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# **GLOBALIZATION AND SERVICE QUALITY**

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## Summary

*Quality and Best in Class economics are not competing entities, but rather are integrated principles which work together to maximize employee satisfaction and retention, customer delight and shareholder profit. A quality infrastructure ensures that product, services, systems and processes maximize EFFICIENCY (productivity, cycle time, error rates, cost, etc.) and EFFECTIVENESS (meet and exceed customer requirements, satisfaction, loyalty and behavior, etc.). Quality plans and coordinates measurement, improvement, best practices, standardization, as well as resource alignment and assignment to maximize efficiency and effectiveness across all divisions.*

Customer Listening is an integral part of quality assurance and is a key tool and an on-going tracking mechanism which ensures maximum efficiency and effectiveness. As such, “customer listening posts” have been established. A Customer Satisfaction Research (CSR) department is necessary to facilitate the process of listening to customers and then act on what they tell us. Both card members and service establishments (those businesses that accept credit cards as a method of payment) are customers. CSR’s focus is to utilize information which represents the voice of the customer and to drive continuous process improvement. CSR has data considered critical to both process improvement and re-engineering activities as well as information to support new product development.

## Baseline Research

The foundation of customer listening activities starts with the implementation of a ‘Baseline Study’. The overriding objective of this research is to understand, comprehensively and at a significant level of detail, dissatisfying events which may occur during the customer life cycle and then determine the economic impact of these dissatisfiers. For card members, we understand that these experiences, or combinations of experiences, may cause enough dissatisfaction to result in a higher propensity to spend less or possibly even cancel card membership (attrite). On the service establishment side, they may suppress our card usage or attrite. It is interesting to note that price (the annual fee paid by a card member or the discount rate paid by service establishment) is frequently cited as a customer complaint. However, price alone is not usually the precipitator of a change in behavior. Frequently, it is another problem or price plus some other dissatisfying event, or combination of events that cause declines in card usage and volume, or increases in attrition.

Baseline research is typically mail-based, and is constructed such that customers are asked to review a list of issues or problems they may have encountered as a result of their ongoing relationship with us. After reviewing the list, they pick the most significant issues or problems encountered in the past 6 months. The survey instrument also asks about their satisfaction with the contact, and if they had a problem with us during the problem resolution process. In addition, respondents indicate how their behavior as a customer, has changed as a result of this experience.

Here's an example. A large number of survey respondents may indicate their most serious service delivery problem pertains to multiple contacts necessary in order to receive an application for a card. Of course, having to contact more than once is perceived negatively. When analyzing this information in aggregate, we may find, for example, that after this dissatisfying event occurs, customers are 50% more likely to cancel their card. When they don't cancel altogether, we may find that their spending declined by 65%. These results, then, are findings which can be applied across our entire customer base to determine a tangible, aggregate, "revenue at risk" with the application process. Additionally, this analysis can indicate the cost of multiple contacts associated with the application process. In this example, operational costs associated with having to handle the customer request multiple times can also be determined, and then added to the "revenue at risk" calculation. For example, a second phone call is \$2.50 additional. In our experience, the savings and revenue risk enhancement associated with elimination of the dissatisfying event can be quite substantial!

As illustrated above, the results of this survey provide clear direction and a systematic process with which to prioritize improvement initiatives. Projects can be launched based on a clear satisfaction improvement opportunity and economic impact. Baseline results also clearly identify satisfaction levels to target, i.e., those that are most likely to significantly impact customer behavior. This survey creates a tool which can be used to determine the cost and revenue, for example, of a one percentage point decline in customer satisfaction levels as well as

the spend/volume attainable at various customer satisfaction levels.

In summary, Baseline research is comprehensive and captures the entire customer life cycle. Results are very detailed and provide information down to the individual problem (dissatisfier) level. A critical methodological note is the importance of asking both contractors (those customers who have a problem and then contact us for resolution) and non-contractors. Equally important is the ability to segregate results among the two groups. This is important because results frequently indicate that the most significant economic impact occur with those customers who experience the problem, but never call to try and resolve. Their solution to the problem may simply be to stop using the card! These precipitous declines in spending represent a "silent majority".

### **Attribute Research Study**

Another type of customer listening is an Attribute Study. While Baseline research focuses on key dissatisfying events, and the corresponding impacts on behavior, Attribute research's objective is to identify the most important attribute features that delight/satisfy customers and drive their behavior to spend more, purchase other services, and, for establishments, to accept the card.

For example, one attribute which may drive satisfaction is addressing the customer by their name: "Good morning Mr. Smith, thank you for calling" and by ending with: "Thank you for being a card member since 1972, we appreciate your business." These service features can then be incorporated into the training curriculum and become part of 'business as usual' customer service

delivery to ensure delighted customers with each contact.

This research also identifies the relative importance of major key customer “transactions.” We might find, for example, that a telephone customer service transaction is twice as important relative to a card replacement transaction. If we have 20 key customer transactions and we determine which are most important, this becomes very powerful and useful information when attempting to prioritize improvement and investment opportunities. Once we’ve determined the relative importance of key customer interactions, we gain more information about individual transactions.

Another key output of attribute research is to determine current levels of operational performance versus very satisfied or delighted levels in order to develop performance metrics. For example, this research might help us to determine that our phone customer service areas should: have 24 hour availability; answer in four rings or less; eliminate any dial transfers; not place customers on hold for longer than 20 seconds; and solve 80% or more of customer requests on the first contact, etc. Typically, creating a ‘delighted’ customer results from knowing NOT just the one thing to do correctly, but knowing and applying the correct combination of things. These customer-defined requirements are translated into Operational performance standard metrics which can be tracked. If this step is executed correctly, these performance metrics will become a leading indicator of overall customer satisfaction and the dials to ensure delighted customers.

## **Benchmarking**

Results of the Baseline and Attribute Studies should be used as input to the Benchmarking study. For example, if results of the Attribute Study indicate that key service delivery features include flawless new account application processing, or an easy to read Billing Statement, then there may be benefit in conducting a Benchmarking study. It may also be helpful to determine current performance and satisfaction levels versus those of the competition. If we discover a competitive weakness, for example, in an area of significant importance, we would both aspire to move to the benchmark performance and endeavor to determine what specific enablers can make the performance a reality. An example of an enabler includes customization of the monthly billing statement to make it easier to read. Each customer might choose the font size, the time of the month the statement is received, or whether they want to receive singular or multiple statements for multiple products.

Another approach is Best-in-Class Benchmarking, outside of the Credit Card industry. To illustrate, attribute research may indicate that a significant service attribute is providing a 24-hour decision on programs such as Purchase Protection or Buyers Insurance. (These are insurance purchases.) Suppose the customer importance rating on this attribute is high, but current satisfaction results are low. It might be useful, then, to benchmark outside the Card industry, perhaps the Insurance industry, to determine those companies which perform this function Best-in-Class. Once identified, site visits can be conducted

to determine process-specific enablers to implement.

One final note on Attribute Study and Benchmarking research: Results can be used to develop performance standard metrics which may be integrated into on-going feedback mechanisms to track performance from a customer standpoint. For example, customers indicate a key service delivery feature to be one contact resolution on Billing Statement questions. A survey question in the transaction-based research can be added to track progress toward this service delivery feature metric. This on-going transaction-based research is described next.

### **Transaction Research**

Another major component of customer listening and continuous process improvement efforts is an on-going initiative designed to collect specific information about process-level customer satisfaction. Examples include customer interactions such as applying for a new card, using the card at a restaurant or department store, having a lost card replaced, or simply calling our customer service number with a question.

The predominant tool is a mail-based tracking study. A mail-based survey for transactional research is preferred to the phone for a variety of reasons. CSR has found the cost per mail survey is approximately a quarter of the cost of phone-based. One reason for this cost difference is an in-house facility to create and process mail-based surveys. Another reason is customer convenience. Mail-based surveys can be placed aside and completed at a time convenient for our

customers. This is extremely important to our service establishment customers. One can imagine how inconvenient it would be for a service establishment to participate in a phone-based survey at a time when their customers wanted to make purchases. In addition, a mail-based survey allows us to direct questionnaires to the individual who had specific interaction. We also find response rates quite high, often approaching 50%. One final reason is the ease of capture and use of written customer commentary. The commentary, while qualitative in nature, provides very useful information about specific areas of service delivery that should be changed or continued.

CSR currently measures over a dozen specific customer interactions. All transactional-based surveys begin with a personalized cover letter to the customer (by name) identifying the specific interaction about which we are requesting their evaluation.

The first question on every survey asks the respondent to provide an overall satisfaction rating of the customer service interaction. A five point rating scale is used. Following the overall rating are questions specific to the transaction. For example, if a telephone Customer Service interaction is evaluated, questions about the type of call, treatment and knowledge ability of the telephone representative, as well as questions pertaining to any required fulfillment (i.e., if we told the customer we would do something as a result of the call, did we fulfill the request in the timeframes and manner in which we indicated?). The last question is open-ended and allows customers to tell us, verbatim, what we could have done to improve the service they received.

Customer contact sample capture is accomplished by transaction logs generated from customer interactions, such as Card Replacement. Other interactions, such as telephone Customer Service, where no log is created, use call monitoring to produce a random sample of customer account numbers.

Analysis variables collected at the point of sample procurement is also critical. One such variable describes the profitability of the customer. Would our satisfaction ratings tell a different story if we found that our best customers, fewer in number but significant in terms of revenue, were least satisfied with our service? Think about the economic analysis made available by comparing satisfaction ratings with spending before and after a transaction. What actions would we take if we knew that really delighting a customer during a telephone Customer Service interaction led to a 20% increase in card usage and spending? Or, consider the reverse: what actions would we take if we knew that a “poor” rating of an emergency card replacement interaction led to a 40% decline in spending or a 50% higher likelihood of dropping the card completely?

Analysis and reporting of results are a joint effort between CSR and Operations. The objective is to create actionable recommendations which drive the ability to improve satisfaction ratings and influence customer behavior. Marketing research and statistical expertise are combined with operational expertise in order to explain variances and develop improvement plans.

## Conclusions

As you can see, a variety of techniques are employed to best understand customer satisfaction. While not inclusive of all the consumer research initiated by the company, this article does review some of the major components. The common thread that runs through all of our research and analytics is using data to prioritize and drive improvement initiatives. In order to do this, our customer listening posts are themselves both integrated and quantifiable. The voice of the customer is integrated into the fabric of our Operational areas. The data we collect is reported in terms of prioritized improvement opportunities, and is based on quantified impact to our business that drive both efficiency and effectiveness.

When we know what our customers want, we know what the competition can provide and we know how we are doing and measuring up to the customers’ requirements; we can determine what and where our improvement opportunities are. This is where we then utilize the Six Sigma DMAIC methodology of Define, Measure, Analyze, Improve/Implement and Control. These powerful tools of measuring service both in customer perception and actual performance along with Six Sigma provides any service industry organization with the capability of being number one in what ever you define as your competitive market place.

So, how are you doing in your customers’ eyes? Do you have the data? How are your processes, products and services performing? Do you have the data? You need this data to determine where to apply Six Sigma to most effectively utilize your resources and to make the biggest impact on your customers and competitiveness.