MODELING CUSTOMER SATISFACTION

INTRODUCTION

These days, **successful organizations are customer driven.** From thirty-minute pizza deliveries to outstanding healthcare, consumers' service expectations are higher than ever. Even loyal customers can be turned off quickly in such a competitive environment where options are plentiful

Even so, organizations **tend to get internally focused** and enmeshed in operations. And more often than not, what the customer wants and needs gets misplaced

The following Customer Satisfaction Model program describes a participative way to look into the **relationship** an organization has with its customers. Customers, in this case, can be defined as someone who chooses to use your organization over someone else's

Customer Satisfaction Modeling offers a tremendous opportunity to **create strong quality differentials** between an organization & its competitors. However, positive results come only from an active, daily investment in quality assurance exerted throughout the organization from the top down. This model is based on that premise

STEPS IN A CUSTOMER SATISFACTION MODEL

PHASE I

A. **<u>Department training and preparation:</u>**

A session within the department to **outline the purpose** of the Customer Satisfaction program, background and related theory as necessary, in order to create understanding and buy-in for the process

B. **<u>Defining who customers are:</u>**

Members of the department then **develop lists of internal & external customers**; and prioritize the lists

C. **<u>Modeling what staff think satisfies customers:</u>**

With these specific customers in mind, staff then **develop their definition of a satisfied customer**, in terms of very specific behaviors: How would a satisfied customer look, think, feel; what would their next action be, what would they tell others, how might they react to future events & appeals, etc.

This sets **benchmarks**

- For research with customers, and
- For departmental goal setting

D. **<u>Exploring barriers to delivering satisfaction</u>**:

Then, department staff **create an initial list of what is currently "in the way"** to delivering customer satisfaction as defined by the model. This begins empowering them by considering areas for change

- In process, and
- In attitudes that may be needed to deliver customer satisfaction

End product: *A draft model of what constitutes Customer Satisfaction from the viewpoint of those who must deliver it*

PHASE II

A. **<u>Getting customer input</u>:**

Gather a representative group of customers, or conduct research to

- Critique & correct
- Identify the current status of customer satisfaction on each point of the model as drafted by the department

B. **<u>Two complimentary types of research are recommended:</u>**

1. A series of **focus groups** (minimum of 2) to

   a) **identify status of customer satisfaction** areas of problems, opportunities, etc.

   b) let customers critique the staff's draft model & thus **draft** *their* **model of a satisfied customer**

2. **Brief survey research** to verify and give numerical credence to the findings of the focus groups (the numbers tend to eliminate attacking of the data and therefore potential inaction on the part of the staff)

   We suggest telephone interviews be made by *staff*, with assistance as required from the public relations department (our "Volunteer Research Method"), as a further reality check & training device. There's nothing like hearing customers describe how they feel in their own inimitable words.

End Products: *A model of what satisfies customers designed by those customers themselves; and a baseline of data against which to measure progress*

PHASE III

STAFF DESIGNS AN OPERATIONS PROCESS THAT WILL CARRY OUT THE MODEL

A series of sessions (at appropriate intervals to allow for internalization of the material and consideration of data & solutions) are held in the department to:

1. **Present the results of the model as adjusted** by the customer panels & the customer research

2. **Design a very specific action plan** for "closing the gap" between the model & current status

3. **Review the barriers** identified in Phase I to be sure they have been eliminated or overcome, and

4. **Work through steps in implementing** the plan & follow-up to assure successful use by all members of the

End Product: *A staff-designed step-by-step action plan linking operational procedures & staff behaviors to delivering Customer Satisfaction. By nature, this has more buy-in than management-mandated plans*

PHASE IV

ONGOING EVALUATION OF PERFORMANCE

Later (6 months to 1 year as designed in action planning by staff):

A. **Research is replicated** (entire study or just pieces) to ascertain improvements in customer satisfaction levels

B. **Model is revisited by staff** to determine achievability in light of recent work, and make adjustments as required

C. **Action plans are updated** to reflect new goals

D. If desirable, a **Customer Satisfaction Index** can easily be developed from the findings of this process, based on regularly replicated research (which can be complex or simple, as fits the circumstances)

- This is a powerful tool for *keeping customer satisfaction on everyone's mind*

End Product: *Continuous staff attention to Customer Satisfaction by keeping responsibility for renewing the program in their hands*

1. **BE PREPARED FOR A REALITY CHECK**

   Don't expect the program to "tell you what you want to hear." It is not for the squeamish. Department Heads and Group Leaders will have to admit to shortcomings (because no one does this perfectly) and be prepared to hear what **customers** have to say. Just as a doctor diagnoses a patient, this process must find out what is really wrong before a treatment can be prescribed

   Senior management will also see that it will have to "hear the worst" in order to make improvements. You can't manage what you can't measure. But the result will be improved customer service and staff productivity, through better working relationships

2. **IDENTIFYING BEHAVIOR MAKES THE DIFFERENCE**

   Unless we talk in terms of actual **behaviors** that can be changed or motivated, tangible ways to improve cannot be determined. We are used to describing our "feelings" or expressing our "opinions," but it is crucial to identify what it is we are doing or not doing to either reinforce or change daily behaviors in dealing with customers. For example:

Attitude:	*A customer* ***feels positive*** *about their experience working with the organization*
Desired Behavior:	***Recommends*** *the organization to others*

THE NEXT STEP:

MOVING TO CUSTOMER DELIGHT

As customer service levels improve generally, merely satisfying customers is no longer enough

Then we must **delight** them

To move to this level, merely work through the Model again – but with that high vision as the goal

What may need to be added in Phase I is a **visioning** exercise, since it is sometimes more difficult to imagine how customers will judge service that is so satisfying

One element sure to be part of Delight – whether or not it appears in your Satisfaction modeling – is **anticipating** customers' needs & feelings

LARGE SCALE ORGANIZATIONAL CHANGE

There are 5 major steps in any large system change process:

1. **Education & Planning** – Discussion with leadership of overall purpose and scope of the project, definition of roles and responsibilities, commitment of resources, assignment of responsibility for driving change with clarification of authority and parameters.

   Time needed: estimate 4 – 6 weeks

2. **Problem Identification & Data Gathering** – Assessment of the major problems inhibiting the organization's full performance (what's working/not working), identification of opportunities, working with all stakeholder groups to gather both internal and external feedback, data is analyzed and checked with sources

   Time needed: estimate 3 – 6 months

3. **Action Planning** – Based on data gathered, potential changes are identified, evaluated for feasibility, pilot-testing. A plan (2-3 years) is developed covering all key areas including: structure, decision-making, reward systems, skills, culture, etc.

   Time needed: 3-6 months

4. **Implementation** – Action Plan is launched, including elements to sustain momentum and morale

   Time needed: 2 – 3 years

5. **Monitoring and Evaluation** – results are checked against objectives developed earlier and the program is fine-tuned as appropriate

   Time needed: ongoing throughout the process

STEP 1: EDUCATION & PLANNING

This step involves establishing the mechanism that will drive the change process, the authority given it, and the rules by which it will operate.

Some of the questions to be answered:

<u>Who will drive the change?</u>

- one person or team made up of representatives from each organization unit?
- if team, need for one person to coordinate – who will that be?
- to whom will the "team" report: how will he/she lend importance to this process?
- what authority will the team have – will all information and sources be shared with CEO? Will sources be confidential? Must CEO give approval of information to be fed back to participants?
- how will "team" interface with other organization members? Will the "team" have any clout with other members of the organization?
- how will conflict be resolved among "team" members? Will one person on the "team" have more authority than the others?
- what are the resources this "team" will have: monetary, human resources, space, time, etc.?
- how will confidentiality of data be handled?
- to whom will the information be shared first, second, etc.?
- how will the "team" interface with outside consultants?

STEP 2: PROBLEM IDENTIFICATION & DATA GATHERING

A problem exists when there is a difference between desired results & actual results in the performance of the organization. Answer these 2 questions as a place to start:

1. What <u>is</u> happening that <u>should not be happening?</u>
2. What <u>is not</u> happening that <u>should be happening</u>?

Problem definition sets the boundaries for the data gathering which seeks to **learn the nature of the problem** – the forces at work that cause it, the people involved, etc.

A. DATA NEEDED – Some examples

- <u>External environment:</u> constituency demands, strategic constraints & opportunities, government regulations, labor force
- <u>Formal organization:</u> work systems, procedures, technology, facilities, mission, management structure, policies, reward systems, information flow/decision-making process, key management styles, leadership
- <u>Informal organization:</u> access to resources, corporate culture, values, roles, norms, skills, social system

B. SOURCES OF DATA & METHODOLOGIES

This step centers around pinpointing the best and most reliable sources for the information necessary, e.g., interviews, questionnaires, focus groups, informal conversations

C. ANALYSIS OF DATA

The team organizes the data into themes:

- in support of the problem statement
- in refute of the problem statement
- cause-effect relationships
- conflicting elements of the situation, etc.

Data is checked against sources for verification

STEP 3: ACTION PLANNING

Several steps make up this phase of the process:

- Identify possible actions – brainstorm all possible actions that can be taken in order to produce change in a particular situation; no judgments at this time
- Evaluate possible actions – analyze the feasibility of each in terms of required money, manpower, time, etc. Where necessary, construct pilot tests to further refine potential action
- Select actions and assign responsibilities, timetables, etc.
- Determine how the changes will be monitored and evaluated

STEP 4: IMPLEMENTATION

The major issue in this stage is resistance to the change effort. In spite of the involvements of the staff in developing and planning there is still the fear and resistance which must be faced and diffused. A careful balance must be maintained between the implementation of changes and the continuance of "the normal workload." Normal work deadlines should occasionally be postponed or some other job requirements suspended to give the staff time to accomplish the implementation. This demonstrates to the staff, support for the change effort and understanding of their dilemma in finding time to accomplish both activities.

STEP 5: MONITORING & EVALUATIONS

The effectiveness of any implemented action plan must be monitored. Is it doing what it was supposed to do? Has it created more problems than the original one it was supposed to have eliminated? It's up to the team to determine if something is working or not and to fine-tune the program accordingly.

4 EXAMPLES OF LARGE SCALE CHANGE EFFORTS

1. A LARGE INTERNATIONAL BANK

General description: non-governmental but highly political, 7,000 employees

History of change project: In l987, a president initiated the major change project

Sequence of change effort: Process began with 6-month diagnosis of both internal & external constituents by an outside consultant. A steering committee of 8 people (4 internal, 4 external including clients) supervised the project. Four cross-functional teams of senior level people coordinated 5,000 interviews, examining their 4 key areas. This culminated in a report with recommendations that went to the President who made all decisions. Line managers were then given authority to implement the changes. Structure was changed so radically that all roles were re-defined. All 7,000 employees were let go one day, then selectively re-hired (80% within 1 week). 400 were RIFed. Insecurity of process created great psychological damage. They only allotted 6 months to implement, which was judged insufficient.

Nature of change: Based on diagnosis, the principal intervention was to become more client-focused**,** combined with the cultural changes necessary to support it.

Evaluation of change: After 1/12 years into the process, they looked at the 4 major areas and did some refining. They've also surveyed clients and results show improved satisfaction with changes.

2: LARGE GOVERNMENT-OWNED UTILITY

General description: Large utility, owned by Canadian government

History of change process: In routine process of examining end results performance measures over last 10 years, saw an increasing gap in their performance (cost to ratepayers, outages, etc.) so initiated a process to learn why.

Sequence of Change Effort: A <u>5 year change plan</u> was developed with actions to accomplish annually as a monitoring process. Change was systemic and focused on TQM, though too new at present to evaluate effects. Change process was <u>championed by a senior exec appointed by the CEO</u>.

What he'd do differently:

1. <u>Educate everyone about WHY there is a need for change</u>. People at the top always think because *they* see the need for change that everyone else does too, but they're frequently unwilling to share the data that led them to that conclusion (also, CEOs have had more time to acclimate to the decision, but then don't allow same opportunity for others).
2. <u>Be honest and realistic about potential downsizing</u>. Over-protective paternalism can be problematic in a major change effort. He says it's worse to camouflage negative scenarios, for if they occur, people feel betrayed.

3: STOCKHOLDER-OWNED REGULATED UTILITY

General description: A Fortune 100 company in transition from a monopoly toward a more competitive, entrepreneurial strategy.

Sequence of change effort: Interviews were held with the leadership of the organization. The CEO of the division championed the process, aided by other senior managers in critical areas. Line managers were given the responsibility of implementing. A design team consisted of both external consultants and client managers.

A <u>strategic planning session was held with senior managers, followed by coaching to reinforce.</u>

This division had a tradition of an annual learning event offered to the top 2000 people. It was decided to link this event with education about the new changes. A <u>4-day program for hundreds of intact work teams</u> was used to launch the change. The 4-days included a <u>combination of education about the nature of the change and strategic planning.</u> Each team was asked to develop <u>breakthrough tasks they could complete in 12-18 months</u>. The diagnosis and initial introduction part of the program was <u>14 months out of a multi-year cultural shift.</u>

Monitoring and Evaluation: An outside quality firm was hired to evaluate process.

4: AUTOMOTIVE MANUFACTURING PLANT

General description: Japanese-owned plant in US, five years old, problems with quality, productivity & culture.

Sequence of change project: A consulting team consisted of both internal & external people. A steering committee was established, consisting of very high level managers representing the two most important functions (manufacturing and human resources). One-on-one interviews were held with top 42 managers, and a series of small group interviews held with a diagonal slice across the company to save both time & money. Initial data-gathering took 4-6 weeks; complete plan is a 3-5 year timeline. Offsites were used to train key work groups.

Nature of change: focused on the concept of continuous improvement ("kaizen´-- a Japanese concept that Deming layered TQM onto). Unlike quality which focuses on the product or service, this plan focused on improving inter-departmental relationships as the primary instrument of change (communications, structure, performance-based reward system). Some units were completely restructured.

Monitoring and Evaluation: After one year into the change, another diagnostic test was run as a checkpoint to look at accomplishment vis-à-vis plan, what could have been done better, refinements to future actions. Measurements were established in several categories (e.g., attendance, grievances, vehicles in re-process).

What to do differently: Involve more people earlier on to create buy-in and gain insight. This includes both internal people (from all areas of company) and external (customers, union, etc.).