'll just keep working on getting better." But having that conversation can do a lot of make it easier to improve.

Finally, and ideally, you will design in feedback into the process itself. Can you design the process so that any failure is automatically known or responded to? One of my favorite examples, because of its simplicity, is that of a safety organization. In a complex and inherently dangerous environment, the safety department had to provide training for operators with the service expectation of keeping people safe. They measured their performance of keeping everyone trained, sent out lists and reminders, and sent out more lists informing everyone of people who were past due. It was tremendous churn without great results. They designed into their process a binary, unambiguous feedback mechanism that ensured they never had a problem; when the employee's safety credentials expired, their badge was immediately deactivated until they received the required training. Reminders now carried weight, and no one ever operated with expired credentials again.

Our work needs purpose in order to be productive. That purpose is most clearly defined by our customers' needs and how we deliver value. We must understand it, design for it, and evaluate it if our work is to be both purposeful and productive.

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