

THE STRATEGIC VALUE OF CUSTOMER TRAINING



BY KALIYM A. ISLAM

“Our customer-centric approach does not stop with our development process. To call yourself a partner and not just a vendor, you need more than just great products.”

— Tom Gavin

Mention the term “training and development” and most individuals would probably think about employee training. There can be little argument that employee training is extremely important to overall organizational performance. The Jacksonville Business Review (for example) states, “A poorly trained work force will eventually lead to poor performance and result in

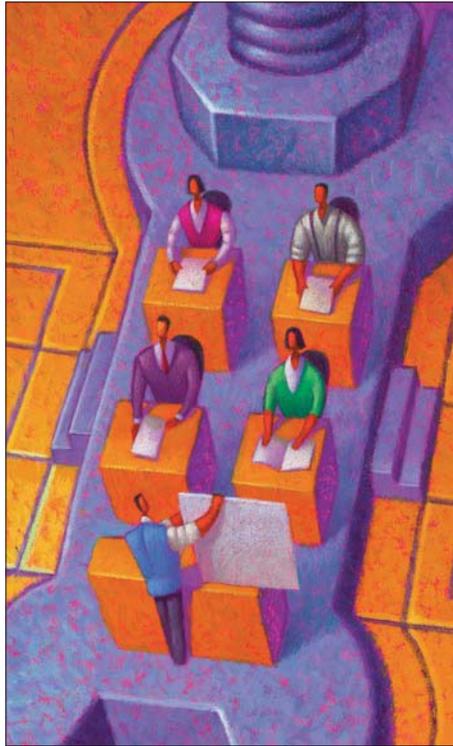
CUSTOMER TRAINING MAY BE MORE IMPORTANT TO A COMPANY'S SUCCESS THEN ITS EMPLOYEE COUNTERPART

costly mistakes.” The report adds that “overall training impacts organizational competitiveness, revenue and performance.”

In his bestselling book “The Starbucks Experience,” Joseph Michelli asserts that employee “...educational programs are a critical detail in the future of the business.” This belief is echoed by CEOs like Jack Welch and John Chambers as well and espoused by thought leaders in every industry. No one argues about the importance of employee training, and there is no shortage of industry surveys, best practice assessments or data on employee training to support this position.

The Role of Customer Training

While customer training does not receive the same amount of attention as its internal counterpart, it may well have a more profound impact on organizational competitiveness, revenue, customer satisfaction and performance. Some would even argue that the only way for a business to prosper is by ensuring that its customers are well trained. Have you ever purchased a product and not been able to figure out how to use it? Have you ever



then attempted to read the user manual for that product (to solve your problem) only to find that the manual wasn't helpful? After this experience, what was your level of satisfaction with that product and company? And finally, how willing were you to purchase a product from the same company after having that experience?

Lack of product or customer training, poor customer training and inadequate customer documentation are often sources of dissatisfaction and, more importantly, improper product usage. How many people still can't figure out how to program a VCR?

What, therefore, is the strategic

value of customer training, and how important is it to organizational success?

A Qualitative Perspective

On a qualitative level, the importance of customer training is straightforward. If your customers understand how to use your product properly, they will have fewer problems and a better experience. They will be more satisfied and, as a result, more likely to give your company repeat business. James Hanley of Force 10 Networks suggests that training “...your customer base will drive higher levels of customer satisfaction and reduce long term support costs.”

There are few industry studies, best practice guidelines or organizational structure recommendations that give a quantitative view of customer training. The ones that do exist indicate that not only is there a direct (and extreme) correlation between a successful customer training function and the overall performance of the organization, but that customer training may be more important to a company's success than its employee counterpart.

WHEN CUSTOMER TRAINING DOES NOT EXIST, OR IF IT ISN'T GOOD, EVERYONE IN THE VALUE CHAIN IS AFFECTED

What the Data Tells Us

In 2004 Bersin & Associates produced a report titled “Best Practices in Online Customer Training.” This report concluded that customer training is “...often the single most important factor in customer success.” It also pointed out that this form of training is “...required to enable new customers to buy more products and services.” Another pronouncement was that the customer training organization was

“...often the most knowledgeable source of information about customer needs.”

These findings further point out that successful customer learning departments help the larger organization to “drive customer success, increase sales, make money and gain product feedback.”

These discoveries support the position of those who would argue that the value of customer training outweighs the value of employee training because (let’s face it) with-

out customers, you don’t need employees.

The strategic value of customer training is therefore linked directly to the means by which any organization makes money and maintains satisfied customers. Thus, the importance of this function to the organization’s success is at least third, trailing only product sales and customer support. Consider the ACME Accounting scenario highlighted below.

The Story of ACME Accounting

ACME Accounting Company has just released a new online accounting service that replaces its desktop software. This new system is supposed to be so simple that it does not require customer training, and the workflow is supposed to be exactly the same as the desktop version. The decision is therefore made not to offer customer training for the product. Z Corp is the first company to sign up for the service.

Dave, an accountant from Z Corp, can’t figure out how to use the advanced query feature of the new online program. After trying to figure it

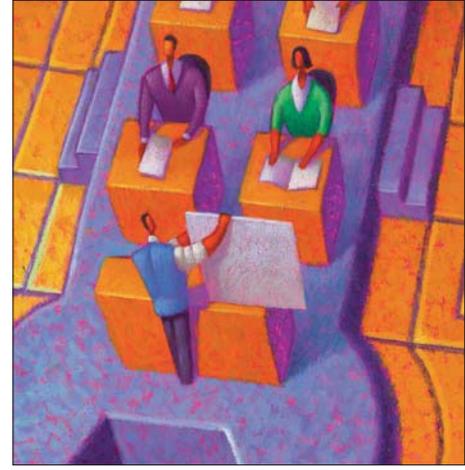
out himself, and then asking his co-workers for help, Dave goes to ACME’s Web site. The documentation available there is for the older desktop version of the software. There is also no electronic form of training available.

Dave finally calls the ACME help desk. Sam (the agent at the help desk) has also not been trained on how customers use the system. He in turn calls the operations area. The operations department is still using the old desktop system. Finally the agent calls the product development area. He gets their voice-mail. Frustrated

that he can’t get the answer, Sam gets back on the phone with Dave from Z Corp. and explains that it will take a few more minutes to resolve the issue. Dave is enraged. “I’ve been on hold for 10 minutes,” he says. “My question has not been answered, and I’ve missed a deadline.”

It turns out that Dave is not the only accountant at Z Corp who has had this experience with the new system. Frustrated with the lack of training and the inability of ACME to support them, Z Corp begins looking for a new provider.

IF YOU DON'T HAVE CUSTOMERS, THERE IS NO NEED FOR EMPLOYEES



While the example might be a bit over the top, it highlights what can go wrong when customer training is not made available. When customer training does not exist, or if it isn't good, everyone in the value chain is affected. In an extreme case, lack of training results in not just the loss of revenue for the company, but potentially the loss of a customer and damage to the company's reputation. Conversely, when things go right, the opposite occurs.

What Industry Leaders Say

Chris Howard, a principal analyst for Bersin & Associates, points out that "few training initiatives within your organization can affect your firm's success and profitability more than extended enterprise education." In his presentations on the topic, he cites such success stories as Fidelity and NCR.

An article published in the June 9 edition of *Next Generation Pharmaceutical* titled "Using eLearning for Customer Acquisition" not only supports this position, but takes it a step further. The article (which speaks specifically about the use of customer training in the pharmaceutical in-

dustry) suggests that training customers (via e-learning) would result in increased customer loyalty, increased revenue and improved customer acquisition.

Companies That "Get It"

Companies that understand this dynamic invest heavily in customer training. In 2008 Lam Research opened a 3,600-plus-square-foot facility in Hsinchu Taiwan to serve as its global center for customer training. SAP extended its customer reach in China by expanding training to its customers. Apple Inc. provides hours of free training to customers via workshops at Apple retail locations as well as online tutorials. The company also uses customer training as a revenue stream by offering more advanced training to its customers at a fee. Sony extends the customer training experience by offering an interactive learning environment to its customers where they can freely communicate and collaborate throughout their learning experience. This collaborative learning space is in addition to the hours of training videos and online workshops the company offers.

Clearly the executives who are responsible for overseeing customer training organizations believe that their companies also "get it."

Survey Says

A 2008 survey of corporate learning executive done by Expertus and Training Industry Inc. found that despite the bleak economic outlook, customer training was so important to achieving company financial goals, extending product reach and introducing new products that 48 percent of those surveyed felt that their customer training budgets would go up in 2009.

Final Thoughts

There is no doubt that employee training is crucial to the ongoing success of any organization. Customer training, however, directly impacts those for whom the company exists—its customers. Because of this dynamic, customer training may be even more critical to an organization's prosperity than its employee equivalent.

Industry leaders get this and suggest that there is a direct link between the training of customers and increased customer loyalty,

increased revenue and improved customer acquisition. Companies that understand this dynamic invest heavily in training their customers.

The lack of availability of customer training or a poor customer training experience can greatly im-

act a company's bottom line (in a negative way). The strategic value of customer training is therefore linked directly to the means by which any organization makes money, maintains its customers or builds brand loyalty. It's important to have well-trained employees but

let us not forget: If you don't have customers, there is no need for employees.

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Takeaways

- Customer training may be more important to a company's success than employee training.
- Few training initiatives within an organization can affect its success and profitability more than extended enterprise education.
- The strategic value of customer training is linked directly to the means by which any organization makes money.
- A report by Bersin & Associates concluded that customer training is "often the single most important factor in customer success."
- A poor customer training experience can greatly impact a company's bottom line.
- Successful customer learning departments help the larger organization to "drive customer success, increase sales, make money and gain product feedback."
- Despite the bleak economic outlook, 48 percent of those surveyed felt that their customer training budgets would go up in 2009.

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