

Wharton School of Business: Determining Customer Needs

Description

Today's business world is in an incredible state of flux. With technology changing almost daily, new products emerging just as quickly, and customer needs and expectations nearly as transitory as the prevailing wind, today's successful enterprises will require innovative employees and flexible, adaptive leaders to chart a course of success in the future.

Until 1990, however, business schools, which are charged with educating the business leaders of tomorrow, were still primarily focusing on the theories and approaches of yesterday (more precisely, the dogma created in the early 1960s, when the last major overhaul of business school curriculum occurred). Russell Palmer, dean of the Wharton School of Business from 1983 to 1990, had seen the need to modernize Wharton's schooling of its business grads and initiated a major redesign. He led a charge to upgrade the faculty by raising salaries to lure innovative business professionals into the classroom. His fund-raising efforts helped to triple the school's endowment. He also initiated a program to update the school's curriculum so as to better serve the current and future needs of the business world.

In 1989, Jerry Wind, a marketing professor at Wharton, began conducting focus groups with CEOs from hundreds of industry leaders like Xerox, Northern Telecom, and the Franklin Mint. The discussions centered on how businesses would succeed in the future and what business skills future leaders would need to achieve that success.

When Palmer retired in 1990, Thomas Gerrity, the new dean, embraced Palmer's vision. Armed with the information generated by the focus groups, Gerrity implemented a two-year overhaul of the business school curriculum. Greater emphasis was placed on such identified needs as "people skills," real-world applications of theory, cross-functional training, and a global perspective.

Wharton students began to receive training in leadership skills, in teamwork, and in empowering other members of an organization. They learned to look at business processes as a series of related functions and not to concentrate simply on gaining expertise in one specific area of interest. They gained insight into the new technologies and learned how to use their growing knowledge to meet customer needs.

The new curriculum has gained widespread accolades. Wharton was chosen as the best business school in the country in Business Week's 1994 survey of business grads and corporate recruiters, and its incoming class that year was its most promising group in Wharton's history.

Wharton now has a management council responsible for continuous evaluation and improvement of its curriculum, an initiative that mirrors the steps of many of the organizations it now supplies with future leaders. By redesigning its curriculum to meet the anticipated needs identified by its customers, the Wharton administration has enhanced the future of its corporate customers, its business graduates, and its business school.

Learning Points

When an organization makes assumptions regarding its customers' needs, it can result in a disappointment in the marketplace. In analyzing customer needs, note that your organization's perception of needs often differs from the customer's perception. A difference between your perception and that of your customer is evidence of an unmet customer need and requires immediate attention. The good news, though, is that when you uncover such a difference, you uncover a new opportunity.

Customers understandably state their needs based on their *perceptions*, which may differ entirely from a supplier's perceptions. A quality team should *not* consider whether the customers' perceptions are right or wrong, but rather how their perceptions influence their satisfaction with the service or product.

Business schools in this country, including Wharton, had taken for granted that their curriculum was supplying end-users (corporate America) of their product (educated business graduates) with what they needed. It was only through focus groups with these end-users that Wharton was able to determine their new needs and then realign the business school curriculum to address those needs.

Discussion Questions

Question: Has your organization ever been penalized because it has misread the needs of your customers, i.e., because customers perceive their needs very differently than you anticipated?

Answer: Responses will vary. Probe: What were the consequences of misreading the customers' needs? How can you avoid misreading your customers' needs in the future?

Question: What advantages are there to 1) involving the customer in the design of a product or 2) surveying them about their needs on a regular basis?

Answer: Customer satisfaction and loyalty can be improved when we provide products that meet all customers' expectations. When customers are delighted with our products, they not only return again and again, they refer others to our products.

Question: What is the difference between customers' stated needs and real needs?

Answer: Customers commonly state their needs as seen from **their viewpoint** and in their language.

Customers may state their needs in terms of the goods they wish to buy. However, their real needs are what they believe will be the **benefits** from the services those goods can provide.

Question: What are two potential questions to ask your customers to understand their real needs?

Answer: To understand the real needs of customers, be sure that you are able to answer the following questions.

- Why is the customer buying this product or service?
- What service does he or she expect from this product or service?