

# Customer Service Improvement: It's Mission Critical To Your Future

By R. Michael Donovan

World class companies have taken more market share by providing notably better customer service. Executives know that to stand out in a crowded field of competitors, customer service is a very critical component in achieving and maintaining a high level of customer satisfaction. When pressures move the organization to meet only performance goals and measurements such as overhead absorption, shipping dollar targets, labor efficiency, purchase price variance and the like, however, customer service often takes a back seat to these other concerns. The result can be a plunge in customer satisfaction and ultimately, if allowed to continue, an erosion in market share.

Most chief executives say that customer satisfaction is a number-one priority for their companies. Given a little background information on what has really transpired in their companies, however, many will admit that pressures for short-term results create thinking processes and decisions that often negatively impacts customer service. Management needs to carefully and critically assess how their companies have performed at developing and implementing a customer-focused service strategy.

## **What's Your Performance?**

Do you really provide your customers with a high level of service? If your company is not recognized as providing a very high level of customer service then, it is likely you are missing one of the most critical points for gaining competitive advantage, improving profits, strengthening your market position and increasing sales volume.

In last month's column about customer focus, I asked the question, "Are you better than your competitors at delivering what your customers really want and need?" In this column, an overall springboard question for the entire organization is:

*Are we improving fast enough at delivering what our customers really want and need?*

It's a deceptively simple question; an accurate answer is often not that easy. Too many companies operate under false assumptions about how long customers will wait for a supplier to improve...sometimes, until it's too late.

To avoid any false assumptions, use the following 10 questions to help your organization assess customer service performance progress and opportunities. You may find it worthwhile to have the entire management staff delve into the implications of the issues these questions raise.

Remember that a self-criticism can be difficult. It's very important that everyone carefully and realistically consider each question and then candidly answer.

	YES	NO
1. Have we reduced our total cycle time (order to shipment) by at least 50% over the past 3 years?	<input type="checkbox"/>	<input type="checkbox"/>
2. Do 99 percent or more of our orders reach customers on time?	<input type="checkbox"/>	<input type="checkbox"/>
3. Are we shipping zero defect products to our customers?	<input type="checkbox"/>	<input type="checkbox"/>
4. Have we reduced our product development cycle time by at least 50 percent over the past 3 years?	<input type="checkbox"/>	<input type="checkbox"/>
5. Have we surveyed our customers in the last two years to establish where we rank on customer-defined service factors versus our competitors?	<input type="checkbox"/>	<input type="checkbox"/>
6. Have we provided our customers with new value-added services to enhance our products during the last two years?	<input type="checkbox"/>	<input type="checkbox"/>
7. Have we clearly defined the measurable goals we want to achieve and when we want to achieve them?	<input type="checkbox"/>	<input type="checkbox"/>
8. Are we measuring and improving upon customer-defined service success factors?	<input type="checkbox"/>	<input type="checkbox"/>
9. Do our performance measures appropriately balance customer service into the total business equation?	<input type="checkbox"/>	<input type="checkbox"/>
10. Is top management actively engaged in improving customer service?	<input type="checkbox"/>	<input type="checkbox"/>

If you answer No to any one of these critical questions it's a solid indicator that if you are not now experiencing heavy pressure from customers to improve, you will soon. It's worse when your competitors get more aggressive in these areas and you have to catch up. If you checked Yes to every question above, however, then your company is certainly doing better than most. Of course, Yes answers don't guarantee market leadership and profitability, but you can be certain that one or more No answers means corrective action is essential to ensure your company's competitive success and future profitability.

Too many companies limp along with less than top-notch customer service. Well-intentioned goals to achieve and sustain a high level of customer service often exist. Yet, customer service is often one of those perpetual problems in the process of being solved, but without measurable results. Executive management is often very frustrated with the seeming inability to solve the customer service competitive dilemma once and for all.

### Management Guidelines

Customer service is a competitive weapon that can easily differentiate one supplier from another. A lot of talk today is centered on quality, new processes and systems, continuous improvement and the like, but it must be aimed at customer satisfaction or it isn't worth much over the longer term. The same old way of doing business is just not good enough; the complex job of redefining and implementing new processes, policies, systems and measurement are mandatory to solidify your company's future.

A strong executive mandate that is an informed directive, based upon a methodology that will allow your organization to take the necessary actions with its processes, policies, systems and measurements, is paramount to your company's success in becoming a customer service leader.

After making the commitment to achieve best-in-class customer service, management can use the following 10 guidelines to keep your organization focused and rapidly moving toward achieving customer service goals.

1. Take an *active* role in this critical corporate mission if you want to become the competitor that delights its customers. Do not delegate customer service and satisfaction downward.
2. Recognize that quality *is a given* and response time, delivery reliability, cost, and value-added services will be required to gain a competitive advantage.
3. Understand *all of the underlying issues* that prevent your company from delivering top-notch customer service.
4. *Resist* the temptation to take a piecemeal approach to customer service improvement simply because the root causes of problems seem too complex and interconnected to allow for a total solution.
5. Establish customer satisfaction improvement on a *strong executive directive* and an action plan containing the principles and tactics that will guide the organization to positive and permanent change.
6. Survey customers to find out *what they think* your company's strengths and weaknesses are versus your competitors'. *Listen* and *respond*.
7. *Focus* the company's internal activities on quality and response time improvement.
8. Tie the measurement system for customer service improvement to the *reward system* for management and, if possible, all employees.
9. Conduct regular *cross-functional meetings* to discuss what's working, what's not, and what actions need to be taken.

10. Develop a results-driven, tactically oriented action plan with the goal of providing the *best customer satisfaction* in your industry.

### **Strategy and Discipline**

The discipline to adhere to a good customer service and operational strategy can create substantial rewards. A notable example of effective strategy and disciplined adherence is Dell Computer. Dell provides its customers with a quality product, flexible product configurations, quick response and a reasonable price. The marketplace responded by buying more and more product from Dell and its stock went up 10.000 percent over the past five years.

Now, its competitors and many other industries are rushing to copy Dell's operational strategy model. The fact is, the model is easy to develop, conceptually, but more difficult to execute to a high degree of perfection.

In most industries, customers have become more sophisticated and demanding of their supply chains. Suppliers that offer the most in customer-defined quality products, pricing and quick-order turnaround will outperform their competitors and easily gain more marketshare in the future as customers clamor for more. For management, a high level of customer service must become a measurable result.

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