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Implementing a Customer Orientation: Extension of Theory and Application

The marketing literature affirms the value of a customer orientation to organizational performance, but it is relatively silent on the implementation of this orientation. This research reports the results of a paired-comparison ethnographic study of the dynamics of implementing a customer orientation in a major public school district. Changes at a progressing site are compared with those at a struggling site. The study provides answers to the question of how an organization adopts a customer orientation by refining understanding of the roles of leadership, interfunctional coordination, and the collection and dissemination of customer-focused data in the transformation process.

Considerable research has shown that organizations are more successful when they embrace a customer orientation (see Berry 1997; Day 1999b; Deshpandé, Farley, and Webster 1993; Han, Kim, and Srivastava 1998; Jaworski and Kohli 1996; Narver and Slater 1990; Narver, Slater, and MacLachlan 2000; Slater and Narver 1994, 2000). Although scholars continue to refine theory and method, the importance of customer value creation in driving organizational strategy is largely undisputed. Nevertheless, the literature is only modestly descriptive of the processes for implementing this desired orientation. The research described herein juxtaposes the prescriptions of current theory with events experienced during the transformation of an organization to a customer orientation and in so doing refines and expands theory.

Our research context is a major public school district that is establishing a customer orientation. The district manages an annual budget in excess of $800 million; employs approximately 16,000 people; and includes 140 elementary, middle, high, and specialty schools that serve more than 110,000 students. We chose this context because educational institutions have not historically embraced a customer orientation, and school administrators in this district had adopted marketing's customer orientation theory in hope of more accurately specifying external customer requirements, aligning internal efforts with those requirements, and improving performance. School district leaders set detailed outcome requirements based on extensive research with external customers, including businesses, parents, community leaders, and postsecondary educational institutions. The district required each school to align its efforts with these systemwide outcome requirements in a process that cascaded from high school to prekindergarten programs. Thus, the primary customers of middle schools are the high schools to which students are sent, and elementary schools were to satisfy the explicit requirements of their recipient middle schools. Each school implemented a process in which *customers* were defined as the units that received the student "output" from other units' work; for example, fourth-grade teachers are key customers of third-grade classes. Schools developed a communication process to determine each unit's customers and requirements, and they mutually agreed on methods for measuring and tracking performance.

To study this implementation of a customer orientation, we selected two elementary schools as our laboratory: one that was successfully navigating the transformation to an award-winning, customer-centered model and one that was struggling to implement a customer orientation. The metamorphoses of the schools, as surfaced through a rigorous ethnographic research effort, provide insight for marketing theory and practice. This article is organized as follows: First, we establish the theoretical context of the study. Second, we discuss the research methodology as well as introduce and describe the focal organization we selected for study. Third, we present the findings and insights from our research. Fourth, we merge these insights with current marketing theory. Finally, we provide potential research directions that emerge from the study and limitations of our research.

Theoretical Context

Market orientation literature has coalesced into an organized knowledge system, replete with theory and a body of empirically derived generalizations. Although scholars have doc-

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umented the proposed benefits, the intricacies of the adoption of a market orientation have received limited attention (e.g., Deshpandé 1999; Jaworski and Kohli 1996; Webster 1994), and cultural change has emerged as a central focus (Homburg and Pflesser 2000; Narver, Slater, and Tietje 1998). From this perspective, we draw on Deshpandé, Farley, and Webster's (1993, p. 27) definition of customer orientation as "the set of beliefs that puts the customer's interest first, while not excluding those of all other stakeholders … in order to develop a long-term profitable [viable] enterprise." As such, the cultural transformation process is difficult to investigate, and researchers agree that the understanding of implementing a customer-focused culture is inadequate (see Day 1999a; Narver, Slater, and Tietje 1998).

The gap in research also arises because the study of cultural transformation to a customer orientation spans a disciplinary boundary between academic management and marketing. Management literature discusses generic cultural transformation processes (e.g., Schein 1999; Schneider, Brief, and Guzzo 1996) but does not specifically explore the transformation to a customer orientation, the subtleties of which are important to marketers. Nevertheless, in reviewing the literature from both marketing and management, we have identified three critical organizational variables that structure our research.

First, regardless of their academic background, scholars agree that cultural transformation requires the active role of senior leadership. The management literature stresses senior leadership's role in setting organizational vision (e.g., Argyris 1966; Bass 1990; Bate 1994; House and Podsakoff 1994; Pfeffer 1977; Senge 1990) and the importance of leaders' consistency of message and action (e.g., Avolio 1999; Barabba 1995; Day 1994; Deming 1986, 1994; House and Podsakoff 1994; Kotter and Heskett 1992; Senge 1990). Marketing researchers agree that without senior leadership support, a customer orientation is unlikely to take root (see Day 1994, 1999a, b; Jaworski and Kohli 1993; Kohli and Jaworski 1990; Levitt 1960; McKitterick 1957; Narver and Slater 1990; Slater and Narver 1995). As Webster (1988, p. 37) states: "[C]ustomer-oriented values and beliefs are uniquely the responsibility of top management. Only the CEO [chief executive officer] can take responsibility for defining customer and market orientation as the driving forces." Transformations to a customer orientation are distinctive in that senior leaders must articulate organizational aims in terms that are harmonious with customer satisfaction drivers (Senge 1990), and their behavior must be consistent with customer-oriented mandates (Day 1994, 1999b; House and Podsakoff 1994; Kotter and Heskett 1992). Without managerial vision and a purpose organized to satisfy customers, employees may work conscientiously, but individually they cannot transform an organization (Day 1999b; Kotter 1995; Senge 1990).

Second, both management and marketing scholars posit that interfunctional coordination of work processes is essential to induce cultural transformation. Management researchers have historically focused on such coordinating mechanisms as cross-functional teams (e.g., Hackman 1987; Pinto, Pinto, and Prescott 1993; Rathnam, Mahajan, and Whinston 1995), formal rules and procedures (e.g., Aiken and Hage 1968; Beer, Eisenstat, and Spector 1990), conflict resolution (e.g., Bolman and Deal 1997; Bowen 1995), and reward systems (e.g., Beer and Nohria 2000). Marketing researchers focus on having customer requirements permeate all organizational activities and thus serve to coordinate the alignment required for transformation (e.g., Maltz and Kohli 1996; Narver and Slater 1990; Ruekert and Walker 1987; Webster 1988). Accordingly, for cultural transformation to succeed, a customer focus must permeate the work processes deep into the organization (e.g., Bell and Emory 1971; Kohli and Jaworski 1990; Narver and Slater 1990). As Webster (1994, p. 263) explains, "Everyone's job is defined in terms of how it helps to create and deliver value for the customer, and internal processes are designed and managed to ensure responsiveness to customer needs and maximum efficiency in value delivery."

Third, occupying a relatively unique position in the literature, some marketing researchers contend that the collection and use of market intelligence is essential for a customer orientation to develop. Although the management literature considers fact-based management virtuous (e.g., Senge 1990), marketing researchers emphasize the importance of having accurate market intelligence throughout the organization to ensure that customer requirements are met and competitive forces repelled (Webster 1994). Scholars, particularly Kohli and Jaworski (1990), posit that the generation and dissemination of market intelligence is critical to sustaining a focus on customer satisfaction and ensuring that activities are evaluated in terms of their contribution to customer value. For a customer orientation to advance, market intelligence must be disseminated by formal and informal means, and information must flow both laterally and vertically within the organization (Kohli and Jaworski 1990; Maltz and Kohli 1996; Zeithaml, Berry, and Parasuraman 1988).

Senior leadership, interfunctional coordination, and the use of market intelligence are not an exhaustive list of critical factors that affect cultural transformation. For example, variables such as performance goal-setting and organizational structure may also be significant. Nevertheless, these three factors are widely recognized, and we choose to concentrate on them partly because in our literature review we found only limited insight into implementation processes. For example, Day (1999b) and Webster (1994) provide anecdotal examples of both successful and unsuccessful organizational efforts. Narver, Slater, and Tietje (1998) offer conceptual guidance by proposing "programmatic" and "market-back" approaches for creating a market orientation. However, to our knowledge, nowhere in the literature has cultural transformation to a customer orientation been subjected to rigorous examination. By means of ethnographic research, we juxtapose current beliefs about our three factors with a real-time transformation effort; in doing so, we provide insight to further develop market orientation theory.

Research Program

Because the success of our research hinged on examining cultural phenomena that occurred at multiple levels in an organization over time, an ethnographic strategy was appropriate (Burawoy 1991; Deshpandé and Webster 1989; Stewart 1998; Strauss 1990). In the following section, we profile our focal organization and then describe our multiple methods of data collection.

Focal Organization

In determining a research context, we desired a partnering organization that (1) had a strong commitment to the transformation to a customer orientation, (2) was at a relatively rudimentary level of customer orientation, (3) incorporated diverse organizational processes, and (4) gave the researchers wide access to organizational activities, data, and personnel. The "industry" we selected was public education, and the school district we studied is among the 25 largest in the United States. The school district is a large multiunit organization in an industry that historically has not explicitly considered "customers" in its operations. In response to a range of increasing concerns about performance, the focal organization devised the unprecedented goal of transforming itself by embracing a customer orientation as the centerpiece of a comprehensive improvement initiative, an arduous transformation that required substantial effort, time, resources, creativity, and patience. These unique circumstances enabled the researchers to witness real-time organizational transformation and provided a context in which the extant literature could be examined, insights discovered, and potential modifications to theory recommended.

The school district's leadership realized early on in its efforts to change that the progress of individual schools differed dramatically. To extract the lessons implicit in these differences, district leaders gave the researchers access for ethnographic study in two specific schools: one that was prospering in its transformation and one in which efforts had stalled and had been deemed largely unsuccessful. Exploration of the juxtaposed dynamics in these paired operational units provided the researchers an unusual opportunity to discover success and failure factors that might have been missed in a cross-sectional study or in a study of only successful change. The locations provided an extraordinary opportunity to study a transformation in a natural setting.

The two schools we studied are comparable, with the exception of their progress in adopting a customer orientation; the schools' socioeconomic environments, student populations, and staff configurations are comparable. Both are urban schools that have low-socioeconomic-status populations (approximately 55% of students qualify for free or reduced-price lunches). Before the study, both sites were performing at levels predicted by students' socioeconomic status, that is, approximately 40% of students were meeting grade-level expectations.

The schools participated voluntarily in the study; the researchers obtained cooperation by consulting with the respective principals and their staffs. Other than confidential student and employee records, the researchers were granted access to all documents; given permission to observe all operations, classroom interactions, and school meetings; and encouraged to interview personnel, with the caveat of protecting respondents' identities. Consistent with that commitment, we have changed the names of participants and schools; we label the schools as the "struggling site" and the "progressing site."

Research Activities

We accomplished our work in two stages. First, Goolsby worked independently for two years with the district's top leadership to explore the need for and implications of establishing a customer orientation in the school district. These activities included strategic planning meetings, creation of an implementation plan, and development of training materials. Kennedy collected on-site data at the two schools over two years. During this second stage, the researchers met periodically to discuss data, propose patterns, and question existing theory. Arnould, who has doctoral training in ethnographic research methods, served as an "auditor," critiquing and questioning the other researchers' interpretations. Our various perspectives provide for rigorous and robust examination of ethnographic data (Guba and Lincoln 1985; Thompson, Stern, and Arnould 1998; Wallendorf and Belk 1989).

On-Site Data Collection Methods

Social science research and ethnographic methodologists extol the multiple methods of data collection we employed (Bernard 1988; Campbell and Fiske 1959). Specifically, we collected observational, depth interview, focus group, and documentary evidence. Consistent with prescriptions in the works of Adler and Adler (1994), Arnould and Wallendorf (1994), Glaser and Strauss (1967), Pelto and Pelto (1978) and Sanday (1979), we used multiple methods to offset limitations of individual research techniques, to generate varying perspectives, and to enhance cross-checking and trustworthiness. As is typical of extended ethnographic research, the iterative and flexible research design encouraged exploration, enabling the emergence of additional research questions, unexpected data, and a theoretical understanding. Table 1 details the data collection procedures we used and the informants we queried, and it summarizes the results obtained as keyed to the themes of our research.

Observation. Observation provides a perspective in action (Arnould and Wallendorf 1994); insights gleaned from attending meetings, activities, and interactions served as primary data. The researchers formally recorded and transcribed 99 meetings, inclusive of all stakeholders, which ranged from meetings with 300 participants to serendipitous casual conversations. As Creswell (1994) suggests, the researchers used a written protocol for observational data collection and converted contemporaneous scratch notes into expanded field notes shortly after the observed event in order to incorporate specifics about the setting, context, actions, passages of verbatim conversations, and exchanges. As is prescribed in standard references (Bernard 1988; Emerson, Fretz, and Shaw 1995), notes contained a high level of specificity to facilitate subsequent data analysis.

As Adler and Adler (1994), Arnould and Wallendorf (1994), and Stewart (1998) advocate, the researchers became active participants only when others initiated their involvement. Because of possible reactivity or changes in participants' behavior due to the researchers' presence,

TABLE 1
Summary of Research Methods

Methods	Observations	In-Depth Interviews	Focus Groups	Documentation
Systematically recorded interactions	99 interactions recorded and transcribed; encounters lasted from 5 minutes to 2 days and ranged from various levels of participation by the researchers to nonparticipative observation; 71 interactions from the progressing site, 28 from the struggling site.	65 people interviewed, some multiple times; interviews lasted 20–90 minutes; 36 people interviewed from the progressing site, 29 from the struggling site.	7 focus groups conducted; parents from both sites involved in focus groups; 3 student groups from the progressing site, 2 from the struggling site.	150 documents reviewed: 85 from the progressing site and 65 from the struggling site.
Breadth of interactions	26 classroom interactions; 43 faculty, staff training, and team meetings; 4 school advisory council; 4 parent–teacher association; 6 parent and business leaders; and 17 faculty lounge/hallway discussions	32 faculty,[a] 11 support staff, 4 principals, 15 parents, 6 volunteers, 4 school leaders, 4 district leaders, and 4 community business leaders	2 parent groups and 5 student groups	Strategic plans, school manuals, memos, survey data, newsletters, district publications, training documents, budgets, and video recordings
Primary insights gained/value of method	Commitment of local leadership, use of data throughout the school, interlocking customer requirements, involvement of stakeholders, and students' participation	Value of data to stakeholders, view of cascading leadership, and individualized perspectives on transformation and change process	Passion of parents for changes, students' involvement	Broad view of customers, resource commitment, confirmation of data from other sources, and identification of areas to pursue

[a]Numbers do not total 65 because interviewees were classified in multiple categories (e.g., parent and faculty).

involvement included answering questions or responding to advances. The researchers' extended on-site presence helped generate acceptance of data collection. Furthermore, the rapport established between researchers and participants over many months improved researchers' access to candid interactions.

Depth interviews. Intensive probing provides a perspective on action (Arnould and Wallendorf 1994). As Rousseau (1990) suggests, the researchers conducted depth interviews with 65 people to capture the breadth in cultural descriptions and to assess the similarities and differences in perspectives, including supportive and nonsupportive views. Interviews lasted for 20 to 90 minutes and were transcribed for analysis. The researchers also developed interview guides for each of the primary groups interviewed (i.e., faculty, support staff, principals, parents, and volunteers) to probe topical areas identified in the customer orientation literature. As McCracken (1988) suggests, guides help ensure that all topics of interest are discussed, yet enable the researchers to focus attention on informant responses. Use of the guides fostered a conversational style for the interviews and elicited open, unstructured responses. As Creswell (1994), McCracken (1988), and Schwartzman (1993) advise, the researchers explored topics and informant concerns as they arose. A typical, though condensed, interview guide is presented in the Appendix.

Because behavior reported in interviews typically is subject to various well-known biases, the researchers integrated interviews with observation, investigating events by observation and then systematically checking details with participating staff members immediately after the event. Arnould and Wallendorf (1994), Marshall and Rossman (1995), and Schwartzman (1993) recommend such triangulation. When a saturation point was reached (Glaser and Strauss 1967), the researchers collected no additional interviews.

Focus groups. The researchers conducted five student focus groups on a volunteer basis and with written permission from their parents and teachers. Parents that participated in two groups were chosen from the membership roles in the schools' parent–teacher associations. Following

Krueger's (1994) guidelines, we used a moderator guide and audiotaped the sessions. When possible, an assistant moderator took field notes. At the close of a session, researchers offered a summary of key research questions and asked participants to verify the summary's accuracy. Immediately afterward, researchers noted the most significant ideas expressed, noteworthy quotes, and surprising findings.

Review of documents. Documents from the district and each school supplemented other data collected. Other than confidential records, district leaders gave researchers unlimited access to materials, including formal policy statements and manuals, training materials, memos, newsletters, budgets, documentary videotapes, and strategic improvement plans.

Data Analysis

To focus, simplify, and organize data from field notes and interview transcripts, we used data reduction techniques of coding, summarizing, memoing, and periodic discussions with other informed researchers. We took care to retain the context of the data while condensing it into manageable form (Emerson, Fretz, and Shaw 1995; Huberman and Miles 1994; Marshall and Rossman 1995; Miles and Huberman 1994). We used Q.S.R. NUD*IST (nonnumerical unstructured data indexing, searching, and theorizing) software to manage, explore, and search transcribed observation and interview texts. Viewing the data from the perspectives previously described, we compared observations with the current status of theory and then revised emerging themes that more accurately reflected the garnered insights.

We primarily judged trustworthiness of results (the counterpart of internal validity in research employing quantitative data) on the criteria of credibility/internal consistency and application/utilization. As Glaser and Strauss (1967) advocate, transparency of data collection methods, data depth, data similarities and variations, and systematic interresearcher questioning of interpretation offer evidence of credibility (see also Thompson, Stern, and Arnould 1998). We also evaluated credibility by asking such questions as, Do the conclusions make sense—to informed researchers, to the informants, to the audience of this research? and Are conclusions plausible to informants and other stakeholders? (Wallendorf and Belk 1989).

Trustworthiness can be assessed by research's contribution to practice (see Spiggle 1994). In this spirit, we assessed findings for their usefulness to the focal organization in assisting decision making. As data analysis progressed, we conducted regular conferences with on-site leadership at the participating sites to share preliminary findings and to assess the managerial contribution of the insights developed. Local leaders of both organizational units altered their actions in response to the analysis and interpretation offered in this research.

Findings

The purpose of our analysis is to juxtapose our data with theory as espoused in the marketing literature and then to postulate refinements. We distilled our observations into the most noteworthy insights, and we focus on three pillars of customer orientation theory: senior leadership, interfunctional coordination, and market intelligence. As we noted previously, these three constructs are not exhaustive of the factors that condition organizational change. Nevertheless, both marketing and management researchers consistently discuss them, and they are logically central to the implementation of customer orientation.

Senior Leadership

As we expected, we found support for senior leadership's catalytic role in the transformation to a customer orientation (Jaworski and Kohli 1993). Senior leaders, in this case district officials, consistently communicated their commitment to the transformation and implemented processes for driving the changes throughout the organization. Principals (i.e., local leaders or midlevel managers) were required to participate in a uniform strategic planning process in which each school explicitly identified its customers and the customers' requirements. Senior leaders reviewed the planning documents for alignment to district goals and to ensure that customer requirements, as identified by the school and district, were addressed. If the literature's exhortation for leadership buy-in and involvement were sufficient, both operational units would be adapting equally, yet that was not the case. If senior leadership is necessary but not sufficient, what are the key factors that differentiate successful from unsuccessful implementation? Four potential refinements to theory emerged.

Connectivity to ownership for change. Our observations suggest that there is a strong "leadership proximity effect," or connection to the recognized change leaders, in implementing a customer orientation. Although senior leadership mandate and buy-in may be necessary to initiate transformation, an unbroken "circuit" of buy-in between workers (e.g., teaching staff, specialists, custodial staff, parent volunteers) and senior leaders (e.g., district officials) is necessary. If a break in the circuit occurs, the effect of senior leadership buy-in can even be deleterious. Conditioned through years of failed change initiatives, workers ignore mandates they view as emanating from top management, and they simply go through the motions of implementation by translating old activities into the new language. If workers attributed ownership of the change efforts to senior leaders only, as they did at the struggling site, transformation stalled. Conversely, greater ownership by the principal (i.e., local leader), as happened at the progressing site, produced greater commitment to transformation. Successful implementation exhibited an unbroken circuit of commitment and communication from senior leaders to workers.

At the progressing site, staff seldom mentioned senior leaders; stakeholders considered the impetus for change local. Annette, a veteran specialist, provided a staff perspective:

> [The principal] has been the number-one force getting the change started and keeping it going. I would say that she has been the one to promote and keep it going and keep it headed in the direction of ... getting the [school] plan done and putting it into action.

Parents also recognized on-site leadership as a driving force. In a focus group interview, Betsy and June immediately acknowledge the principal's role in the changes witnessed:

> Betsy [motioning toward the principal]: The [person] right there.
>
> June: [The principal] is a no-nonsense lady, she has a vision and a direction and she shares it.... She can articulate what she is going to accomplish. I believe she challenges her staff, and those that cannot step up to the plate are someplace else.... So she is cultivating a team of people who are driving and striving for excellence with the kids.

To these parents, the principal is committed to creating a customer-focused organization, and the link to the mandate of top leadership is recognized but transparent.

In contrast, at the struggling site, staff often cited senior leaders' mandate as the driving force for change. When asked, "What do you see facilitating the change here?" Leah stated:

> I would imagine that—I'm not sure how to answer that. What's facilitating the changes? I guess ... the county [senior administration] mandates regarding how these things have to be done.

Leah focuses on the district mandates and attributes no ownership to local leadership, namely the principals. Staff members also used such phrases as "program of the month" and "this too will pass." Helen portrays the changes as one more ill-fated program from top management:

> We've had [similar] things ... years ago with other superintendents.... [W]ith the ones that have come along most recently, it's my understanding that they've pulled that way of work from the business community in that the business community has been successful using different techniques.... [M]y thought was that they were wanting to do more of that…. I haven't really felt a huge impact, myself.

At this site, local leaders did not provide legitimacy for the changes as did leaders at the progressing site. Without an on-site "face" and a message for the change, Helen, Leah, and others used disembodied, third-person pronouns to describe the transformation's leadership. Ironically, workers used this "commitment disconnect" as an excuse for rejecting the initiative, insisting that the effort would fail as previous efforts had.

Even parents attributed the struggling school's challenges to external factors beyond the control of the principal. Wayne, a father of two students, described the mission of the school as "just to get through the year":

> It is real[ly] hard to stay focused with all the bureaucracy, all the expectations of the district. The goals are from the legislature. [The principal's] job is tied to [state-mandated guidelines]. He is doing a good job; he listens. But the county needs to explain why things cannot happen.

This pervasive, omnipresent, external locus-of-control perspective enabled parents, teachers, and students to accept excuses for not making the desired changes.

Commitment intensity and emotion. Although the commitment of senior leaders is a sine qua non for initiating transformation, commitment at the local level must also be communicated with passion and be perceived as authentic. Most workers can intellectualize the need for a customer orientation, but the unrelenting passion of local leaders' commitment provides energy necessary for transformation. Staff displayed a keen "authenticity detector" for differentiating sincere efforts from external mandates. The differences in authenticity and passion in the two locations are startling; for example, employees at the progressing site routinely described local leaders' enthusiastic actions and commitment. Paula, a specialist at the progressing site, disclosed the following:

> [The principal] is a wonderful role model for us.… She believes in this with all her heart. She will demonstrate the skills. She will go into a classroom and show you how to do it if that will help.

Parents also noted the commitment. A focus group participant relayed that the principal's commitment affected her relocation plans. "I interviewed her, checked into things, called her supervisor to find out more about the school and if what I was seeing was for real; then I made the offer on my house." School documents are peppered with passionate commitment, such as a note about the principal substitute teaching so that a teacher could attend a training session.

In contrast, the staff at the struggling site doubts the principal's commitment. Although the same training documents were often used and some of the same words were spoken in meetings, staff members at the struggling site evaluated the commitment of their local leader warily as they waited to see if the changes were "for real." Janice, a faculty member, describes a particular "mandate" from the principal that masqueraded as a customer-driven, faculty-led decision:

> He came in spouting these things about [customer-driven quality], and the few people who did know a few things about it ... were a little bit hopeful. And then he began to do things like make decisions without asking anybody [describes an example involving participation in a science fair].… Is this just rhetoric? That is just what teachers are waiting for ... empty rhetoric so that they can say, "*See*, we told you."

Staff members at the site observed carefully to determine whether change efforts were more than rhetoric. Janice believed that her colleagues "[were] not going to invest the time and energy in learning a new system that by the time [it's] figured out will be gone."

Driving the commitment with resources. Workers did not believe the sincerity of the transformation effort until leaders allocated resources consistently with the values they espoused. Because of ongoing budget cuts, backing initiatives with budgetary support was foregrounded and distinguished the on-site leaders' approach, especially in terms of creativity for marshaling resources.

Using a consensus process, the principal, staff, and parents at the progressing site agreed to reallocate resources, which sometimes meant accepting additional burdens. For example, they modified class schedules and shifted resources so that faculty members could meet weekly for two hours of uninterrupted training. This required institution of an after-school program on those days and paying for additional transportation charges. Raising the funds and applying the necessary resources certainly signaled a commitment to stakeholders. Personnel recognized the value of the principal's focused networking for resources by bringing experts into the school for seminars and providing additional training. The assistant principal explained:

> [The principal] is so focused on high student achievement and making good things happen for the kids here ... that she's out there beating the bushes—"where can I get the money to send my teachers for training."

At the struggling site, there was little effort expended to find additional resources, and workers often used the lack of resources as an excuse for not engaging in customer-focused activities. For example, the parents at both sites requested parenting classes. The reflexive response from the struggling site was, "We can't do that; do you know what that would cost?" At the progressing site, the principal rearranged responsibilities to enable a guidance counselor to offer parenting classes after school. Although each had the same opportunities, local leaders reacted bimodally to financial challenges.

The cascading leadership role. Successful implementation of a customer orientation required pushing leadership and decision making to operational levels. When senior leaders had formally bought into a customer orientation and persuaded local leaders of its importance, decision making could shift to local leaders. When local leadership had become committed and had persuaded staff members of the relevance of a customer orientation to their jobs, decision making could shift even deeper into the organization. This "shared leadership" activates line personnel to become involved, ensuring strategic alignment throughout. Paula, a specialist at the progressing site, acknowledged this importance to the transformation:

> I do not believe we would do as well and be as far and have all the involvement and support from the community and district-level people if it wasn't for what [the principal] has done. But, I also realize that she and we ... would not have gotten as far and done as well if all of us ... down here weren't doing our thing either, because she couldn't have done it all by herself.… So, I realize that she needs us and we need her.

The assistant principal at the site also recognized the critical role of shared leadership:

> Probably 15 people on this staff that ... you might say are real leaders ... have ... gone over and beyond as far as training and desire to acquire more knowledge.... [They are] key people in working within the individual groups, supporting each other, encouraging others to grow. So, [the principal] is the acknowledged leader and none of this would have happened without her because she's had the good sense to ... share that role with other people.

Through this shared leadership process, ownership for learning was eventually passed to the students, and at the progressing site, teachers were viewed as "learning facilitators" rather than teachers. This is illustrated vividly in the following interaction between a first-grade student and her teacher in which the student has just read an essay to the class from an exam that ends the sentence, "Now I am smart because of [my teacher]":

> Teacher: I thought that was a really, really good story, but I just need to ask you one thing about your ending: Are you smart because of me?
>
> Student: Oops…
>
> Teacher: Are you smart because of me?
>
> Student: No.
>
> Teacher: Why are you smart?
>
> Student: Because of me.
>
> Teacher: Because of you. Who's in charge of your learning, me or you?
>
> Student: Me.

This shared leadership model enabled the principal to send the problems to the grade-level teachers and students, who determined the solutions. Ashley, a fifth-grade student, explained:

> In the old kind of school, the teacher made all the rules, the teacher made the decisions, the teacher made the discipline systems, but in the new idea, like at [the progressing site], the kids have more of a say in how things are going to be done. The adults say what needs to be learned, but the students say how it is going to be learned.

At the struggling site, a different leadership model was apparent, one that was largely autocratic, rigid, and unshared. As in the earlier statement from Janice, the principal went through the motions prescribed in training to "share" authority and use customer input. However, faculty members remained wary. Leah described the perspective she perceived among her coworkers:

> I think that a lot of people on our faculty feel manipulated ... because they're not sure whether they are being included or whether they're not.… There's a progression that you have to see to know whether or not that this is really meaningful ... [or] to know whether it's ... the honeymoon period or ... for real.

Faculty members wanted to know from the principal whether they were once again being manipulated or whether their participation in decision making was valued.

Interfunctional Coordination

The customer orientation literature contends that the focus of effort in the organization must be toward satisfying customers while meeting organizational objectives. Work processes throughout the organization must be designed to add value to the ultimate customer. As do our findings on leadership, our data support the importance of such interfunctional coordination; however, a richer understanding emerges when we compare successful implementation efforts with those at the struggling site. We discuss two refinements to theory in the following sections.

Complex interlocking customer orientations. The customer orientation literature suggests that consumers' needs should arbitrate organizational decision making so that efforts are aligned and coordinated. However, the determination of these needs can be complex. A district document explains the following:

> The aim of the system is to meet the customer's requirements. Determining who the customer is and what product or service of value to the customer the organization can deliver is the first step in creating a system of continual improvement.

As we described previously, we defined the entities that received the output of the school's effort as the central, but not the only, customers so that each school could tailor its customer definition to meet particular requirements of the customer schools. Sensitive to its student population, community, and program focus, each school was encouraged to embrace an appropriate complement of customer requirements, as long as meeting those requirements aligned with global district performance measures and requirements. Within each school, programs could have different foci because of varying customer requirements; for example, vocational education had different customer requirements than college preparation programs.

As this process for setting requirements cascaded through the system of schools, leaders admonished each elementary school to set requirements based on its primary receiving middle school and other entities, such as future employers, parents, and students, depending on the nature of the school and its community. When customer requirements had been defined, the challenge was to align the efforts of diverse work units in the school system, including administrators, teachers, and support staff, to achieve shared goals. The principal of the progressing site explained the challenge as follows:

> When we are going into the criterion reference testing, the kids are ready to do it and can't wait to get the results back, because it is based on their level, what they've accomplished, and they can see where they are relative to their goals. The learner runs his or her system like that, that is, aligned to the classroom, which is aligned to the school, which is aligned to the district, which is aligned to the state [department of education].

The ways the two schools in our study addressed this "interfunctional coordination" offer insights and extensions to theory. Consistent with the district's initiative, each principal discussed the importance of the middle school in defining success and in setting performance requirements. Each principal conducted a meeting with its respective middle school principal to begin the process of communicating requirements and assessing performance. While observing these meetings, we noted the tension among participants, which primarily arose from long histories of conflict. Both middle school principals seemed to view the exercise as unnecessary work, and they participated only as required.

The principal of the progressing school did not let the middle school's lack of enthusiasm and initial overt rejection of the initiative deter her. District leaders intervened to set up meetings between all fifth-grade teachers at the elementary school and all sixth-grade teachers at its customer middle school. Observational notes document the results of this meeting:

> The highly strained meeting began with [the elementary school principal] unequivocally stating that the goal of the school was to satisfy the needs of the middle school teachers, and any deficiency in any student would be addressed with their cooperation. An open and honest dialogue was needed to ensure success in meeting that goal…. Within minutes the atmosphere warmed and a dialogue began that resulted in a list of improvements needed.… Faculty established performance goals for the next year and created a communication system that bypassed administrators, allowing sixth-grade teachers to talk directly to fifth-grade teachers.… Participants listed data, grades, discipline reports, and test scores and created a method for disseminating those data.

Analysis revealed that many deficiencies articulated by the middle school's sixth-grade teachers resulted from performance shortfalls that occurred before the fifth grade. They then created a system inside the progressing site by which they identified fifth-grade teachers as the customers of fourth-grade teachers, fourth-grade teachers of third-grade teachers, and so forth, until the entire school was a tightly connected, interfunctional system of customers meeting other customers' requirements. The principal articulated the traditional problem and the new philosophy uniting functional specialties as follows:

> It is teamwork across the board that has to occur. What I [mean] is that it just can't be second-grade teachers that work together efficiently and effectively. It has to be second-grade working with fifth [grade] and second grade working with kindergarten and second grade working with cafeteria and the office staff. It has got to be all those interrelationships. Schools traditionally have been in little silos by grade level. The cafeteria is over here and [physical education] is out here, and the art department is over here. No one is here for the same purpose.

Moreover, individual teacher performance was partly assessed on the basis of student data collected in the following years in subsequent grades, which had a side benefit of reducing any "gaming" of test scores. Because communication and data flowed regularly, performance deficiencies could be identified and corrections made as the faculty united to meet the requirements of the middle school.

At the struggling school, the principals also emphasized the importance of meeting middle school requirements and coordinating activities; however, there was much less enthusiasm, and an inward focus prevailed. An assistant principal explained the following:

> The thinking tends to be more in line with aligning everything we do with curriculum, the training so that it all leads or focuses on the child and what's best for the child…. I think in the past, though we've done a lot of good things, … individual teachers have done what they thought. But, I think that now, with the [state documents],… we're all working toward the same mission. And that's going to affect student achievement in a positive way.

This administrator recognizes the benefits of alignment. Nevertheless, no articulation meetings occurred with middle school teachers, and virtually no data were transferred between grade levels. Although teachers were organized into grade-level teams, minimal communication occurred across the teams; rivalry and blame tossing occurred regularly. Janice, a fifth-grade teacher, articulated the difficulties she faced in attempting to share information:

> That could be why we are so compartmentalized, because there is no organized or systematic way to talk to other teachers. And if we do talk to other people ... like if I were to go to the third grade and say "are you teaching the paragraph?" they would be defensive about that; they would think that I was suggesting that they are not teaching the paragraph, when I might just be asking for information. But I would hesitate to do that on my own.... If there were

some way of asking those kinds of questions in a non-threatening way, I think teachers would like to do that.

Internalized, shared mission and vision. Following prescriptions in the literature, both sites created highly visible mission and vision statements designed to create a sense of common purpose and facilitate interfunctional coordination. Although they were distinctive, both schools' statements aligned with the district's well-publicized vision of high student achievement. Because the process follows the prescriptions of management theory, what caused the differences in each site's adoption of a customer orientation? Our data suggest that a philosophical questioning of the true aim of the school and a personalizing of the resultant insights lead to an internalized customer orientation. This synthesis enhanced interfunctional coordination by aligning efforts.

At the progressing site, the participants' questioning of the vision statement produced a dramatic shift in the philosophy of the school and its members. The principal articulated this philosophical shift as follows:

> We've changed our teaching model to a learning model.... You see, for years in education we've had a teaching model, in which the only objective of the system has been to teach the curriculum, to teach the textbook…. What we've tried to do at [the progressing site] is to look at what the kids already know. What do we need to take them higher to other levels? We have made the system adapt to meet their needs as the worker[s] in the system.

The result of the revised process was an altered understanding of the school and its purpose that staff members, students, and parents could articulate as a philosophy. For example, Beth, a teacher's aide and parent at the progressing site, explains what she considers the vision of her school:

> To have children coming out of each grade level being able to function at that the grade level or higher—to have a love of learning, to be excited about coming to school. For [children] ... to value education and to value what it will do for them, instead of it just being a place that they have to be and have to do their time. A place for them to enjoy to come to see—to feel safe and feel free to express themselves.

Beth has translated the school's mission into a meaningful statement of personal beliefs. This internalization of dedication to student learning indicates personal understanding of and commitment to what the school is creating. This personal commitment extended schoolwide to such mundane changes as custodians modifying the lawn-mowing schedule to avoid disrupting students' exams.

In sharp contrast, at the struggling site, the revised process resulted in a mere restatement of what already existed without substantive questioning or refocusing efforts from participants. Staff response to an interview question about the mission of the school generally yielded vague references to the district's "high student achievement" goal. Articulation of the mission beyond this well-used phrase was scant and without meaning. Anna, a teacher of nearly 20 years, described the vision of the school as follows:

> I think the mission statement says it pretty well. I don't remember it all, it was developed a few years ago. It talks about responsibilities. We've got to educate our people to go into the world of work and family, to be better people.

Because there was no questioning or resultant internalization, the process was a mere exercise. Going through the motions of creating statements served little value and was deleterious, because it was mocked and ridiculed. Julia, a new teacher, elaborated on the vision from her perspective:

> We wrote up this wonderful vision statement [lightly sarcastic tone]. Did I understand what our true vision was from the vision statement? I don't think so. I don't know whether my personal vision is what [the school's] vision is.

Our data show that when staff members do not share a personalized, internalized vision, their efforts are not coordinated with or guided by a common purpose. Without a common purpose, staff members become advocates for their own situation and become relatively insensitive to others' needs. This pernicious outcome is evident in observational notes from meetings at the struggling site about the use of discretionary funds:

> As one person from each group presented their ideas, others questioned and some made comments under their breath, such as "that's stupid," "it's not just for us," and a number exhibited very closed body language. As the discussions became heated, one staff member said, "It's not a war between this grade level and this grade level," to which a teacher responded, "Yes, it is! We need the unit; we want the unit!"

Throughout this lengthy and rancorous decision process, staff members stated that they "wanted what was best for the children." However, without a shared vision, achieving this nebulous goal across functional units proved onerous, and decision making became a battle of functional agendas.

Market Intelligence

Current theory and practice reflect the importance of using market data to facilitate decision making, which ultimately ensures that organizational performance meets marketplace demands. As we discussed previously, marketing theorists emphasize the value of disseminating market intelligence widely in the organization so that improvements can be made that will affect the organization's position in the marketplace. Our observations reinforce previous researchers' emphasis on the importance of external customer and industry data (market intelligence per se) on the implementation of a market orientation. However, we extend this research by showing that the integration and unification of external data with internal customer data prove critical to success, thereby expanding the traditional meaning and use of "market intelligence" in the literature. For example, the market intelligence for third-grade teachers and students became, in part, fourth-grade class requirements, as established by external state mandates and internal fourth-grade teachers' demands. Success arose from articulating both external and internal requirements and unifying them into a comprehensive approach to service delivery.

Our observations reveal the value of robust tracking of multiple customer satisfaction indicators, including those of internal customers, and tying operational performance to measures across multiple stakeholders. Because the district defined the primary receiving middle school as the key external customer, an innovative system reported performance data (e.g., standardized test scores, grade reports, discipline data) as students moved through middle school. The data were presented in comparison with data from other feeder elementary schools to provide a competitive assessment. Both schools used the objective data to drive discussions about improvement, as we discussed previously and as marketing theory suggests. Nevertheless, radically different processes emerged for combining and using robust internal and external data. Articulation of these differences offers some potential insight into theory extension.

Extracting causality from robust stakeholder data. At the progressing site, a desire to make decisions with robust stakeholder data rather than intuition emerged. The end result was the flushing out of causality; that is, rather than merely track the output of the system (i.e., academic performance on test scores at the middle school), stakeholders collected information from many vantage points to understand which operational activities affected performance. The progressing site's principal described some aspects of this intelligence system as follows:

> At the end of six weeks after we open the school, I do a survey with parents—how did we do at opening?… And we improve the process.… We do a climate survey in the spring about just general questions to get at how parents are feeling about what we are doing. It was a survey developed by our staff that we do here and collect comparison data. We do a survey with the kids.... All that is put together at the end—what do you like that we are doing and what do you not like?… We do climate surveys for staff to see how they are doing in terms of how they are feeling ... and we use the same survey with them that we use with the parents so that we can have comparative data.… I do needs-assessment surveys with staff on what they need in terms of training. I do that at the end of the year so I can plan for the following year.… We survey after every night event, how we did, whether it met [attendees'] needs. We want to know if we should continue that event the next year or how could we improve it.

For each source of information, the principal recognizes the value of incorporating information into decision making, she understands the need for information, and she is willing to collect what is needed. By systematically generating data from stakeholders and acting on the data, the local leadership demonstrates the importance of these activities to school performance. The principal's desire to make informed decisions based on feedback was transferred to schoolwide stakeholders. To illustrate, a teacher, Lori, discussed her customer groups as follows:

> [They include] our parent population, our student population, our community population, the business leaders in this area that are working with us on [committees] and in volunteering situations. I have volunteers that come over every week from [businesses] across the street … and we are listening to what our parents want, and we are listening to what the kids are saying.

Expressed needs collected from a wide range of stakeholders for use in decision making became integral to the operations of the progressing site. Arlene, a kindergarten teacher, explained, "at the beginning [of the year], of course, all the classes met with the parents to find out what they expect. And it wasn't all the academics." Particularly salient is her casual use of the phrase "of course"—"of course" teachers ask for input from parents at this school. Making decisions based on stakeholder input and customer data became a behavioral norm. Evidence was throughout the school. Data covered hallways, classrooms, and even the cafeteria. School bulletins bristled with charts and graphs. Faculty discussions revolved around data, especially meetings between "supplier" and customer grade-level teachers. Even students used data to drive classroom activities, including surveys developed by students for students. In planning changes to cafeteria seating, students assessed the current level of student satisfaction with the cafeteria using a survey they initiated. More than just external market intelligence, the school became a web of both external and internal markets with mutually aligned needs that were satisfied simultaneously.

At the struggling site, far less importance was placed on using information to make decisions. Intuition and experience dominated decision making. The decision to "team teach," or pair teachers and classrooms so that each teacher specializes in a subject area, illustrates this lack. Anna, a teacher for more than 15 years, explained her motives as follows:

> Teaming has advantages and disadvantages for the teacher. You have fewer subjects to teach and therefore fewer lesson plans, but then you have 50 students to deal with and more conferences and more sets of parents.... I don't think it really makes a difference to the students.

In a subsequent interview discussion, a parent in Anna's classroom mentioned the issue of team teaching and the effect it had on her child: "One thing I do have a problem is with the way that they have two teachers sometimes. It's confusing to the kids … to have two teachers, and teachers don't get to know their children as well." Had teachers solicited feedback from parents and students, a different approach might have been used, one that might have improved student achievement. Because of the absence of feedback and data, discussions at the struggling site were based on opinion, fads, and narrow personal perspectives. Meetings between grade-level teams were contentious and volatile, as illustrated in the observational notes we previously reported. The school's nonreliance on data led to many suboptimal decisions and reinforced ineffective decision processes.

Tying operational performance to customer requirements. At the progressing site, an elaborate system emerged for disaggregating customer data to highlight the effects of specific operations on performance. Thus, the effect of each teacher and classroom on student performance could be ascertained. The principal at the progressing site explained performance in a specific grade as follows:

> We have [proved] with hard data of student achievement what can be done. There is no denying it. For those people that have been the naysayers … their [class's] reading assessments are not as high, their math assessments are not as high, because they are just now starting.… It is pretty obvious that the two high performing teachers that have put these scores at a 93% level are … the two teachers who

> have a vision statement. They are the two that have been running their classroom based on that vision statement.... The kids are responsible for their behavior; they are independent workers.

The link between classroom activities and meeting stakeholders' performance requirements was made explicit to teachers and students. Deborah, a teacher, explained to her first-grade students how their performance improved to meet standardized state norms, a customer expectation:

> We started below grade level. Did that frighten us? No, it didn't frighten us, because we talked about action plans and our personal goals.… Now, boys and girls, when you started in September, 100% of you were at Stages 1 and 2, below customer expectations. In January, we shared the data and 100% of you in January were on or above.... [W]e didn't take naps in here; we didn't stop working in here. We kept on going. Now, we have had our March assessment, and wait until you see what happened. [She explains that 100% of the students are now fully above grade-level expectations.]

Similarly, Nina, a fourth-grade student, explains a benchmarking system for students:

> We keep track of our own grades and averages. It helps us, because before we started keeping track of our grades and averages, we didn't know where we were and what we needed to improve on. So, we always kind of guessed and just kind of went with the flow. But now, anytime you want to see your average or know what you need to work on, we always just go to our desk and open up our data folder and go straight to the back and find it, because we always know where we are, using this chart.… It really helps. We have one of these [data folders] for each subject—reading, writing, math, social studies, and science.

These are but two examples. Throughout the progressing site, data drove decision making from school to grade and from classroom to students' desks. Staff members disaggregated data to create a robust picture of performance, and data were explicitly linked to the performance requirements of stakeholders, primarily but not exclusively customers at the receiving middle school.

In contrast, at the struggling site, there was no analogous system despite measuring and tracking of academic performance as senior leaders required. Staff members gathered informal, ad hoc, disjointed information. A specialist explained her approach as follows:

> I like to talk to people and get a reaction from them. "How do you think this is working?" I'm a nut about surveys. I think surveys are important. I think [there are] many people that we can't access to talk to verbally and sometimes they're willing to do some little survey to say ... "This is how I feel about things," where they would hesitate otherwise. And I like to observe and see how things are happening.

In probing for more information about the surveys this faculty member had used, she mentioned only one from the previous year. Tellingly, in it she had discovered at the end of the school year that parent meetings had been scheduled all year on Wednesdays, the day parents considered most inconvenient. Again, going through the motions yielded no actionable result, yet the specialist was proud of her efforts.

Discussion

Two limitations of the research reported herein provide opportunities for further investigation. First, because of space limitations, we do not offer theoretical contributions or practical recommendations about such issues as conflict resolution, reward systems, and the adoption of formal rules in facilitating the transformation to a customer orientation, all of which are important concerns in the market orientation and organizational change literature. Our data are supportive of their importance, but we leave these issues to a future discussion. Second, although our results contribute to the theory of customer orientation, we cannot assess the generalizability of our contributions without cross-sectional research that assesses the relationships between the practices and outcomes we identify. We expect our results to prove robust in service industries that have decentralized functional units that respond to complex stakeholder requirements, but their predictive value in other contexts is less certain and begs further research.

With these limitations in mind, our purpose was to provide an understanding of how organizations might create and implement a customer-focused culture or orientation. A school district provided a rich empirical context because it had never espoused a formal customer orientation, yet it began a cultural transformation explicitly guided by the market orientation literature. Data collection from a matched sample of organizational units (schools) as this transformation occurred in real time provided empirical insights that are not easily gleaned in case studies of successful transformations alone, cross-sectional surveys, or post-hoc executive interviews.

What do the results contribute to theory and practice? Foremost, although generally supportive of current theory, our research suggests that it is incomplete. This is evident in the dichotomous results we reported for each site's implementation of a cultural transformation guided by market orientation theory. At the end of the research period, virtually all students at the progressing site were at or above grade level, performing at levels comparable to students with the highest socioeconomic status in the district and state. The school was even recognized with the state's quality award for its accomplishments as a business, not necessarily as a school. In contrast, students at the struggling site continued to perform at the level predicted by their socioeconomic status. In defining the mechanisms that differentiated the diametric outcomes, several potential theoretical refinements and practical implications surfaced.

First, as marketing theorists desire to assist executives in fostering a customer orientation, our findings support the importance of focusing research attention on the role of leadership throughout the organization. Unlike current theory, which focuses almost exclusively on senior leaders, our data suggest that for staff members to internalize a customer orientation, they must experience an unbroken circuit of passionate, sincere, unified, and committed leadership from top levels to local managers. Any break in connectivity dilutes and can even negate top leaders' positive influence, especially if the break occurs in close proximity to workers. The history of failed initiatives for change that are evidenced in the school district is not dissimilar to that of private industry, and any reason for believing that senior leaders' admonitions for transformation to a customer orientation are not sincere may be met with cynicism and retrenchment. Although our research points out the importance of resource allocation as evidence of sincerity, the transformation was most effective when workers witnessed unified and concerted leadership "walking the walk" of customer orientation, thereby presenting evidence of its acceptance by the organization as a valid philosophy for improvement. In other words, our work is consistent with Kohli and Jaworski's (1990, p. 9) hypothesis that reducing organizational ambiguity about leadership commitment encourages adoption of a customer orientation. To managers, our research suggests that empowering local-level leadership is key to the practical success of implementing a customer orientation. Further research focused on local leadership or middle-management dynamics could provide additional guidance to organizations that want to transform to a customer orientation.

Second, our findings support the centrality of customer requirements and performance feedback from customers in achieving the interfunctional coordination and alignment required in a customer orientation (Webster 1994). In our research, emphasis on the nonnegotiable necessity of satisfying immediate external customers (middle schools), supported by data, became the glue that held the transformation together and helped unify diverse staff efforts. In other words, both formal (e.g., meetings between grade levels) and decentralized intelligence dissemination led, in Kohli and Jaworski's (1990, p. 9) terms, to enhanced "interdepartmental connectedness." The culture that emerged empowered stakeholders across functional specializations not only to disseminate intelligence as some authors' data suggest (Kohli and Jaworski 1993) but also to deliver value to customers both internal (teachers at the next grade level, students within grade level) and external (parents, supportive business groups, middle school teachers).

When this culture finally reached the students and students internalized performance goals and recognized the school's unified commitment to meet them, their scholastic performance improved. In other terms, as Kohli and Jaworski hypothesize (1990, p. 13; Jaworski and Kohli 1993), organizational consistency led to improved esprit de corps associated with improved performance outcomes. To managers, our data illustrate the advantages in terms of stakeholder commitment that accrues when the organization addresses complex customer requirements head-on. With well-articulated and shared customer requirements, outcomes were easier to evaluate, and improvements based on facts rather than on intuitions and opinions could be made.

For marketing researchers to disentangle the dynamics of interfunctional coordination or interdepartmental coordination as shown in the variable results obtained by Jaworski and Kohli (1993), we emphasize learning more about the role of internal and external customer requirements when establishing an organizational culture that is conducive to a customer orientation. We witnessed a culture emerge that was dedicated to satisfying a wide range of customers, both internal and external, some of whom had competing priorities. When addressed directly, interdepartmental conflicts diminished, in turn reducing tensions and blame in the organization. This transformation galvanized the functional specializations in the organization toward meeting a cohesive set of organization-wide performance requirements. With these interlocking customer needs, staff members connected more tightly with other functional groups and with various key customers, resulting in greater communication of shared expectations and intrastaff support.

In summary, our data support a theoretical argument in favor of interfunctional coordination, or "connectedness," driven by prioritization, personalization, and empowerment in meeting interrelated customer needs. Furthermore, to managers, we argue that this connectedness is a central factor rather than a singular one in implementing a customer orientation. Further research should investigate the cultural transformations of other organizations to determine the extent to which the interfunctional dynamics we witnessed can be generalized, so that more can be understood about interfunctional coordination and how it affects organizational performance.

Third, as Kohli and Jaworski (1990) argue, our research certainly reinforces the desirability of collecting, disseminating, and using market intelligence. Our research suggests that market intelligence, as defined solely by external factors, presents an incomplete portrayal of the intelligence needed for transformation. Although our research does not discount the importance of external customer data, the link of internal customer data with external requirements surfaced as a critical component in implementing the transformation. More needs to be understood about the role of customer-focused data in the transformation to a customer orientation.

Many organizations collect customer-focused data, but our research suggests that when the data are widely circulated and become a shared organization-wide platform from which decisions are made, a customer orientation prospers and becomes self-reinforcing. When fully instituted, the use of both internal and external data becomes a behavioral norm, so that data, rather than intuition or opinion, drive discussion, helping to both reduce discord and improve esprit de corps. The sense of control that emerged empowered stakeholders to be proactive in responding to an increasingly demanding environment. During the transformation, the locus of control shifted from external to internal, especially among students, who uniformly believed they were in charge of their learning. Moreover, for managers, our results suggest that when customer-focused data are habitually used to flush out causation in performance outcomes, it is an indicator of the transformation's maturity.

Our research highlights the desirability of additional research on the effects of a customer orientation transformation on staff empowerment and sense of agency. Although we observed these changes as they occurred incrementally over several years, new arrivals are always amazed at the tremendous sense of control exuded by staff and students at the progressing school. This control partly emerges through the use of customer-focused data, clear expectations, and an interconnected environment that is conducive to meeting the demands that internal and external customers place on the organization. The observed differences made in individual stakeholders at the progressing school, in contrast with the struggling school, are profound.

We end this article on a personal note. Our faith in the robustness of the marketing concept, as a pragmatic guiding philosophy for organizations regardless of context, was reinforced and renewed during this research. Witnessing the transformation at the progressing site showed the positive differences that could be made in people's lives when the marketing concept was adapted appropriately to an unusual context. We urge fellow researchers to consider educational and other nonprofit organizations as a venue for applied marketing research and service. The needs are tremendous, and this research illustrates the potential practical and theoretical rewards.

Appendix
Interview Guide: Faculty Members

Introduction

Brief explanation of the research purpose: understanding organizations that are in transition from the point of view of the people inside the organization. Tape recording for *my* purposes. *No one* else will ever have access or knowledge of these discussions except anonymously. Your name will not be related to anyone.

> Would you tell me a bit about yourself? How long have you been teaching?

Broad Questions

> How would you describe what is happening here at [the school]?
>
> What are the reasons for the changes?
>
> Who benefits from them?
>
> What effects do the changes have on people here at the school? Teachers? Staff? Students? Parents?
>
> Are there people who are troubled by these changes? Please describe.
>
> What facilitates these changes?
>
> Are there obstacles to the change process?

Reminder: Do they mention customer? Have they indicated whom they view as the customer of [the school]?

Leadership

If they have mentioned leadership in the previous section:

> You mentioned _________ in the facilitators of the changes here at [the school]. I would like to talk a bit more about this.

If they have *not* mentioned leadership:

> I would like to talk a bit about the effect of a few things on [the school].

Questions for both responses:

> You mentioned the importance of _________; what is he/she doing that is making this sort of impact?
>
> Can you give me some examples of what he/she is doing?
>
> Are there any other people that have helped you to understand these changes?
>
> How would you describe the vision/mission of the school?
>
> How did this vision/mission come about?
>
> Do you see changes at [the school] supporting the mission you described?

Interfunctional Coordination

> Are any people working together in groups to make changes at [the school]?
>
> Are you working with anyone to make changes here?
>
> Please describe what you are doing. Who is working together? What is being done?
>
> What are some of the activities that your group is working on?

Market Intelligence

If they have mentioned anything that leads into this topic, such as training, grade-level teams, communication:

> I'd like to discuss the _________ you mentioned.

If they have not:

> I would like to talk now about customer/students' needs.

Questions for both responses:

> What do you think your students' needs are?
>
> Over the past three years, has your understanding of students' needs changed? How so?
>
> Have you seen the expectations of students and their parents change? In what ways?
>
> Where do you gather this sort of information?
>
> Can you give me some examples of the sources of information you use?
>
> Has this information affected the way you do your job? Please explain.
>
> Has this sort of information affected the way [the school] operates? How so?
>
> Can you give me some examples of programs that have been instituted at [the school] this year?

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