Defining your customers

Who are your customers?

When I work with people to help them improve their services (or products), this is one of the first questions I ask. You might think this is an easy question to answer, but it is not as simple as it appears. Most of the responses I get are pretty broad, undefined and not terribly helpful. The conversations often go something like this:

CT: “Who are your customers?”

Manager: “Everyone at the university.”

CT: “Who is ‘everyone’?”

Manager: “Students, faculty and staff.”

CT: “Do they all need exactly the same thing from you?”

Manager: “No. They all have their own needs, so we provide them with different services.”

CT: “OK. Let’s look at students specifically. Do they all need exactly the same thing from you?”

Manager: “Most of the time, but there are always people who have different needs.”

I think you get the idea. The initial response is to lump everyone into a single all-encompassing customer group. The problem is that this generalization does not give them any information about their customers or what their customers’ specific needs are. Probing further, we find that ‘everyone’ can be divided into distinct groups, each with their own unique requirements. In order to be able to tailor services to meet distinct customer needs, or develop new services to address unmet needs, you have to define whom your customers are and what they want from you.

Internal vs. external customers

Let’s look at a couple of definitions that will help make defining your customers easier. I think you will find that you have more customers than you realize. When you first hear the word ‘customer’ you most likely think of people who are not a part of your organization. These are external customers. They are the end-users and consumers of your services. They do not have direct ties to your organization and do not help you produce the services you deliver. For example, a person can be employed as a faculty member of the university, and as such, are a member of the ASU organization as a whole; however, when they go to ASU’s Parking and Transit Services (PTS) to
purchase a parking permit, they are external customers of that department. The faculty member does not work for PTS, and they are not helping to deliver service to themselves so they would be considered an external customer.

An internal customer is someone whom you work with to provide services to your external customers. They are not the end-users or consumers of your service, but work in conjunction with you to deliver it. They may need information or support from you in order to complete their tasks. Internal customers can come from inside your organization or from another organization which partners with you to help you serve your external customers. Internal customers can be:

- Your leadership / managers
- Co-workers
- Peers
- Staff in departments that support your operations
- Special project teams
- Contractors / consultants who work for you

Because you work closely with these internal groups, it is easy to overlook the fact that they are customers and have needs that must be met. They just have a different set of needs than the external customers.

Keep in mind that what each of these customers’ needs or expects will depend on their relationship to you. Whether you classify them as internal or external will dictate how you interact with them, what services and support you provide, and what information you share with them. What I have outlined for you are general guidelines for how to classify customers as internal and external, but ultimately it is up to you to decide how you want to classify a customer and what type of interactions you have with them. For example, a staff member could be employed to help you deliver a service (internal customer), and be a consumer of that same service (external customer). The interaction you have with them dictates what type of customer they are at the time.

**Defining your customers**

To define your customers you need to start with the services you offer. Take the time to define all of the services that you, your department or organization provide, and separate them into those services you provide to internal customers and external customers. Start with the following questions:

- What is the service being delivered?
- What is the result of the service that is being delivered?
- What benefits does this service provide to your customer?
- Does your customer have an alternative to this service, and if so, what is it?
After you have defined all of your services, the next step is to define who directly and indirectly receives and benefits from them. This is where you begin to generate your list of customers, so you want to be as specific as possible. Not every person or group is going to use every service you offer, and those that are used by a large number of customers will not be used in the same way by everyone. Let’s use the inter-campus shuttle that runs from the Tempe campus to the Downtown Phoenix campus as an example. The shuttle can be used by all students, faculty and staff; and while these groups receive the benefit of getting from point A to point B, there are differences in the needs of each group and how they use the service, so they cannot all be lumped together. Focusing in on students as customers, some of them use the shuttles to travel back and forth for classes, some use them to attend events in Tempe or Phoenix, and some live downtown and commute to campus. Their base need is similar (transportation); but the need for the frequency of trips between campuses, timeliness of the shuttle service, need for Wi-Fi service, etc. will be very different for someone using the shuttle to go to class than it would be for someone attending a baseball game.

As you look at who is receiving and benefitting from your service, do not forget to think about those who are not now, but could potentially become customers and make a list of them too. Consider the following questions:

- Are there people who may be unaware of all of the services you offer?
- Are there people who cannot access your services right now?
- Are there people who do not want to use your services now but could be persuaded to use them in the future?
- Is there an opportunity for you to expand the services you provide? If so, which customers would benefit from these services and what needs might you have to meet in the future?

**Who is your customer and what do you gain?**

Ideally you will know your customers by name and can learn about and address their individual needs. This works well with internal customers and when you have a small external customer base. This level of familiarity will help you:

- Build a personalized relationship with your customers
- Increase customer loyalty
- Identify customers’ very specific and unique needs
- Provide you with a greater opportunity to tailor services to satisfy customer needs
- More effectively market your services to the individuals
- More easily identify future revenue opportunities
I know you are probably thinking that there is no way you can get to know 73,000 students and 11,000 faculty and staff individually. I would not expect that anyone would be able to do this, but you can identify key characteristics that you do know about your customers and use that information to guide the services you provide. Major corporations are mining data about millions of customers to find out what their needs are, what services they use, and what their purchasing habits look like; and are using this information to make decisions about what services to offer and what products to sell. You are never too big to know something about your customer; you just might not be able to focus on individuals. The following list may give you some ideas for characteristics that will help you learn about and define your customer and their needs:

- Affiliation with ASU (student, faculty, staff, alumni, vendor/partner, visitor, etc.)
- Degree program / requirements needed to complete a degree
- Future career plans or goals
- Academic level
- Campuses where they take classes, work, and attend events
- Age range
- Gender
- In-state vs. out of state residency
- Regional background
- Cultural / ethnic background
- Economic background / income level
- Purchasing patterns

Much of this information is already available in the university’s databases. Using demographic information gives you some (albeit more generalized) information about your customers and helps develop a picture of who is using your services and what their needs are. The more information you can collect, the clearer the picture you can create and use for decision-making about your services.

**One more thing**

Throughout this article I did not use the term ‘the customer’ at any time. Think about the difference between ‘the’ customer and ‘your / our’ customer? It’s a small differentiation but makes all the difference in the world. ‘The’ customer belongs to somebody else; while ‘your’ customer is someone you take responsibility for serving. Please don’t distance yourself from your customers. Make them yours and make their experience with ASU great.

As always, I welcome your questions and feedback. You can email me at clayton.taylor@asu.edu.
About the author:

Clayton Taylor, MBA, is the Director, Organizational Performance and a Certified Six Sigma Master Black Belt working in the Office of the Executive Vice President, Treasurer and Chief Financial Officer at Arizona State University. He leads the Organizational Performance Office. He and his team currently consult with diverse Business and Finance and university-wide operational areas to lower costs, improve operational efficiency and provide the highest quality customer experience to internal and external customers. Mr. Taylor can be reached at clayton.taylor@asu.edu.