Grow a solution-centric organization …and watch your financials soar

I'll never forget my first flight on Southwest Airlines 15 years ago.   I arrived at the airport an hour early only to find that there were no assigned seats and the line to board the plane was so long that I had to take a middle seat in the back of the plane. Once we took off I was served peanuts and a soda for a two-hour flight. The overall experience was much more unpleasant than my experience on other airlines.

By the time I got off the plane I was convinced that this Southwest thing was never going to last.   Then I looked at my receipt...my company had paid only $107 for me to fly round-trip from Chicago to Kansas City.

Years later the formula makes sense to me. Apparently it makes sense to a lot of other people, too. Southwest doesn't define itself by offering great service to customers. It defines itself in terms of the problem it solves for its customers: Getting from point A to point B as cheaply as possible. Anything that interferes with that isn't part of the formula.

Anyone who thinks that Southwest is successful primarily because their people smile while they sing songs over the intercom during flights isn't paying for their own tickets. Great service and people are nice to have, but Southwest wouldn't have invested in those things if it didn't believe they contribute solving their customers' primary problem.

The lesson is applicable to organizations across industries. A customer-centric company focuses on improving the experience the customer has with the company. Unfortunately, while customers always appreciate an improved experience, they're frequently not willing to pay for it.

Conversely, a solution-centric company focuses on solving customer problems and addressing their needs. If a customer really has a problem or need that must be addressed, they'll be willing to pay.

But being solution-centric it not something that happens overnight. It requires organizations do four things well.

1. Concentrate the entire enterprise on a solution-focused idea
Once the idea is identified, everything the organization does needs to support that idea. Many of the foreign auto manufacturers have done a terrific job of defining themselves in terms of a customer need. BMW is the ultimate driving machine. Toyota stands for quality. By thoroughly defining these ideas and focusing their entire companies and messaging around them, they have achieved great financial success. Think about Buick. What does it stand for? I haven't been able to figure that out. It's no coincidence that their financials have not been as pleasing to stockholders.

2. Align marketing around the solution
Marketing needs to be aligned around the problems the organization solves. The products offered and the messages sent out about those products must focus on the solution provided and target the customers who value the solution. A large chemicals

client of mine produces a rubber-like substance that goes into industrial equipment and automobiles. It has the highest temperature threshold in the industry, i.e., it takes a lot of heat for it to disintegrate.

Initially, the company achieved disappointing financials by targeting its characteristic-focused marketing messages on parts manufacturers that purchased the product. Later, it began targeting the companies that used the parts and changed the messages to focus on how it would improve the quality and performance of their products. Margins and revenues grew as companies that used the parts began specifying the chemical company's product.

3. Teach your sellers to position solutions to address specific customer needs
It's important to have solutions-centric products and corresponding messages but if your salespeople can not communicate that your solutions solve customer problems, they will wind up negotiating on price

I once asked the entire sales department of an electrical equipment manufacturer how they differentiated their company's products from those of the competition. They contended that the only way to sell in their industry was to build relationships and to get to know the distributors well. Later, an engineer told me that their product was only half of the size of the competitors' products and this was particularly valuable to customers looking to save space. The sales force didn't understand this, so they continued to ignore the differentiator and negotiate on price.

4. Support and reinforce solution-centric behaviors
A consumer-banking client of mine lamented that it spent a fortune on sales training for branch employees, but the employee didn't exhibit the desired revenue-enhancement behaviors. The problem was that the compensation program primarily encouraged customer satisfaction, not the selling of additional product to increase revenue. Branch employees did what they were paid to do, and revenues were stagnant until the compensation program was changed.

The difference between a customer-centric company and a solution-centric company is subtle, but important: A customer-centric company asks, "How can improve the experience for my customer?" while a solution-centric company asks "How can I better solve my customer's problem" They are both good questions, but in answering them, a solutions-centric company is a lot more likely than a customer-centric company to make investments in things that will lead to a competitive advantage customers are willing to pay for.

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