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## ***Improving Quality: What Do Your Customers Really Want?***

*by Eugene Briskman*

Executives are devoting considerable attention to product and service quality, using approaches such as total quality management (TQM) and continuous quality improvement (CQI) to improve their internal systems, motivate their employees, and upgrade their production methods.

Often overlooked in the rush to improve quality, though, is an objective assessment of how customers really feel about the company's existing quality. What do they think about the company's current offerings? What would they most like to see improved? What new features would they welcome? Too often companies assume they know their customers and base improvement programs on perceived customer needs, without checking to see if their perceptions are accurate.

In committing extensive resources to improve perceived demands for higher quality, companies run the risk of improving the wrong things, and neglecting to concentrate on matters of greatest importance to customers. Before undertaking a quality-improvement program, you must first answer two fundamental questions: What are customers' expectations for my product or service? How well does my company meet those expectations? One of the most powerful ways to answer these questions is to ask customers. In our experience, the most effective way to ask is via a Customer Satisfaction Survey that probes in a systematic way customers' feelings, both pro and con.

As in many areas of business, conducting a useful customer satisfaction survey is easier said than done. The key word is "useful," because it is possible to do an inappropriate survey that can lead companies dangerously astray with inaccurate information. Here are some of the issues that must be dealt with to ensure useful results:

### **Who should be questioned?**

Many companies have both direct and indirect customers. A manufacturer's direct customers may be distributors or wholesalers who buy from the factory. Its indirect customers are retailers and consumers who buy from the distributors or wholesalers but see the manufacturer's label on the product. They hold the manufacturer responsible for things that it does control, such as product reliability, along with things over which it may have less control, such as product installation and after-sales service.

*"Customer satisfaction surveys can anticipate problems before they erupt"*

When one client's annual survey of retail dealers showed unhappiness over delivery and service in one region of the country, the manufacturer decided to undertake a detailed survey of dealers and retailers in that region to uncover the problem's causes. Our survey determined that the leading distributor in the area had developed serious internal management problems that were adversely affecting its ability to meet dealer expectations. In

the process, the client learned important lessons about dealer preferences for such things as product literature, training, and delivery.

### **What questions should be asked?**

A customer satisfaction survey can be carried out via either written questionnaires or personal interviews, or a combination of the two. We find that personal interviews provide the greatest wealth of feedback -- provided the interviewers are asking the right questions and following up on the answers with additional appropriate questions.

Above all, the questioning must be carried out objectively. This can be difficult for company officials, particularly if they have preconceived ideas about customer perceptions. For example, a food ingredients company that engaged Data and Strategies Group to survey its customers believed that it had a customer relations problem that needed fixing. But we quickly discovered that the problem was one of price and performance. Indeed, customers felt that the company was spending too much on marketing and customer relations -- money that could be used to reduce prices and improve performance.

### **How should the results be interpreted?**

Customers can usually be segmented according to the quality features that are most important to them. One segment may want next-day delivery and be willing to pay premium prices while another segment may be happy with five-day delivery at bargain prices. Managers must thus exercise caution in interpreting the information obtained from customer satisfaction surveys, taking care not to draw wide-ranging lessons from a few comments that can lead a company astray.

The results must also be interpreted with an eye to what competitors or other companies serving the same market with non-competitive products and services are doing. In one recent case, we helped a manufacturer survey the representatives and distributors through which it sells to determine how well it was meeting their needs. To the client's surprise, these customers were unhappy because the manufacturer had fallen behind competitors in its deliveries, customer support, and the quality of its promotional materials. Thus, even though the company was doing a better job than in the past, customer expectations had increased even higher due to competitor actions.

When should companies consider undertaking customer satisfaction surveys? Obviously,

if specific product lines or sales regions are showing a leveling off or a decline in sales over a six to twelve month period. Another approach is to look at your customers' order patterns; if 10% or more haven't placed orders in the traditional cycle period, a customer satisfaction survey may be in order.

But customer satisfaction surveys should not be used just to respond to problems; the surveys can anticipate problems before they erupt. Executives should make customer satisfaction a key prerequisite to any quality improvement program -- and a part of ongoing quality improvement.

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