EPIPHANY
ASSOCIATES, LLC

Module 2:
Who is Your
Primary Customer?

Introduction

High-performing systems and breakthrough results happen when we get the basics in place. Answering foundational questions—who is the primary customer and what is their primary need—sets the stage for all future work. These answers create the clarity needed to identify the right problems to solve and guide strategy, execution, and decision-making. At this stage, the focus isn't on having all the answers or perfect solutions but on ensuring we start from the right place.

Who Is Your Primary Customer?

The first question in the Five-Question Framework is Who is your primary customer? While it may seem straightforward, identifying the primary customer can be challenging. Leaders often feel compelled to balance the needs of multiple groups, such as stakeholders, federal oversight entities, and internal teams. However, prioritizing the primary customer creates a cascading effect: stakeholders, taxpayers, and others benefit, and resources are utilized more efficiently.

In This Section You Will Learn:

- **What to stop:** Common traps that distract us from focusing on the primary customer.
- **What good looks like:** How to define your primary customer, distinguish them from other key groups, and understand the roles and responsibilities of these groups and their importance.
- **Before-and-after examples:** Case studies to see these principles in action.
- **Tools and techniques:** Practical strategies to help you apply these concepts.
- **How to apply your knowledge:** A focused section on putting these principles into practice effectively

What to Stop

1. The Pressure and Proximate Trap

Description: Leaders prioritize the areas where they feel the most pressure to change and the issues most proximate to their awareness, often responding to immediate and urgent demands, such as compliance, rather than focusing on the primary customer's needs. While leaders often intend to serve the primary customer, the customer's absence from meetings, discussions and reports frequently leads to a drift in focus.

Example: A leader faces persistent pressure from a stakeholder group pushing for immediate action on a pet project. The stakeholder group continually raises the issue in meetings, keeping it in front of the leader. Along with similar meetings from other stakeholders, these demands compound over time, diverting the bulk of the organization's attention away from root causes of delays that directly impact the primary customer.

2. Wrong Person, Wrong Problem

Description: Leaders struggle to scope the right problems because they don't start with identifying which specific person or customer they are solving for. They may also assume the organization already has clarity on who the customer should be. Without clear orientation to the right person, they fail to define the problem that needs to be solved in strategy and operations.

Example: An agency decides to launch a new IT case management system. The centralized IT shop views the business as its customer and thus starts with front-line teams and supervisors to gather business requirements. They assume that fixing the problem for the internal customer will naturally translate to solving issues for the citizen or taxpayer

who the system is ultimately designed to serve.

3. Internal Over External Problem

Description: Support functions, such as IT or procurement, mistakenly view internal departments as their primary customers rather than focusing on the citizen or taxpayer. This leads to solving the wrong problem set or scoping problems incorrectly.

Example: The procurement division wanted to ensure it could keep pace with all procurement requests from internal departments. To achieve this, they hired more staff to process requests faster rather than evaluating procurements based on the impact they would have on customers and taxpayers.

4. The Presumption Problem

Description: Organizations often operate on autopilot, presuming everyone is focused on the most critical issues for "the customer." Generic terms like "the business" or "the customer" lacks the specificity organizations need to focus. They lack intentional management and any way to verify if this presumption is true, leading to a failure to direct the resources and energy of the organization on the primary customer's most critical needs.

Example: After taking over, a new leader is approached by teams requesting additional staff, claiming they are overwhelmed. The leader asks for a list of current initiatives, but no one can produce it. Once the list is compiled, the leader realizes that most of the organization's energy is spent on compliance, internal-facing projects, or other issues unrelated to the primary customer's most critical needs.

What Good Looks Like

The organization clearly identifies its primary customer and aligns the roles of all groups to support them. Roles—such as primary customers, strategic customers, operational support, and stakeholders—are structured to prioritize the primary customer and taxpayer. By focusing on first principles, the organization solves the right problems in the right order. This creates cohesion, prevents wasted efforts, and ensures resources are used effectively to achieve better outcomes

Primary Customer

Description: The group the system is designed to directly support and serve.

What Good Looks Like: Organizational goals, strategies, and operations are centered on delivering better outcomes for the primary customer. Their needs are prioritized above all else, ensuring the maximum impact on both the customer and taxpayer.

Strategic Customers

Description: Intermediaries or contributors who work directly with the primary customer, such as caseworkers, healthcare providers, or front-line employees.

What Good Looks Like: Strategic customers have the tools, resources, and focus to perform their roles effectively. Their performance measures are tied directly to outcomes for the primary customer, and they are shielded from unnecessary demands from operational support or stakeholders.

Operational Support Functions

Description: Internal functions like IT, procurement, HR, and policy that support service delivery.

What Good Looks Like: Their performance is not viewed in isolation but within the context of their impact on system outcomes and the cost to the taxpayer. They minimize burdens on strategic customers and work within system constraints to deliver efficient, synchronized support aligned with outcomes for the primary customer.

Stakeholders

Description: Groups with an interest or oversight role, such as legislative bodies, auditors, or advocacy organizations. They influence decisions but are not directly involved in operations.

What Good Looks Like: Stakeholders hold organizations accountable while also being held accountable for their own turnaround time, responsiveness, and any unnecessary overhead or complexity they add to the system. Reciprocal accountability ensures that stakeholders support system performance without creating barriers

Before and After: The Impact of Focusing on the Primary Customer

1. Intergenerational Poverty

Before Focusing on the Primary Customer: An organization recognized the need to address intergenerational poverty. It established a data reporting team, created annual reports, and allocated millions of dollars to local communities to tackle the issue. Despite a multi-year effort, there was minimal improvement for this population.

After Focusing on the Primary Customer: An organization recognized the need to address intergenerational poverty. Before launching the initiative, it stepped back to identify who exactly it needed to create a strategy and solution for. By focusing on teenagers just a few years from graduation, it honed in on the problem for this population and how best to resolve it. Within a few years, the initiative led to improvements in high school graduation and post-secondary education rates for this group.

2. Transportation and Traffic Congestion

Before Focusing on the Primary Customer: An organization aimed to address urban traffic congestion. It launched an expensive infrastructure

program to expand highways and add lanes across the city, building out more road capacity. However, this also created induced congestion, as more drivers took to the roads. Despite significant investments over several years, congestion remained a persistent problem, and commute times worsened for most residents.

After Focusing on the Primary Customer: An organization aimed to address urban traffic congestion. Before implementing a solution, it identified daily commuters as the primary customers and focused on understanding their specific challenges. This led to prioritizing affordable, reliable public transit options and improved traffic management systems for peak commute times. Within a few years, commuter satisfaction increased, and congestion decreased during these periods.

3. Healthcare and Medicaid Services

Before Focusing on the Primary Customer: A state aimed to reduce costs while improving services for its Medicaid population. It required managed care organizations to submit more frequent data reports and meet stricter compliance measures. While administrative oversight increased, there was no significant change in patient outcomes and medical inflation continued at the same rate, failing to meet the initiative's goals.

After Focusing on the Primary Customer: A state aimed to reduce costs while improving services for its Medicaid population. Before implementing changes, it identified doctors as the strategic customers and focused on reducing barriers that hindered their ability to deliver care. This included simplifying reporting requirements, integrating systems to reduce administrative burden, and providing tools to improve care coordination. These changes freed up doctors to spend more time diagnosing and treating patients. Within a few years, patient outcomes improved, and medical inflation began to stabilize, achieving better results for both patients and taxpayers.

4. Federal IT Modernization

Before Focusing on the Primary Customer: A federal agency launched a program to modernize its grantees' IT systems, distributing hundreds of millions of dollars in grants. The initiative's stated goal was to ensure compliance with federal security and data reporting standards. Despite the investments, many grantees struggled to integrate the new systems with

their operations, leading to limited adoption. Services for the ultimate end users—the customers of these grantees—did not improve and, in some cases, worsened.

After Focusing on the Primary Customer: A federal agency launched the same program to modernize its grantees' IT systems. However, before issuing grants, it identified the biggest operational and policy challenges preventing end users from receiving timely decisions on their applications. By addressing these barriers and streamlining policies, the agency created a foundation for success. It then issued grants for minimally viable IT solutions designed to improve services for the end users, reduce costs, and ensure compliance. As a result, grantees were able to deliver faster and more reliable decisions, enhancing the experience for their customers while also increasing the adoption rate among its grantees.

5. State Audit Team

Before Focusing on the Primary Customer: A state audit team sought to improve government efficiency by conducting extensive audits across multiple agencies. It focused heavily on identifying noncompliance with regulations and producing lengthy reports filled with detailed findings. While the reports met professional standards, they overwhelmed agencies with recommendations that were difficult to prioritize and implement. As a result, compliance issues persisted, and the public saw little improvement in government services.

After Focusing on the Primary Customer: A state audit team sought to improve government efficiency. Before conducting audits, it identified state agency leaders as strategic customers and focused on understanding the operational challenges they faced. The team tailored its audits to highlight the root causes of inefficiencies and provided actionable recommendations, ranked by potential impact on service delivery. This shift enabled agencies to focus their efforts on the most critical improvements, resulting in better compliance, improved public services, and increased trust in government operations.