

CUSTOMERS have dynamic needs and expectations.

“What the customer buys and considers of value is never a product. It is always utility, that is, what a product or service does for him.”²

1. Customers are the individuals and groups you serve.

All organizations exist to respond to customer needs. To relentlessly pursue meeting and anticipating the needs of customers is to pursue the organization's purpose.

Everyone in an organization has one or more customers; departments have customers; the organization as a whole has customers.

A customer is anyone who benefits from what you do. A customer may be either the end user or someone else who receives your work, adds value to it, and passes it on to someone else in a system.

2. Customers are internal and external to the organization.

A work system is actually a chain of customer-supplier relationships, ending with the last person affected by it. Internal customers are inside the organization; external customers are outside. External customers can be further subdivided into direct and indirect customers.

Internal customers are other people in the organization who use your products and services. All other departments are the internal customers for the accounting department, for example. The accounting department provides accounting services, and its products are reports. Internal customers use what you provide for them in order to support what they do either for another internal customer in the chain or for an external customer.

External customers are either direct or indirect. *Direct* customers are people outside your organization who actually receive the outputs of your organization. For example, manufacturers who use components made by a supplier are direct customers of the supplier. So are those who come into a retail store to shop, people who come into a car dealership for repairs, people applying for government assistance in the government agency, and so on.

²Peter F. Drucker, *Managing for Results*, (New York, NY: Harper and Row, 1964), p. 96.

Indirect customers are those who have some stake in the work your organization does but are not your reason for being. Regulatory agencies fit into this category. Funding agents such as banks, foundations, shareholders, or legislatures also fit into this category. Even your suppliers, who depend on you for clear statements of expectations and prompt payment of invoices, are indirect customers of your organization.

3. Customer needs are met by products and services.

A product or service that is well designed based on an understanding of customers' needs and produced by an effective system will provide valued utility to customers.

Customers seldom ask for specific products or services; instead, they seek the utility that the product or service provides. The utility of anything produced for customers is determined by how well the product or service performs in the following five areas:

<i>Function:</i>	It does what it is intended to do for the customer.
<i>Cost:</i>	It represents value to the customer; it is made without waste.
<i>Delivery:</i>	Customers receive it when they need and expect it.
<i>Safety:</i>	Risk of injury during the production and use of the product or service is minimized.
<i>Morale:</i>	Those who work in or are served by the system experience joy (refers mostly to internal customers).

Performance is what the customer expects. Customers can usually articulate *expectations* but they usually cannot articulate *needs*. Needs must be inferred by dialogue, observation, and inspiration.

4. Customer needs arise within the customer, but customer expectations are created by the suppliers of products and services.

A need is a problem the customer is trying to solve or something the customer is trying to achieve. A need will exist within a customer until something is found to fulfill it. Organizations listen to customer expressions of needs and design systems to produce products and services to meet the needs.

A customer has an expectation for a product or service only if the customer has had experience with other products or services that shape what is expected.

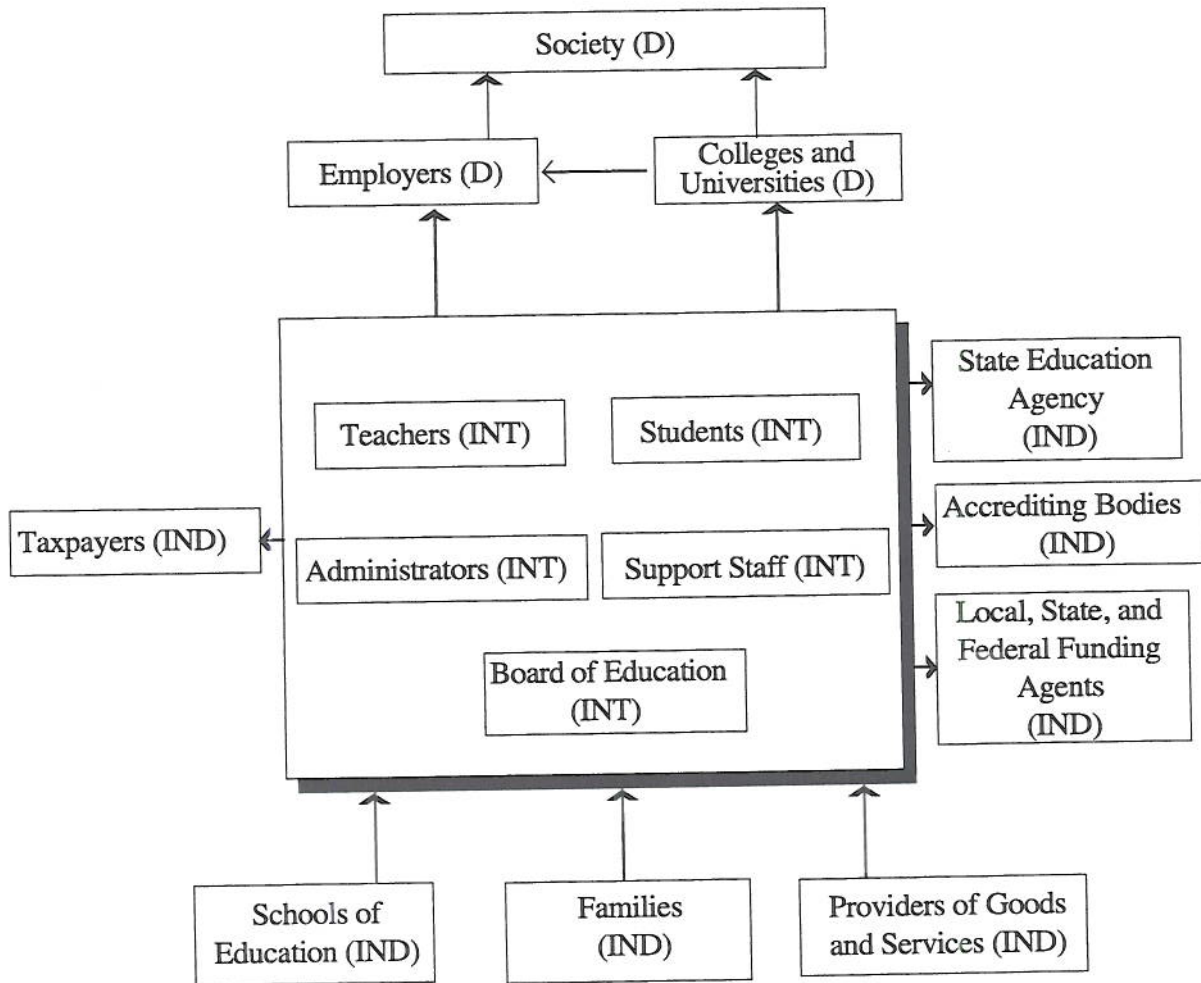
5. Customer needs and expectations change over time.

Customer needs and expectations are not all alike and they do not stay the same; they are a moving target.

The purpose of the organization may change over time, in response to changing needs and expectations of current customers and of new customers.

HOMETOWN SCHOOLS CUSTOMER MAP

The Superintendent's Council used an affinity diagram to list and segment their customers. Then they drew a Customer Map to represent the chain of customer-supplier relationships for the school district.



CUSTOMER SEGMENT CODES

- D - Direct; customers directly served by Hometown Schools
- IND - Indirect; significant stakeholders associated with Hometown Schools
- INT - Internal; employees of Hometown Schools

**PRELIMINARY LIST OF HOMETOWN'S CUSTOMERS,
NEEDS, PRODUCTS/SERVICES AND EXPECTATIONS**

After talking with people in each customer group, the members of the Council generated the following list of customers, needs, products/services, and expectations.

Customer Group	Needs	Products/Services	Expectations
Society	Self-preservation	Opportunities for prospective citizens to develop knowledge, skills, and attitudes	"Learnings" will contribute to the common good
Employers	To have value-added work done	Opportunities for prospective workers to develop knowledge, skills, and attitudes	Little additional training required for new hires. Workers can add to their learning over time. Workers exhibit initiative and other good work habits.
Colleges and universities	Stream of students	Preparatory learning experiences Transcripts Student Records	Little or no remediation required. Accurate Timely Complete
State education agency	To protect the rights of citizens to be educated	Reports on programs Advice on public policy	Accurate Timely Complete
Accrediting bodies	To assure public of a basic education quality level	Self-study reports Program reports	Accurate Timely Complete
Funding agents	To disburse funds	Accounting reports Grant proposals/ requests	Accurate Timely Complete Unique Novel Creative

Customer Group	Needs	Products/Services	Expectations
Providers of goods and services	Long-term business performance and security	Bids Contracts Payments	Accurate specifications Timely specifications Accurate estimates Prompt payment Accurate payment Hassle-free relations
Families	Safe environment for children To feel valued To develop relationships To invest in children's futures	Protection from harm (for students) Open-door administrative policy Conferences, open houses, consultations Courses of learning (classes)	Safe children Supportive and accessible administrators Convenient times Convenient locations Timely Usable or purposeful
Colleges of education	Competitive reputation for recruitment	Source of job placement Adult students returning for advance degrees	Accurate, timely notification of openings Advanced degrees encouraged and rewarded Course notifications made available to staff
Taxpayers	Fair value for tax paid	A comprehensive public education service	Efficiency Effectiveness Equity
Employees	Opportunity to learn and participate Have fun Share success Contribute to a community	Jobs and wages/benefits Staff development courses Supplies and equipment for doing work A social community	Wage/salary growth and equity Sustained benefits Safe, clean workplace Participation Fun Improve performance
Students	Opportunity to learn and participate Have fun Share success Contribute to a	Courses/learning Experience A social community Extra-curriculars Supplies and equipment	Interesting Relevant Fun Variety Choice Fair Worthwhile Safe Increase options

APPLYING THE CUSTOMER PRINCIPLE

OUR CUSTOMER MAP

In the space below, draw a Customer Map to represent the chain of customer-supplier relationships for your organization. Refer to the school's customer map as an example.

OUR CUSTOMERS AND THEIR NEEDS

In the space below, list your organization's customer segments. For each segment listed, identify at least one need and expectation. This information must be based on customer input from surveys, focus groups, discussions, documents, observation and/or other sources.

Customer Segment	Needs	Expectations