



## Everyone Is A Customer

by

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We are living in volatile times. It seems that everything that was true about business is no longer true.

Why is that? Very simply, it's because of two fundamental truths of the networked economy:

*The power in business relationships has shifted to customers.*

And as a result...

*Traditional business and industry structures are dying.*

Some businesspeople haven't yet equated these two major developments with declining sales, outsourcing, and layoffs. Others have a sense and are trying to see their way clear. We are not saying that *all* of the economic malaise is due to these two factors. However, it would be a mistake to disregard the profound impact these developments are having. Think about it. Why should the business and industry structures that worked during the business-centric era be expected to work now that we are in the relationship-focused era? They shouldn't and they don't.

Consequently, every businessperson needs to fully understand this new reality and be able to answer two fundamental questions – What do these changes mean for my customers? How do they impact my business?

In the business-centric environment, there were customer relationships, distribution relationships, supplier relationships, and so on. In today's relationship-focused environment, EVERY relationship takes on the characteristics of a customer relationship. That's right, in addition to the businesses or individuals that you currently sell your products and services to, you should consider that every relationship your business has is a relationship with a customer.

Why do we believe that everyone is a customer? Most simply, whether they are described as living organisms, business webs, value nets, or our favorite collaborative communities, these new business structures are being positioned as the models for value creation in the networked economy. And while the various models being proposed each have their unique attributes, they nevertheless all can be thought of as collaborations of competencies. Regardless of whether those competencies are found in a division of General Electric or in an individual "free agent," each of these entities has to gain value from their participation in the overall business structure. In other words, each of those entities must believe that the benefits of collaboration exceed the costs of membership. Or another way of saying that is that each entity must see a clear value proposition, just as a "traditional" customer must see a clear value proposition.

The best way to help explain how the concept is being operationalized is through an example from Circle Company Associates, Inc. Circles provides "Web-based personal assistance to companies that are seeking to capture and enhance the loyalty of their customers and employees."

For example, suppose you have your largest customer coming to town and you want to have a special gift basket in their hotel room when they arrive. Circles will do the job. How? Circles has created a collaborative community of suppliers to provide a wide variety of products and services to its customers. Thus, once your request is received, Circles will go to its already vetted supplier of gift baskets and arrange for the basket to be made up and delivered.

But here's the interesting part. Since Circles views its gift basket supplier as a customer as well as a supplier, it receives a payment from the supplier/customer for producing and delivering the order (yours) to your customer's hotel room.

Think about it, rather than just buying a gift basket from a gift basket supplier, Circles has in effect transformed that supplier into a customer. Circles therefore derives monetary value from the gift basket supplier in two ways: one, by lowering its cost of fulfillment by having the supplier provide the gift basket and two, by receiving a payment from the supplier in return for giving them an order.

You might ask, doesn't the supplier object to sharing its revenue from the order with Circles. Not at all. As Janet Kraus, the Cofounder and CEO of Circles says, "Our partners pay for the business *and* they carry the cost of fulfilling the order, [but they don't object to our charge because], where our partner previously had a customer acquisition cost of \$100, it is now \$5." Sounds to us like everyone comes out ahead.

So, as with so much of life, it's really a matter of perspective. By viewing everyone as a customer it is possible to derive revenue where before you only saw costs and at the same time enhance the value of the relationships. As we are fond of saying...business is a dance with the customer and the customer always leads.

Let the dance begin!