

Customer means an organization or person that receives a product ;

Product means the result of a process;

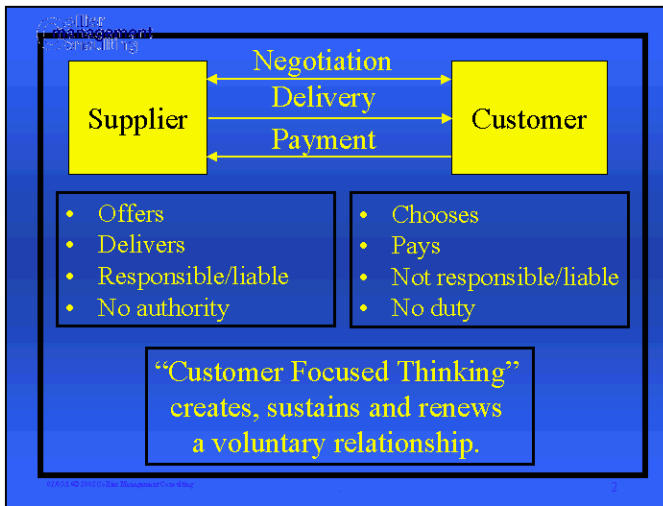
Process means set of interrelated or interacting activities which transforms inputs into outputs; so, by extension

If you transform an input into an output, the recipient of the output is a **Customer**.

People are possibly the most complex elements of any system. Simplifying their behaviour aids analysis but modeling it accurately is important to good analysis.

Customer focus (attempting to understand and better fulfill customer needs and wants) has brought great benefits to business and organizations

- recognizes the raison d' être of the organization
- exploits the fact that cost of retention << cost of acquisition
- defends reputation (bad news travels faster and farther than good news)



The essence of a “real” customer is the choice and acceptance of the product in exchange for payment, with no other obligation to the supplier or to other customers arising from the transaction. The supplier is generally responsible for product quality and liable for its failure, but exercises no authority over the customer.

To the extent that this is not true, the treatment of the *recipient* as a *customer* may be flawed.

Example: “Customer Service Representative” at City Hall is often dealing with *citizens*, not *customers*. Citizens have no choice in many of these transactions, acceptance is involuntary, payment is mandatory and there is a continuing obligation to the government and to other citizens.

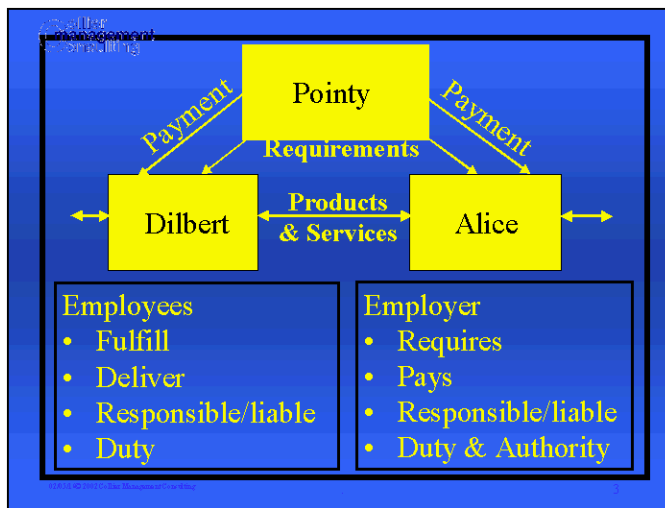
If you believe you are in any sense a *customer* of “the entity formerly known as Revenue Canada”, try sending this letter:

Dear CCRA:

I am writing to cancel my subscription. Please remove my name from your mailing list.

Sincerely,

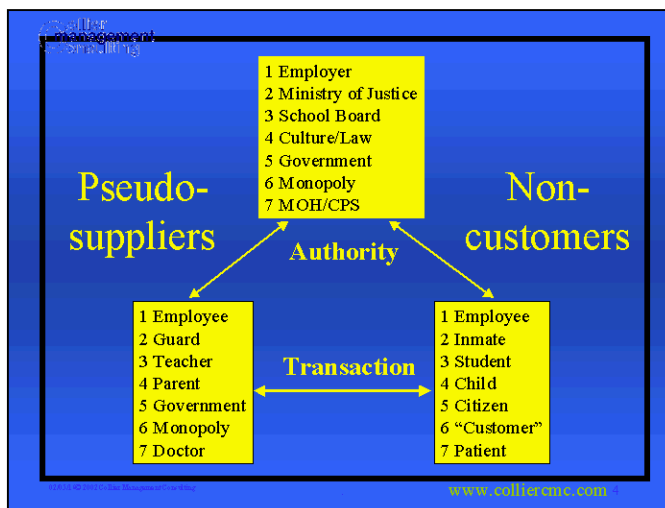
(your name and SIN here)



We are invited by business process analysts and by the ISO 9000 standards to treat co-workers as internal customers and suppliers of one another. Indeed, it is a useful exercise in humility, if nothing else, for managers to see themselves as suppliers of enabling services and resources to their subordinates; and therefore largely responsible for the quality of the subordinates' work.

This model does have value when the *supplier* is motivated to assess the *customer's* perception of the service or product provided and to improve its delivery and usefulness; but the analogy breaks down when the *customer* tries to act as a **customer** with rights to complain, withhold "payment" and switch supplier.

Within an organization, the co-workers operate under the supervening authority of company and shareholder interests that prevent the precepts of customer focus from applying fully.



The examples shown illustrate that when *supplier* and *customer* conduct their transactions under an external authority the "customer focus" model has limited usefulness and, in the extreme, becomes a mockery.

In most of these examples, it would be more revealing to map the relationship as a web of transactions and authorities that must be balanced or optimized to satisfy competing interests.

The monopoly case merits comment: The customer of a monopoly has no recourse except to do without. This biases the negotiation phase of the transaction and often allows the monopoly to impose duties and obligations on the customer that would not otherwise exist.

It also allows the monopoly to be less responsive to complaints and inquiries than an organization facing direct competition.

Whether or not one approves of the result, the relationship between Microsoft and its user community is not a typical supplier-customer relationship. If business dominance is the measure of performance, then, to date at least, Microsoft's atypical interpretation of customer focus may well have been the correct one. It will change if and when a viable competitor appears in the market.

Conclusion:

Any attempt to analyse and improve the behaviour of a human system on the basis of customer behaviour must take into account the limitations of the customer model, particularly when it is constrained by external authority.