



## **Effectively Establishing Customer Satisfaction Metrics**

## Customer Satisfaction Barometer

Range of Customer's emotions on their "Perceived" levels of service

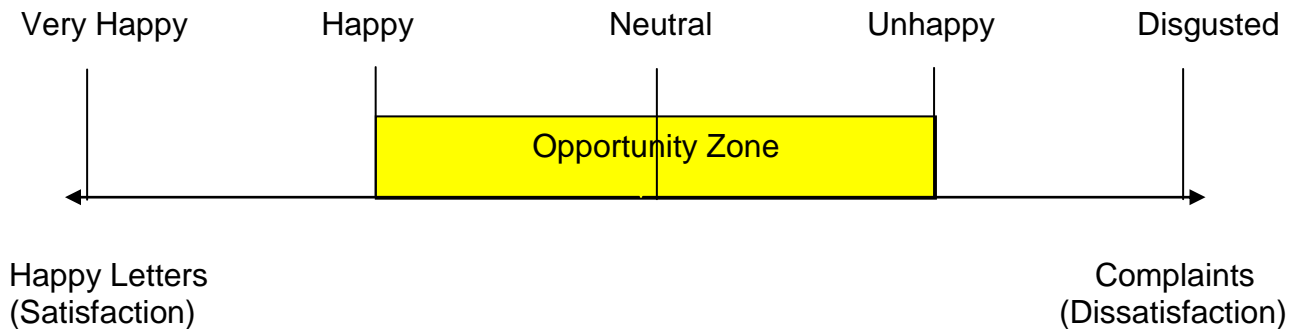


Figure 1

### Notes: -

- The opportunity zone is where we can be proactive in measuring the levels of dissatisfaction with a view to moving our Customers up the scale. We must find methods of doing this, not just wait till complaints come in or listen to the Salesman telling us everything is OK without a scrap of supporting evidence. It is too late when the Customer has moved his business to our competitors.
- Remember it costs in financial terms and resources 8 times more to capture a new Customer than to retain an existing one.

## ANALYSIS CHECKLIST

### Approach

1. Take a sample across each layer of management i.e. MD, Managers, Supervisors and key staff (select from organization chart)
2. Possibly take a sample of Customers and interview them, rating expected standard of service/perceived standard of service (get stratified samples of Customer database to base sampling data on). Produce gap analysis chart from interview responses

#### 1. Structured Questionnaire (internal): -

1. Give me 3 strengths that you consider our Corporation has?

(On a scale of 1-10 how would you rate them?)

2. How does our pricing structure compare with the competition?

(Overall what is the percentage difference above/below?)

3. What After Sales support services do we provide?

(Rate the service scale 1-10)

Have you any information to support your opinions? e.g. Customer surveys

4. How competent do you consider our Sales staff are in identifying your requirements?

What percentage of the time do you think they get it right?

(score out of 10)

#### Notes: -

1. Search Credits/Customer complaints for times its gone wrong
2. Express Credits as a percentage of turnover, likewise complaints
3. Establish the levels of repeat business – define what repeat business is e.g. someone who has come back and purchased within 6 months of last order

## ANALYSIS CHECKLIST

### Approach – continued....

5. What problems you consider our Corporation has?

Notes: -

1. Use post-it notes to brainstorm ideas
2. Prioritize problems by seriousness to the business
3. Ask the following questions: -
  - How many times does this happen in a week?
  - How long are you spending on it each time it happens?
  - Are there others involved in solving the problem beside you?
  - How much time are they spending on it
  - What is the rough hourly rate paid (ask accountant)

6. If you had a wish list, name 3 things you would ask for

7. What areas do you think the Corporation could improve on?

(Score them out of 10 for the current level you perceive them to be at)

8. Establish 1<sup>st</sup> time pass rates for product or service provided

Notes

Look for evidence of: -

1. Nonconformance reporting – e.g. satisfaction surveys, defect reports, warranty returns, pass-rates, inspection reports, credit raising & complaints
2. Identify strategic points in the processes where performance indicators can be developed

## Customer Surveys

### 1. Telephone Interview questions: -

#### **Strengths**

1. Name 3 strengths you think your Organization has?  
(Score them out of 10 for each of the strengths identified)
2. Realistically what level of service do you expect from our Organization?  
(Score out of 10 for each strength)

#### **Weaknesses**

1. Name 3 areas where you feel our Organization could improve their services to you?  
(Score them out of 10 for each weakness identified)
2. Realistically what level of service do you expect?  
(Score out of 10 for each service identified)

Note – The bigger the weakness the higher the score

#### **Missed Opportunities**

9. Name 3 areas where you think our Organization could provide additional services that they are not currently providing

If they provided them: -

- a. What do you think the service level would be?  
(Score them out of 10)

- b. What service level would you expect?  
(Score out of 10 for each of the 3 services)

## Customer Surveys

### 1. Telephone Interview questions continued.....: -

#### Threats of Losing Business

1. Are you considering placing Orders with a Competitor that you currently place with our Organization? How real do you believe this threat to be?  
Score out of 10 (10 being that it is virtually certain that the Order will be lost to the Organization)

What would need done for you to remain with our Organization? How likely is it in your opinion that our organization can change to meet your needs?

(Score out of 10)

2. If you were the MD of our Organization Name 3 areas where you think they are under threat and in your opinion, how real is it?

(Score them out of 10 for each area identified)

If we put a plan in place now to recover the situation, in your opinion how successful would we be in removing the threats?

(Score out of 10 for each area)

**Corporation: Brolly Services Limited**

Customer's Name: Brollies For All Seasons

Date: 22<sup>nd</sup> March 2007

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**Key Account Holder's SWOT - Gap Analysis Results**

<u>Strengths</u>	<u>Service Level</u>	1	2	3	4	5	6	7	8	9	10
1. Reliable Products	Current	X	X	X	X	X	X				
	Optimum	X	X	X	X	X	X	X	X		
Gap between Current & Optimum Service Level = 2 points											
2. Courteous staff	Current	X	X	X	X	X					
	Optimum	X	X	X	X	X	X	X	X	X	
Gap between Current & Optimum Service Level = 4 points											
3. Extensive Product range	Current	X	X	X	X	X	X				
	Optimum	X	X	X	X	X	X	X			
Gap between Current & Optimum Service Level = 1 points											

Comments:

Of the three strengths identified, the Customer was not completely satisfied. Overall there is an opportunity to improve the service level by 7, especially in the area (2) of courtesy

<u>Weaknesses</u>	<u>Service Level</u>	1	2	3	4	5	6	7	8	9	10
1. Late Order deliveries	Current	X	X	X	X						
	Optimum	X	X	X	X	X	X	X	X	X	
Gap between Current & Optimum Service Level = 5 points											
2. Response time to Complaint long	Current	X	X	X							
	Optimum	X	X	X	X	X	X	X			
Gap between Current & Optimum Service Level = 4 points											
3. Excessive product Lead-time	Current	X	X								
	Optimum	X	X	X	X	X	X	X	X		
Gap between Current & Optimum Service Level = 6 points											

Comments

Here is a real opportunity; the overall gap between optimum and actual is 15 points. If the lead-time problem (3) could be shortened then the likelihood is more Brollies would be sold. Likewise potential business is being lost due to poor response times to Complaints (2)

**Corporation: Brolly Services Limited**

Customer's Name: Brollies For All Seasons

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**Key Account Holder's SWOT - Gap Analysis Results**

<u>Opportunities</u>	<u>Service Level</u>	1	2	3	4	5	6	7	8	9	10
1. Brolly repair service	Current	X	X								
	Optimum	X	X	X	X	X	X				
Gap between Current & Optimum Service Level = 4 points											
2. Brolly leasing service	Current	X	X	X							
	Optimum	X	X	X	X	X	X				
Gap between Current & Optimum Service Level = 3 points											
3. Extended credit terms	Current	X	X	X	X						
	Optimum	X	X	X	X	X	X				
Gap between Current & Optimum Service Level = 2 points											

Comments

Here again are ideas that the Corporation may want to consider to diversify into forming a One-Stop-shop.

<u>Threats</u>	<u>Service Level</u>	1	2	3	4	5	6	7	8	9	10
1. Lost Orders	Current	X	X	X	X	X	X	X			
	Optimum										
Gap between Current & Optimum Service Level = 8 points											
2. TBD	Current										
	Optimum										
Gap between Current & Optimum Service Level = xx points											
3. TBD	Current										
	Optimum										
Gap between Current & Optimum Service Level = xx points											

Comments:

The pricing at the top end of the range is considered to be too expensive with low margins for the retailer. (1)

Some agreement should be reached to increase the margin (1) to the retailer. It's a win-win for both parties. The retailer would sell more Brollies, the manufacturer would receive more orders from the retailer. Overall more sales volumes would offset margin reduction.

## Pros & Cons of Different Survey Techniques

Pros	Cons
<b>Personal Survey – (i.e. face-to-face)</b>	
<ul style="list-style-type: none"> <li>Greater flexibility and control – opportunity to clarify if there is a misunderstanding</li> </ul>	<ul style="list-style-type: none"> <li>Time consuming</li> </ul>
<ul style="list-style-type: none"> <li>The interviewer can ask supplementary questions</li> </ul>	<ul style="list-style-type: none"> <li>Expensive</li> </ul>
<ul style="list-style-type: none"> <li>High response rate</li> </ul>	<ul style="list-style-type: none"> <li>Respondents have little time to think</li> </ul>
<ul style="list-style-type: none"> <li>The interviewer can watch the body language as well as the verbal response</li> </ul>	
<b>Telephone</b>	
<ul style="list-style-type: none"> <li>More flexible and higher response rate than postal survey</li> </ul>	Interviews must be fairly short
<ul style="list-style-type: none"> <li>The interviewer can reach people who won't give a personal interview</li> </ul>	Respondents have little time to think
<ul style="list-style-type: none"> <li>Fast</li> </ul>	<ul style="list-style-type: none"> <li>Costly</li> </ul>
	<ul style="list-style-type: none"> <li>Inaccurate responses may be given</li> </ul>
	<ul style="list-style-type: none"> <li>The interviewer can only reach people with telephones</li> </ul>
	<ul style="list-style-type: none"> <li>There is a lack of personal rapport</li> </ul>
<b>Postal</b>	
<ul style="list-style-type: none"> <li>Cheapest method</li> </ul>	<ul style="list-style-type: none"> <li>Notoriously low response rates (3% - 7%)</li> </ul>
<ul style="list-style-type: none"> <li>Respondents have time to think about their response</li> </ul>	<ul style="list-style-type: none"> <li>There is no flexibility to clarify the answers supplied</li> </ul>
<ul style="list-style-type: none"> <li>The respondent may express their true feelings</li> </ul>	<ul style="list-style-type: none"> <li>The questions give limited information</li> </ul>
<ul style="list-style-type: none"> <li>Objective</li> </ul>	<ul style="list-style-type: none"> <li>The response representative may not represent the views of the target group</li> </ul>
<ul style="list-style-type: none"> <li>No interview interferences (e.g. mobile phone calls)</li> </ul>	<ul style="list-style-type: none"> <li>It's a useful method when the respondents are difficult to contact</li> </ul>