

**Alan Hall**, Contributor

Speaker, author, investor and catalyst for entrepreneurial growth.

Subscribe

207

ENTREPRENEURS | 6/14/2012 @ 11:31PM | 2,165 views

To Succeed as an Entrepreneur, Know Your Customer

Knowing and understanding targeted customers is the overarching rule of exceptional companies. Award-winning business builders know their customers as well as they know their own families, perhaps even more so. Cover girl Kathy Ireland is a brilliant example of a successful businesswoman who knows her customers, as Forbes contributor [Laura Heller](#) noted on [Feb. 14](#).

Contributor Erika [Anderson](#) has written a compelling piece on this topic as well, on [April 19](#).

Successful entrepreneurs know with exactness the wants, wishes and buying behaviors of specific individuals. They have analyzed the size of the market or the number of potential customers that fit the target profile. But further still, they know their customers' names, ages, genders, incomes, home and Internet addresses, professions, education, associations, and marital status, number of children, hobbies, their tastes and interests. They grasp what their customers watch, read and hear. They understand their likes and dislikes. Knowing a customer to this depth is one of the key characteristics of highly successful business leaders.

Companies that possess this knowledge about their customers and use it to their profitable advantage are wildly successful. Knowing specifically what buyers want, savvy leaders can build and deliver the precise solutions to meet customers' needs. They also offer their products at the right locations, at the right price, and with the appropriate warranties. They deliver the right features and support to create positive buying experiences.



Winning entrepreneurs know the exact wants and needs of their customers

Conversely, leaders who don't focus on their customers often fail. A relationship with the individuals who might buy their products is essential, but for some reason, many miss this absolutely critical aspect of their business. All too often, entrepreneurs spend their energy on everything but having conversations with current and potential customers.

Consider [Kodak](#): In 2012, the venerable 124-year-old manufacturer of film and cameras filed for Chapter 11 bankruptcy protection following many consecutive years of negative financial returns. In 2007, its stock price was \$90 per share. In January of 2012, Kodak's share price had sunk to a dispirited 76 cents. What happened to this bellwether global brand that had successfully placed film and camera products in the homes and offices of nearly every person on earth?

As we look back on the history of this formerly stellar firm, a picture of missed opportunities emerges. As excited customers were celebrating the arrival of fantastic digital images and digital cameras, Kodak management stayed the course with its traditional film and camera lines. Believing foolishly that its loyal customer base would never desert its famous products with the yellow and red logo, a somewhat arrogant leadership ignored [Sony](#), Fuji and other innovative digital camera firms.

On the other hand, consider the crazy success of [Skullcandy](#), a publicly traded company that sells amazing headphones to a specific target audience. I have watched this firm, launched by Rick Alden, since shortly after its inception.

Disclosure: I was an early angel investor and am now a venture capital investor in Skullcandy via the VC firm I co-founded, Mercato Partners.

Skullcandy has become a darling of investors due to consistently fast growth.

What has been this company's secret sauce for success? The founder knows his customers. He truly understands the needs of individuals who want his funky products. His target audience ranges from 12 to 26 years of age. They are hip. They love music. They ski, surf and skateboard. He knows what they wear from their toes to the tops of their heads. He knows they are, or want to be, cool and accepted by their peers. He knows what they watch and where they shop. He knows what apps they have on their cellphones and iPads. Look around your neighborhood at the youth on your street. They all have Skullcandy headsets or ear buds. In fact, they have multiple units. Around the world it's the same. Kids from every country on earth are wearing headsets with a skull on it.

Need I say more? It should be crystal clear to all of us that thoroughly knowing and understanding our customers and delivering what they want is the ultimate key to success. In conclusion, whether our sales are increasing, are flat or declining, we should, without fail, spend quality time with our buyers to understand what's on their minds and respond appropriately. As an entrepreneur, you should develop a plan to conduct your business like Skullcandy—not like Kodak. I wish you success.

This column includes excerpts from my newest eBook, [The Characteristics of a Successful Entrepreneur](#), which is premiering on Amazon this week.

This article is available online at:

<http://www.forbes.com/sites/alanhall/2012/06/14/to-succeed-as-an-entrepreneur-know-your-customer/>