

# Social Responsibility Is More Than a Good Idea

**Mutual respect should govern all business relationships, even in speech technologies**

**A**re speech recognition manufacturers in the same league as used car salesmen and politicians? Some value-added resellers (VARs) might say *yes*.

Value-added resellers, as their name suggests, add value to the products they sell. This value may be in the form of providing presales support, end-user training, or product customization. To provide these services, VARs require a comprehensive understanding of the products they sell.

To be a speech recognition VAR, for example, one should know not just how to use the software, but what microphones are best suited for particular types of people, jobs, or environments. One should understand the differences in peripherals, be aware of the software's limitations, and be able to troubleshoot when a client calls with a problem. Implicit in this skill set is a commitment, made by the VAR to the manufacturer.

To ensure this commitment, some manufacturers require prospective VARs to "pay to play." If you want to sell the product, you have to shell out several hundred dollars to purchase a starter kit. Then there's the training one must attend. And don't forget, a few hundred bucks more to get recertified when a new version is released.

Many VARs don't have a problem expending their time and cash to achieve a level of proficiency, especially with a product like speech recognition, where services are such an integral aspect of a successful implementation. How can you configure, train, and customize when you don't know how to use the product?

But manufacturers have a responsibility to make a commensurate commitment to the VAR channel. It's not reasonable for a manufacturer to sell products directly to end users. Even more offensive is a manufacturer selling direct at a price that is less than the VAR's wholesale price. Certainly a manufacturer should not send prospective end users to the local VAR for a free demo, and then ask them not to buy from the VAR but to buy direct instead.

Corporate Social Responsibility (CSR) is a concept that imports greater obligations on companies to look past the bottom line in the short term and incorporate the interests

of customers, shareholders, and the environment into their long-term business strategies.

Home Depot is introducing a line of products that promote sustainable forestry, possibly because, without conservation, wood will become more expensive, increasing production costs. Vodafone implemented a pilot program in Kenya enabling customers to access cash via their mobile phones, not for philanthropic purposes but because the company sees significant growth potential in low- to middle-income countries. Starbucks' CSR strategy emphasizes fair trade practices, including "treating each other with respect and dignity."

"Companies have known for years that the cost of obtaining a customer is 10 times that of retaining one, so losing a customer due to poor service is among the greatest failures of a company," says Andy Springer, managing member of Resolve Capital, an investment advisor that invests in companies that promote sustainable economies,

and also my brother. "VARs pay to be customers; losing them because of poor customer service is just wrong."

Manufacturers, in their zeal to maximize the bottom line, may forget that VARs are not only very important customers, they're partners as well. Manufacturers that rely on VARs to provide end-user training and first-level technical support rather than using in-house employees to provide these services save costs of salaries, benefits, and overhead. Delegating in such a manner enables them to focus on improving their products.

Manufacturers need to take care of all their customers, including VARs, who are an integral part of the selling process, and they need to do so on a consistent basis. "Reputation risk in business is growing due to greater access to information, including the Internet," Springer says. "People care about where their money goes. If they don't feel important, they're going to go elsewhere." ☒

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Robin Springer is the president of Computer Talk ([www.comptalk.com](http://www.comptalk.com)), a consulting firm specializing in the design and implementation of speech recognition and other hands-free technology services. She can be reached at 1-888-999-9161 or [contactus@comptalk.com](mailto:contactus@comptalk.com).