

Expose Your Company's Blind Spots

by Rita McGrath

MARCH 31, 2008

Is your company unintentionally keeping your most senior people from getting the feedback they most need? It can easily happen as an unintended consequence of success. Consider these situations:

Senior executives at car companies drive only the newest models: For decades, the top executives at America's leading automobile manufacturers always drove models fresh from the factory. Not only that, but these cars were washed, maintained, and looked after by in-company employees. They never experienced quality breakdowns as the cars aged, rust problems, or issues with scheduling service calls at a snarly auto shop. Imagine their surprise at hearing people complain about problems that they don't even know or think about!

Technology handouts: One of my telecommunications manufacturing clients used to routinely give the latest handsets and toys to its key executives, just before or along with commercial launch of the offers. As a result, these folks never had to go into a phone store, never had to deal with inefficient or even hostile distributors, and never had to compare their offerings with competing products. They only compared their own products to previous versions of their own products. It was only when the

company radically changed this policy and forced its folks to go directly through the same channels customers had to use that they realized that their once-unassailable advantages with customers were starting to erode. This in turn prompted significant strategic changes, including relocating major operational centers to different markets and shifting the way customer segmentation was done - all stemming from the insights of direct experience.

The executives can hear, even if you can't: One of our clients, a mobile telecommunications operator, routinely had its operations staff make sure that the cellular signals in the headquarters office, main travel routes and residential areas inhabited by senior executives were strong, reliable and consistent. Imagine the surprise these executives felt when friends and relations expressed their infuriation with spotty coverage, dropped calls or weak signals – after all, this never happened to them! Even more astonishingly, the senior people didn't know that they were experiencing the modern-day equivalent of a “Potemkin Village” - they thought their services were far better than consumers did. This in turn led them to dismiss quality, coverage and service level data that reflected how infuriated consumers were as ‘inaccurate’.

The message? Sometimes, buffering senior people from exposure to ordinary experiences unintentionally gives them a false sense of security with respect to the quality, reliability or convenience of your offerings. This in turn can breed dangerous complacency and a lack of urgency with respect to underlying problems. In best-practice companies, in contrast, there are mechanisms to make sure that direct contact with customers is a part of every executives' normal job.

A better approach. At Amazon.com executives routinely spend time on the phones with customers. At Ikea, a few times a year executives and line-level staff work together in what they call “anti-bureaucracy days.” At Continental and Southwest

airlines, it would not be unusual for executives to spend time at the ticket counter or handling baggage. Proctor and Gamble executives spend a lot of time following consumers around, watching how they do things, and looking for unmet needs. In a great recent story, Irene Rosenfeld, the CEO of Kraft Foods, was flabbergasted to be offered a drink made of their orange flavored mix, Tang, only to learn (to her discomfort) that in China it is served hot, like tea!

Time spent with customers in real-life situations can give you insight into your own offerings, competitive offerings and the changing marketplace in which you compete. Time buffered from reality can create dangerous blind spots.



Rita Gunther McGrath, a Professor at Columbia Business School, is a globally recognized expert on strategy in uncertain and volatile environments. She is the author of the book *The End of Competitive Advantage* (Harvard Business Review Press).

This article is about CUSTOMERS

 FOLLOW THIS TOPIC

Related Topics: LEADERSHIP

Comments

Leave a Comment
