

Building Business Around Customers: Let Customers Lead the Way

Most executives would agree that building a customer-focused business makes good financial sense. After all, customers are the ones who pay the bills, select your company over the competition, and generate value for your shareholders. To be sure, every company focuses to some extent on its customers. But there is a key distinction—often missed—between merely considering one's customers and building a business around them.

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In too many businesses, "focusing on the customer" has come to mean little more than high-level speculation about customer needs and preferences, often by well-intentioned people who nevertheless have had little contact with real customers. Even when actual customer opinions are collected, they are frequently forced to fit within a preexisting corporate mindset, with contradictory or inconvenient input quietly set aside.

Designing Around Customer Needs

One company that has truly built its business around customers is Virgin Mobile USA. A joint venture between Virgin Group and Sprint,

Virgin Mobile is the first mobile virtual network operator (MVNO) in the United States—and the nation's first wireless service to solely target the youth market. Not only did Virgin Mobile reach its 3 million customer milestone in less than three years, but it has posted a stellar customer service rating: More than 90% of Virgin Mobile customers say that they would recommend the service to their friends.

How has the company achieved such impressive results in a short period of time—operating, no less, against some very entrenched competitors? Two principles are at play. First, Virgin Mobile USA realized early on that providing the best customer service in the industry would be vital to its success. "We are fundamentally different from any other operator in North America," says Mike Parks, CIO, Virgin Mobile USA. "Although we are running on top of the Sprint network, everything that happens—in terms of customers' interactions with our user interface, Web site, and customer care environment—is supported by systems that Virgin Mobile, working closely with technology partner Patni, integrated, built, or customized, resulting in a uniquely Virgin Mobile experience."

Second, Virgin Mobile listens carefully to its customers—and designs its products accordingly. One key feature: a low-price-of-entry, pay-as-you-go plan that's perfectly suited for young adult budgets and aversions to long commitments. "Because we are Pay As You Go, we need to be very real time. If a customer's balance goes to zero, they want to put additional money into their account and make another call instantaneously—they don't want to wait 24 hours. Our Siebel-based customer management system enables us to meet these demands and deliver a truly 'now' offering."

If that wasn't enough, Virgin Mobile packs each of its phones with the extras that young people most want: two-way text messaging, fun content from the likes of MTV and Comedy Central, and even a "rescue ring" to extricate users from unpleasant social situations.

If customer satisfaction numbers are any indication, Virgin Mobile users must like the results. "Customer service is our most important measure of success," explains Parks. And that success, to coin a phrase, speaks for itself.

To learn more about how leading companies are building their business around customers, please visit www.businessweek.com/go/customer and www.siebel.com/thecustomer.

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