

# Developing a Sophisticated Service System

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# Learning Objectives

1. Develop a system wide approach to service quality
2. Recognize the difference between satisfied and loyal customers
3. Discuss the types of customer feedback tools



# Assumptions

- Lack of systematic approach
- C, and not enough ARV
- Variation/consistency
- Lack of culture to support service
- Absence of root cause dissatisfaction



# Systems Approach

- Having a system promotes consistency
- Minimal variation despite:
  - Individual serving them
  - Department they are dealing with
  - Project that is current
  - Location they are using
  - New managers
  - Season or shift
  - Different products or services

# Definition of Customer Satisfaction

- Customers own perceptions about their requirements having been met (or put yourself in the customer's shoes)
- Expectations are a function of similar experience (for example, playing golf)
- Customer satisfaction= Results minus expectations
- Customer loyalty is action
- American Customer Satisfaction Index from the University of Michigan
- If you want high customer satisfaction, under promise and over deliver

# Repurchase Intent

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100%  
80%  
60%  
40%  
20%



1                      2                      3                      4                      5

Very                      Dissatisfied                      Neither                      Satisfied                      Very

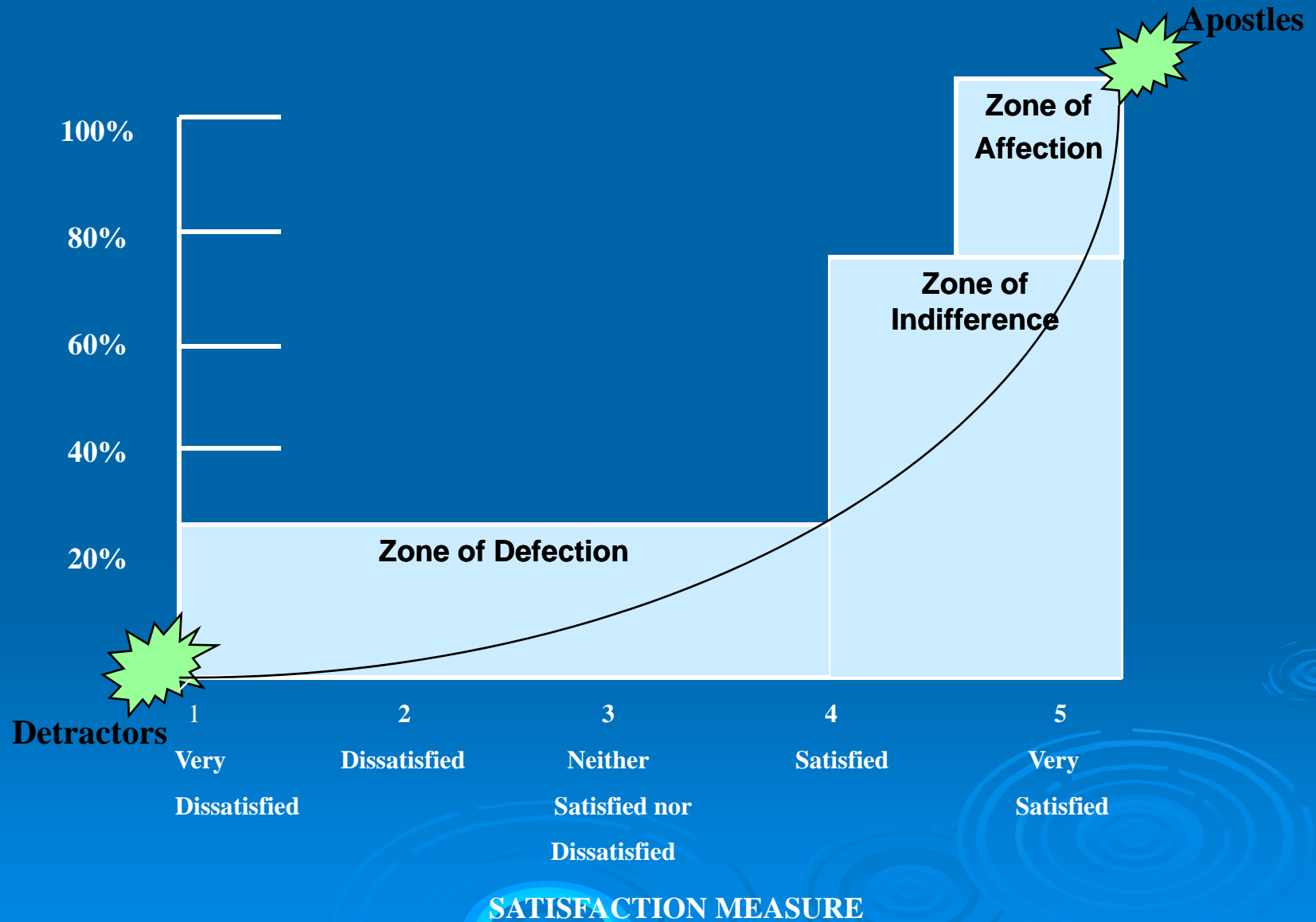
Dissatisfied                      Satisfied nor                      Satisfied

Dissatisfied

SATISFACTION MEASURE

# Apostles and Detractors

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# Customer Satisfaction Studies

- New customer generation costs 3-5 times more than retaining current customers
- Highly satisfied customers are six times more likely to repurchase than just satisfied customers
- Customers with problems that are resolved to their satisfaction are significantly more loyal than those never experiencing a problem
- Dissatisfied customers will tell 8-10 people
- 96% of unhappy customers never complain
- Only 14% of customers abandon a company over a product performance problem
- Two thirds of customers defect to another company because they found people indifferent or inaccessible



# Building a Customer Driven Organization

- Customer knowledge
- Customer requirements
- Service encounters
- Customer defined standards
- Develop loyalty
- Monitor, measure, analyze satisfaction/loyalty
- Customer complaint capturing
- Monitor performance
- Continuous improvement
- Training




# Customer Knowledge

- Age segments
- Resident/non-resident
- Gender
- Ethnicity
- Market capture
- Future expectations



# Customer Requirements

- What is most important to you as a customer
  - Develop a list of at least five customer requirements and document them
  - Make sure you do these very well
  - Surveys should include measuring the requirements
  - For example, playing golf
    - Time to complete a round of golf
    - Condition of tees, greens and fairways
    - Tee time reservation system
    - Drive time
    - Friendliness/helpfulness of clubhouse staff
- 

# Service Encounters (or moments of truth)

- Develop a list of the most important service encounters
- Service encounters are defined as all transactions between your agency and the customer
- Types of transactions include telephone contact, tangible evidence, web site, registration system, instructor interface

# Customer Defined Standards

- Standards provide consistency and quality
- Standards should be defined by the customer
- Service standards could include items such as staff appearance, safety items, facility cleanliness, telephone answering, instructional quality,

# Types of Customer Feedback Tools

- Customer satisfaction surveys (phone, email, web, mail)
- Transaction surveys
- Lost customers
- Customer interviews
- Focus groups
- Advisory panels
- Needs assessments
- Mystery shopping
- Dissatisfaction system



# A Few Comments About Surveys

- 80/20 work allocation. 20% about deploying the survey. 80% about doing something with results.
- Three questions (refer, repurchase, overall sat.)  
This is called the Customer Satisfaction Index
- Top box
- Closing the loop—responsibility matrix
- CS measurement action plan
- Make your fixes visible
- Sequence of choice...from low to high

# Improvement/complaint system

- Centralized system
- Tracking results
- Qualitative vs. quantitative data
- Cluster analysis
- Pareto chart





# Building Loyalty

- Seamless culture
- Training
- VOC
- Backstage support
- Performance appraisal
- Leadership environment (latitude, authority, knowledge and skills)



# Examples of Loyalty

- Point system
- Preferential treatment
- Price discounts
- Newsletters
- Memberships
- Interviews
- Recognition



# Metrics

- Malcolm Baldrige criteria/ISO9001:2000
- Lost customers
- Customer retention
- Word of mouth/referral
- % apostles
- Refunds from dissatisfaction
- Repurchase intent
- Revenue/registrant

