
THE CUSTOMER LEADER

A leadership guide
to build great business
through the choices
customers make

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Prologue

The Purpose of the Customer Leader

Six-year-old Emma walks into the kitchen, firmly holding an iPad Mini in her tiny hands. Denise and John, her mom and dad, are enjoying a strawberry smoothie. They happily watch the Gardena lawn mower doing the job they used to do every Saturday morning.

Emma firmly places the iPad Mini in the middle of the table.

“I want a Barbie wheelchair.”

On the iPad a video plays, starring a teenager unknown to them, unboxing a Barbie wheelchair.

“Haven’t you been taught to say please?” her father asks.

Every kid holds a PhD in parental psychology. Emma remembers how Puss in Boots did it in *Shrek*. She puts on her most lovable, begging eyes.

“Please, Mom, Dad, can I have a Barbie wheelchair?”

Game, set, and match. That afternoon, Denise orders a Barbie wheelchair playset on Amazon, and a Fashionista and a Chelsea doll.

Let’s review this little scene. Emma views an unboxing movie on YouTube. Her parents prefer a healthy smoothie over the weekly rut of mowing the lawn. Emma has an iPad, likes *Shrek*, and wants the Barbie wheelchair edition. Her mother orders it online rather than driving her Tesla 3 to the toy store. *All people make customer choices daily.*

Successful companies don't manage their customers—they *lead* them. Terminology such as *Customer Relationship Management* erroneously suggests that customers are, can, or should be “managed.”¹ That is weird, because customers aren't employees of the company. They don't work for a company; they choose a company. That choice might be based on functionality (Gardena lawn mower), emotion (Barbie wheelchair), or habit (Amazon).

For business leaders to be successful, the customers must follow them. For them to follow the company, the company must earn them first.

Earning customers requires a customer mindset. For instance, Mattel had already introduced a doll called Becky in 1997. A friend of Barbie, she also used a wheelchair. But children soon found out that Becky's wheelchair could not enter Barbie's Dreamhouse.

How did Mattel solve the problem in those days? They fixed it by shelving Becky and keeping the house. It took Mattel more than twenty years, but they finally got the product right. Barbie's Dreamhouse now fits Barbie and her wheelchair.

With other buyers around the globe, Emma and her parents make this playset one of the best-selling toys worldwide. Some people at Mattel understood the deeper challenges and chose inclusivity to create true value for the customers. There were *Customer Leaders* at work in Mattel, and customers were willing to choose Mattel. Children and parents loved it, and Mattel flourished!

One of those Customer Leaders is Kim Culmone, at the time vice president of Barbie Design. She feels strongly about this: “Barbie is up double digits. Diversity and inclusion aren't just the right thing to do for humanity, but it also equals good business.”² *Successful leaders not only lead their customers, but they also follow them!*

Looking for inspiration on leadership? A truly burgeoning and bewildering array of literature and research on leadership has been written by respected scholars and consultants, trainings and toolkits have been developed by prestigious business schools and institutes, and of course, the inevitable good insights, rants, and occasional claptrap emerged from thought leaders.³

Some years ago, we were enjoying one of the great Belgian beers (Duvel) on the terrace of Auberge du Bonheur in Tilburg (the Netherlands). Reflecting on the concept of leadership through the lens of marketing, we concluded that most leadership evangelists have been looking inwardly at the organization. The leadership school snubs the very party that pays the bills—the customer. This is an utterly bizarre phenomenon. What’s the use of uptitling subordinates into followers and managers into leaders within the organization if the leadership overhaul ignores the customers outside?

The task of all leaders is always the same—to *bring their followers to a better place*. This is exactly what the *Customer Leader* aims to accomplish—to bring customers to a better place. In fact, this is the true purpose of the Customer Leader—to *build great business through the choices customers make*. Let’s highlight the three key elements of the central principle of our book.

First, customers have a *choice* to buy and rebuy your offering, or to reject it and even to discredit it on social media. Whether these choices are based on ratio, emotion, or habit, your organization has no reason to exist without customers choosing you.

Second, the goal of the Customer Leader is not to open a bottle of champagne after winning a prestigious advertising award but to build enduring value. The task of the Customer Leader is to win customer hearts and minds, now and in the future, and in doing so to also create great value for the business owners, the employees, partners, and society. For that is the true goal of the Customer Leader—to *create value!*

Third, a Customer Leader is a *builder*. The performance of a company is the result of the integrated efforts of the whole organization. Customer Leadership isn’t a department. It is a competence in designing and executing the customer-driven company. It operates 24/7 throughout the year.

Easy, you might say. However, the context constantly tests the Customer Leader. By any standard, the twenty-first century is indeed turbulent.⁴ The Customer Leader sees the nuances but doesn’t ignore the overall picture.⁵

First, *digitization* is a formidable force that revolutionizes what is offered,

how it is communicated, and how business is conducted. In Berlin, Shenzhen, Silicon Valley, Stockholm, and other places around the globe, canny entrepreneurs, technical nerds, and the occasional business crackpots reinvent business. They influence our lives tremendously in seemingly trivial ways. While walking through Amsterdam or Paris, we check the weather forecast and see that rain is expected within thirty-five minutes. Such intelligence was the privilege of Formula 1 race car drivers until a decade ago. Not that they could do with an umbrella, but we can now open the umbrella before the rain starts to fall.

Second, *globalization* brings great opportunities and poses serious challenges. Bring in Zoom or Microsoft Teams, and we can hold our meetings while enjoying the Yucatan sunset. Foreign textiles, energy, mobile phones and cars make our life more comfortable.⁶ However, a global market does not distribute riches evenly. All it took was a virus no bigger than a tenth of a micron to shake the world's global supply chains to their core.

Third, *purpose* permeates all levels of society. The responsibility of organizations is no longer constrained to optimizing profits and customer solutions. Many companies, like Mattel, see opportunities in developing novel propositions that benefit society while building company cultures that attract a diversity of talents. But it's not all a fairy tale. There is still big business on the world scale that bluntly ignores that responsibility. The 2022 FIFA World Cup is organized in Qatar. Will Messi, Neymar, or Mbappé think about the people who died constructing the stadiums when the crowds celebrate them for their goals?

In this book, we explore the *Customer Leader Canvas* in detail. Our approach relies on four key tenets—it provides relevant, actionable, up-to-date, and science-based insights.

In part I, we explore the essential building blocks of the Canvas of the Customer Leader, using IKEA as a backdrop. The Customer Leader views an organization as an *engine of value*. This value creation underpins the ambition of the Customer Leader and the *license* of the company. Net value is defined as the

difference between the endowments that various stakeholders bring into the organization and the progress they realize in doing so. While we start with the customer, other parties are also important—owners, employees, partners, and society. That leaves us with a question—When does an organization build truly great value? Inspired by Led Zeppelin’s “Stairway to Heaven,” we develop a *Stairway to Greatness*. There are seven steps to the summit of that stairway, and it is not for the faint of heart. Optimizing customer needs, financial requirements, and obligations to other stakeholders are no sinecure to create and maintain.

Part II focuses on the *arena* in which the Customer Leader operates. Since success depends more on dynamic orchestration rather than static planning, we use the term *arena* rather than *market* to describe that environment.⁷ Digitization, globalization, and purpose obfuscate the nature and drivers of customers, competitors, and owners. Simple customer connections have developed into complex ecosystems or multisided markets. Digital powerhouses build the arena in which gladiators decide to compete, form alliances, or even to exit the game altogether. It shows that customer intelligence requires an ongoing investment.

In part III, we go back to the most important player in the arena and ask ourselves how the Customer Leader can build a *competitive proposition* for the customer. Designing a winning customer strategy has evolved from a supply-driven marketing-mix approach toward a value proposition that is built through cocreation. The Customer Leader knows that, to win, they must make choices. One simply cannot outshine the competition in all aspects. Also here, the forces of digitization, globalization, and purpose have fundamentally remodeled product design, branding, fulfillment, customer experience, and pricing.

Part IV asks the essential question—How do we make it all work in our *organization*? How must the Customer Leader allocate resources to deliver the value proposition? This is also where the concept of ambidexterity comes into play. Organizations must run the business today (the Factory), invent the business tomorrow (the Lab) and prepare the transition (the Atelier). That task

requires a Customer Leader who is willing and able to discover the future, move the organization forward, and connect with all stakeholders.

But let us be clear from the start. At no point do we view the Customer Leader as a modern-day demigod who blasts their way through the company. In fact, openness, humility, and curiosity are equally as important as talent, grit, and perseverance. In this book, the Customer Leader is anyone who builds great business through customer choice. The Customer Leader is a semifi-tional idealized version of what every leader should be.

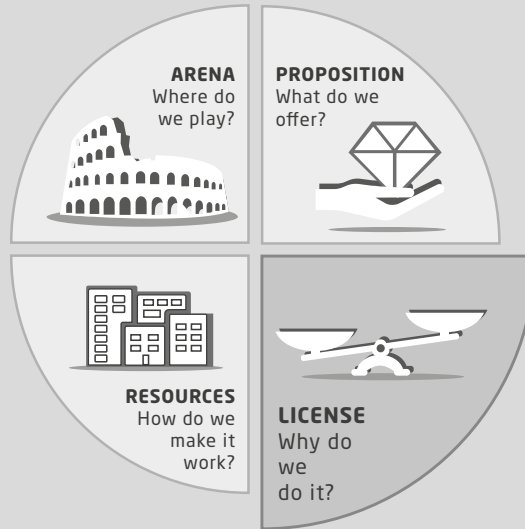
Customer Leadership is not a title that will appear on a business card, or do we hope so? We don't need another CXO. Customer Leaders manifest themselves through their behaviors, not their positions within the organization. In fact, anybody in the organization might be a Customer Leader, seeking to build a better world for customers, owners, employees, partners, and society. And, yes, in some organizations, it might be painfully obvious that nobody qualifies as a true Customer Leader.

Serena Williams is a Customer Leader. She is best known for her fabulous achievements on the tennis courts. Upon learning that less than two percent of venture capital goes to female entrepreneurs, she set up Serena Ventures. The inaugural fund is now worth more than \$100 million and acts as an angel investor in sixty companies. Three-quarters of the entrepreneurs in those companies come from a traditionally underrepresented background.⁸

True Customer Leaders discover a valuable business, move the organization in the right direction, and connect with all stakeholders. The reward for us all—a better world.

PART I

Great Value



This chapter introduces a practical toolkit for getting toward a great organization, namely the Customer Leader Canvas. It is also a prelude to the other parts of the book and will discuss (1) the license to operate, (2) the arena to play in, (3) the proposition to win, and (4) the resources to make it happen. We discuss the five parties that are involved in value creation and consumption. A pivotal part is our discussion of the Stairway to Greatness, which describes the seven steps to greatness. At the end, there are some takeaways and questions for you to design or evaluate your own Customer Leader Canvas.

The Canvas of the Customer Leader

The world was not exactly a friendly place when Ingvar Kamprad, a young Swede of merely seventeen years of age, founded IKEA in 1943. He truly was a Customer Leader well ahead of his time. The *Economist* places him in the customer Hall of Fame alongside Henry Ford.⁹ In Ingvar's own words, he wanted "to create a better everyday life for the many people." Eight decades later, the company he founded continues to flourish, employing over two hundred thousand employees and making almost €40 billion in revenues. The first copy of their catalog saw the light of day in 1950. It proudly boasted furniture and briefcases as well as neckties. Now, it has become *the* furniture company of the world. But will it continue to flourish? Competition from established juggernauts (e.g., Walmart), younger brick-and-mortar companies (e.g., Maisons du Monde) and online disruptors (e.g., Wayfair) give Ingvar's successors a run for their money.

We like IKEA. They not only provide the building blocks to put together a bathroom cabinet but also show you how to do it. That is exactly what Customer Leadership is about. To have the building blocks shaped and aligned such that you triumphantly climb the Stairway to Greatness. Admittedly, creating Customer Leadership is a bit more complicated than building that cabinet, but you get the picture. Having the building blocks only, no matter how superior they may be, doesn't guarantee a superior business strategy. Or a cabinet that endures the daily challenges that teenagers pose in the bathroom.

A Customer Leader uses a persuasive tool that helps them achieve greatness: the *Customer Leader Canvas*, which provides you with a holistic and practical instrument to create and market your offerings in a compelling way. Because you need a canvas that helps you distinguish your offering from that of the competitors and generate great value. Whether you have the same building blocks or different ones, you must glue them together differently to have a shot at being a great company.

We distinguish four building blocks in the Customer Leader's Canvas. We elaborate on each of these building blocks in the four parts of *The Customer Leader*. They involve the value the company aims to create—its license to operate (part I), the arena in which it competes (part II), the value proposition it deploys to win and retain customers (part III), and the resources that enable this value proposition (part IV).

This Customer Leader Canvas is exactly what a *business model* is all about, namely the way in which a company creates value by allocating resources to develop a winning value proposition in a market. Throughout this book, we will use the terms *Customer Leader Canvas* and *Business Model* interchangeably. We see, however, a nuance. A business model represents a configuration; a canvas emphasizes the choices the Customer Leader can make. A business model is run by managers; a canvas is the toolkit of a leader.

The License to Operate (The Focus of Part I)

What is it that you want to accomplish? No organization thrives in the absence of focus, for such neglect brings about poor choices in markets to target, propositions to design, and competences to develop. To sharpen attention and efforts, many companies formulate a mission statement that relates the company to its stakeholders. A wisely formulated *raison d'être* is indeed liberating as it provides the necessary guidance for the Customer Leader to choose where to invest and where to divest. Unfortunately, empirical research shows that mission statements all too often fail their mission (no pun intended).¹⁰

Many mission statements are poorly communicated, generic, and overly ambitious.¹¹ A megalomaniac mission, in which the boundary between mission and vision becomes wafer-thin, offers little more than a misguided attempt to try to be the best for everybody. “Beyond Excellence Worldwide!”, a group of executives haughtily exclaimed after a full day of brainstorming. We didn't share their enthusiasm. There's a thin line between a brave mission and the inability to choose. Weak ambition statements bring companies terrifyingly

close to punk business: “Don’t know what I want, but I know how to get it.”¹² We think the more important question to kick-start Customer Leadership is simply to ask yourself and your coworkers, “What do we want to accomplish?” This question forms the best way to see how your business contributes to the company’s core purpose and ambition. Stephen Covey held a keen perspective on this. He wondered what you would want your friends and family to say about you at your funeral? He referred to this as “beginning with the end in mind” and stated that it “is based on the principle that all things are created twice. There’s a mental or first creation, and a physical or second creation of things. The extent to which you begin with the end in mind often determines whether you can create a successful enterprise.”¹³

The “end in mind” is referred to as the BHAG of your company (pronounced as “bee-hag”), your *Big, Hairy, Audacious Goal*.¹⁴ Great BHAGs are short on words and great on ambition. A wonderful example is provided in the foreword to the very first Michelin Red Guide in 1900: “Ce guide est né avec le siècle. Il durera autant que lui” (“This guide was born with the start of the new century. It will last as long.”)¹⁵ After more than a hundred years of success, Michelin is now challenged in digital space by Tripadvisor, Yelp, and their likes. Is it time for a new Michelin BHAG?

Formulating your BHAG takes more than mere number crunching and spreadsheet gymnastics. General Gray of the US Marine Corps expressed it very succinctly, “The further ahead we consider, the less precision we should attempt to impose. Looking ahead thus becomes less a matter of influence and more a matter of interest.”¹⁶

The BHAG of IKEA is strikingly clear: “To offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.” Voilà, that’s simple, specific, ambitious, compelling. No spin doctor was needed to put it together, no Rosetta stone is needed to understand it, and this mission is something to get out of bed for.¹⁷

If your company wants to be around twenty years from now, it must create value for someone. That is exactly the purpose of a business model—to create

value. *The value your business creates provides it with the license to operate.* The first party we think about is the customer, of course. Winning customers brings fortunes of all sorts to the enlightened leader. A great business builds a great career, by the way.

The customer you want to convince provides a starting point, but there's more to creating a great business. It is precisely on the aspect of value that we have witnessed a global and fundamental paradigm shift. Contemporary Customer Leadership extends far beyond simply delighting the customer and generating an attractive return for the owner. For instance, IKEA now boasts ambitious goals on sustainability, it offers recycling services to help accomplish those goals, and it tries to help refugees settle their lives.¹⁸

The Customer Leader balances the interests of *all* stakeholders. This balancing implies saying no to profitable customer demands when this fundamentally hurts the interests of other stakeholders.¹⁹

The Arena to Play in (The Focus of Part II)

Your company does not compete in splendid isolation but in a crowded universe. First, there are *customers* the company wants to attract. IKEA has a global reach, but it does not want to reach everybody. The affluent senior citizen doesn't match well with the value proposition of its low-priced functional furniture. The primary target segment of IKEA is young people who fancy affordable design. That's a highly heterogenous group whose characteristics have shifted through time. Just how much the identity, values, and demands of the target segment have evolved over time is nicely portrayed in the online IKEA Museum.²⁰ There you can find the covers of all the printed catalogs between 1950 (the first edition) and 2021 (the last to be published on paper). From the sexual revolution in the seventies to males' gradual adoption of household responsibilities to the gender shift in the roaring twenties, IKEA has unremittingly adapted to the changing nature of their primary customers.

Second, there are *competitors*. That's the part some business leaders find so very unfortunate—you're rarely the monopolist in the market. Other compa-

nies want a part of the fun as well, and innovation turns established markets into frenzied arenas. Amazon started out by selling books because bookselling was a fragmented market. “There aren’t any 800-pound gorillas in bookselling,” said Jeff Bezos.²¹ But Jeff’s ambition has extended way beyond selling books. His empire now includes furniture as well. Through third-party delivery partners, Amazon now ships bulky products such as sofas and beds to its customers. Amazon has become another competitor to IKEA. Traditional market boundaries are no longer limited to industry incumbents that plug and play your operations but also include outsiders that substitute your business processes. Markets have become arenas, where your blind side is redefined every day.

Third, there are other *stakeholders*. They involve a highly diverse group including, for instance, regulators, shareholders, suppliers, and employees. For instance, in addition to the more than two hundred thousand employees IKEA employs directly, there are more than six hundred thousand persons employed by their more than eighteen hundred suppliers. These numbers represent a fascinating diversity of cultures and routines. That diversity makes the arena even more impressive—an error in a local contract in Vietnam may lead to complaints from a customer in Berlin.

Finally, there’s the *context*. Don’t view the context as a frigid disclaimer for poor judgment. It involves a whole range of factors that neither we nor the Customer Leader want to be oblivious about. The STEEPLE acronym captures the essence of many facets of the context—sociology, technology, economics, ecology, politics, legal, and ethics. For instance, political pressure from Europe meant IKEA had to stop procuring cotton that could be traced back to forced labor in the Far East.

The Proposition to Win (The Focus of Part III)

The customer is the true emperor in the arena, for they have the *power of choice*. Customers may pay attention to your product or neglect it entirely. They may consider it for purchase, or they may bluntly put it aside. They may buy it or