Best Practice Customer Satisfaction Processes

Background

Beh Management Consulting, Inc. conducted this study on behalf of a client building a new customer satisfaction (CSAT) team in a multi-billion dollar IT organization. Our goal was to answer the following question: *"What are the best practices for collecting and acting on customer feedback?"* We broke this high-level question down into the following sub-issues, organized by business process:

A. Building the organization	B. Choosing metrics	C. Deploying tools	D. Conducting analysis	E. Communi-cating priorities	F. Measuring results	G. Ensuring satisfaction
What / how much should be outsourced vs. kept in-house and how large should CSAT teams be? How should the CSAT teams connect to the larger organization?	What / how many metrics are commonly used? How should an organization develop its metrics?	What survey tools are commonly used, and how often should they be deployed? Who should be surveyed, and how should deployment lists be developed? How customized / dynamic should survey versions be?	How should customer feedback be analyzed? How involved should BU's / functions be in analyzing customer feedback?	How can CSAT teams engage the rest of the organization around survey results and CSAT priorities?	How do organizations value the impact of satisfaction and loyalty on profitable revenue growth?	How do IT systems support a customer-focus? How do organizations ensure closed-loop resolution of customer complaints?

Key Findings

1. Most companies in this study outsource a great deal of their CSAT data collection and analysis, and thus can have surprisingly lean internal CSAT teams of only two to four people. (One exception is a company that employs an internal team of eight to 10 people who conduct much of the CSAT analysis.)

2. Half the companies in this study described a matrix organization with either CSAT team members assigned to business units and functions or with Quality Engineers or Champions in each business unit or function linked to the CSAT team.

3. IT companies use many of the same metrics to measure CSAT: Product Quality, Cost/TCO, Post-sales Support, On-Site Service, and Delivery. Some companies also use Service Level Agreement (SLA) metrics and loyalty metrics. The IT research firm Gartner recommends using no more than five to nine metrics at each management level; all companies in this sample are within that range.

4. Companies develop their key metrics in a variety of ways, including: (1) asking business units and functions what data they would like to collect, (2) accepting recommendations from survey outsourcers, (3) basing metrics on the CSAT team's experiences in other organizations, and (4) using the Critical Incident Technique, whereby customers are asked what they like best and least about the company and the resulting data is categorized into cross-functional customer benefits.

5. Most companies use both primary or general CSAT surveys and event- or transaction-level surveys. Primary survey frequencies and transaction-survey sampling rates vary significantly among the companies in this study. Some also use other tools such as quarterly in-person reviews with top customers, post-consulting engagement evaluations, post-training class evaluations, and win/loss analyses by the sales teams. In addition, one company uses secondary-level instruments to drill down on red flags raised by the primary survey tool.

6. Best practice companies create survey deployment lists that mirror go-to-market strategies and include all segments of a company's customers. Creating high-quality deployment lists is a challenge for at least two of the six companies in this study.

7. Best practice companies use customized and dynamic survey tools to focus on customers' experiences with specific products or services rather than to measure perceptions of untried offerings. Some companies also drill down on low-scoring attributes by asking follow-up questions to further understand the drivers of low satisfaction.

8. Most companies use multivariate regression or correlation analysis to identify the few CSAT attributes that most drive loyalty and revenues. One company in this study uses the Net Promoter Methodology of subtracting the percentage of Detractors (1-6's) from the percentage of Promoters (9-10's).

9. Most companies either receive completed analyses from their outsourcers or conduct the analyses within the CSAT teams. One company in this study makes the raw data (which is updated daily) available online for business units and functions to cut by customer segment, business process, etc. Another company has this capability, but most employees are not yet trained in using the online analytical tools.

10. Best practice companies place a high level of responsibility on executives for communicating CSAT results to the larger organization. Customizing communications by business unit or function is also critical to raising awareness

and creating front-line action plans. Most of the companies in this sample pass along the names of at-risk customers to the relevant business units and functions for follow-up action.

11. Valuing the impact of satisfaction and loyalty on revenues requires an IT system with a level of consistency and coordination not easily achieved by most companies, including those in this study.

12. IT systems can especially support a customer focus if the customer—and not the product, the geography, or the account—is used as the unit of analysis. Some companies need several years to develop this level of cross-functional, cross-regional information coordination.

13. Companies ensure closed-loop resolution of customer complaints by implementing deliberate, formal escalation paths that embody ownership, accountability, and communication.

Methodology

To answer the questions outlined at the beginning of this report, we completed a high-level review of the published literature and a round of interviews with companies that the public press considers best-in-class for customer satisfaction.

Selection process
To develop the target interview list, we used the following criteria:
1. Participants could not be direct competitors of the client sponsoring the study
2. Participants should be in the IT industry (although comparisons with non-IT companies could be included as available)
3. Participants should have received public accolades for superior customer satisfaction[1]

A review of formal public recognition for superior customer satisfaction resulted in an initial target interview list of 14 companies: 10 IT companies and four non-IT companies. We eliminated two IT companies from consideration due to competitive factors, and none of the four non-IT companies consented to participate. Five of the remaining eight IT companies on the initial target interview list participated, resulting in a 63% response rate among IT companies invited to participate. The sponsoring client also met all the required criteria, providing a total of six IT companies interviewed for this study.

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[1] Sources used in developing initial target interview list: *American Customer Satisfaction Index (ACSI), Business Week Info Tech 100, CIO Insight 2004 Vendor Value & Satisfaction Survey, Consumer Reports, Electronic Business Top 100 Contract Manufacturers, J.D. Power & Associates, Technology Business Research's Corporate IT Buying Behavior & Customer Satisfaction Survey, Technology Business Research's Corporate IT Service and Support Customer Satisfaction Study.*

Confidentiality

To eliminate competitive concerns, we disclosed all participants' identities to interviewees. However, we guaranteed each participant that its specific interview quotes and findings would be kept anonymous. To this end, any information that might inadvertently disclose the identities of the study participants or the source of specific interview findings was either excluded from this report or slightly altered in ways which did not change the intent or content of the information.

Logistics and other details

In all cases, we interviewed the person (or people) at each participating company with primary responsibility for measuring and communicating customer satisfaction data, although specific job titles varied widely[2]. The study participants cover most business lines in the IT industry. Five sell software, four sell hardware, and four sell consulting services (five sell at least two or all three). Four of the companies serve both mass and enterprise markets.

We did not ask each participant every interview question outlined in the Background section of this report, as we tried to keep phone interviews to one-half hour in length (although several lasted longer). We did not record the phone conversations; therefore interview findings in this report are the interviewer's best recollection of the conversations, not necessarily literal accounts of the interviews.

This report is the intellectual property of the sponsoring client, but may be circulated within the organizations of participating companies. No part of this report may be reprinted or used for other purposes without the permission of the sponsoring client, which can be requested via Beh Management Consulting, Inc.

Detailed Findings

A. Building the organization

1. *What / how much should be outsourced vs. kept in-house, and how large should CSAT teams be?*

Five out of the six companies in this sample reported using **external vendors** for either survey deployment and/or analysis. Several companies work with more than one vendor, which one company believes *"gives us more control and flexibility. The design is collaborative but the execution is outsourced."* These findings run counter to the advice given in "Improving Customer Satisfaction, Loyalty, and Profit: An Integrated Measurement and Management System." In discussing how much outsourcing to use, the authors, Michael D. Johnson and Anders Gustafsson, advise that although external experts should initially be used while an organization is developing its CSAT collection

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[2] To preserve anonymity, all interviewees will be referred to as *CSAT teams*

and analysis skills, in the long run *"a truly customer-oriented firm should own rather than rent the ability to observe and talk to customers."*[3] Judging from the experiences of the high-performing participants in our study, it appears to be quite efficient to outsource the survey execution and some of the high-level data analysis—as long as the company takes ownership for acting on the results.

Due to the high use of outsourcing among study participants, some employ **in-house CSAT teams** with as few as two to four people. (Conversely, one company maintains a team of eight to 10 people, who conduct much of their own analysis and reporting.)

2. ***How should the CSAT team connect to the larger organization?***

As would be expected, most of the participating CSAT teams are part of their companies' **corporate centers**. (Although one participant's team nominally resides within the services side of the business, it maintains responsibility for collecting CSAT data for the product side as well.) As is common with centralized functions, several of the participating CSAT teams struggle to build strong links with the business units. One company that drives its CSAT processes down throughout the organization particularly well employs a centralized CSAT staff of four people who are responsible for working with Quality Engineers located within every business unit. A second company maintains a CSAT team of only two people who connect to Customer Loyalty Champions in all business units and most functions. These Champions vary in seniority from Manager to Director but are generally the people for whom *"it's a natural benefit for their own jobs to get into the weeds of the CSAT data."* A third company also has a matrix-style organization with individual members of the CSAT team dedicated to different geographies.

B. Selecting metrics

3. ***What / how many metrics should be used?***

The high-level set of CSAT metrics used by the IT companies in this study **overlap** extensively and include: Product Quality, Cost/TCO, Post-sales Support, On-Site Service, and Delivery. Some participants base their metrics on individual Service Level Agreements or written expectations from specific customers. Most companies also include various loyalty metrics and questions about the customer's perceived relationship with the company. A recent Gartner report advises that *"no more than seven (plus or minus two) metrics should be used at any given management level."*[4] No companies from this sample fell outside this range.

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[3] "Improving Customer Satisfaction, Loyalty, and Profit: An Integrated Measurement and Management System," Michael D. Johnson and Anders Gustafsson, University of Michigan Business School Management Series, 2000

[4] "Choosing Metrics for Customer Relationship Management," Beth L. Eisenfeld et. al., Gartner Research, June 2, 2004

4. *How should an organization develop its metrics?*

Companies in this study developed their metrics in a variety of ways. One team first asked the business units and functions what information they would like to see and then selected metrics that could be measured quickly, accurately, and consistently across geographies. Another team starts its new relationships with a structured process for defining customer expectations, spelling out which of the commonly used metrics are most important for the specific customer. A third company primarily uses the metrics recommended as best practices by its survey vendor (after evaluating these recommendations based on the CSAT team's experiences at other organizations.)

One company in the sample is in the process of revising its metrics and plans to launch the Critical Incident Technique[5] (CIT) to identify satisfaction drivers for each type of customer. The intent is to develop a survey tool around cross-functional customer benefits, not the company's organizational structure.[6] This company's previous CSAT survey was built around the company organizational structure and business processes. (Several other companies in this study also organize their CSAT surveys around organizational structure and businesses processes.) Although Johnson and Gustafsson believe this approach can be useful for eliciting recommendations that are fairly straightforward to implement, they assert that these surveys may miss the issues that cross organizational boundaries such as convenience and value. Additionally, the authors believe that surveys built on customer perceptions result in data that are easier to analyze and better explain variations in satisfaction or loyalty.

C. Deploying survey tools

5. *What survey tools are commonly used, and how often should they be deployed?*

Most of the companies in this sample use multiple layers of survey instruments, starting with the primary or **general CSAT survey**. Most often, these surveys are web-based. Only two companies report doing phone interviews (one by request of local country managers who believe customers in some cultures respond better to personal phone calls). Two of these general surveys are as long as 60 and 70 questions. One CSAT team keeps tight watch on survey length. When asked how long on average the survey takes to complete, the interviewee responded from memory: "*nineteen point two minutes.*"

The **frequency** of primary CSAT surveys varies. One company in this study runs the survey continuously throughout the year, with results updated daily and made available to

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[5] Johnson & Gustafsson

[6] For example, invoicing and delivery are distinct business processes, but they can both be part of the attribute perceived by the customer as "being easy to do business with." In the CIT process, interviewers ask a large sample of customers: "Please provide a list of the 5-10 things that you like and dislike about our products, services, or company in general." The CSAT team then sorts the CIT data into attributes (e.g., on-time delivery) and then benefits (ease of doing business) that describe the more general qualities customers derive from the attributes.

employees on the company intranet. Three companies survey their customers every quarter, while the remaining two run general surveys of enterprise customers only twice each year (although one of these companies surveys its mass market consumers on a monthly basis with quarterly reporting).

One company also uses **secondary instruments** to drill down on the findings from the primary survey. *"[The primary survey] asks a little bit on a lot of topics. Then, we use multivariable regression analysis to identify necessary secondary instruments."* In this company, the CSAT team informs the Quality Engineers (who reside within each of the company's business units) of any customer satisfaction problems that surface from the primary survey tool. *"We expect the functional business to own second-level instruments."* The Quality Engineers then decide if they have enough information to fix the problem. If not, they launch a focus group or a series of phone interviews to drill down on the root causes of the problem. This secondary tool is funded, and managed by the business unit or function, representing the highest degree of decentralization of CSAT processes exhibited in this study.

Five of the companies in this sample use **event- or transaction-level surveys,** which are almost always web-based and often outsourced. Sampling rules for these surveys vary widely. Two companies send surveys for 100% of their transactions. One company does this on a bimonthly basis for support tickets that closed in the previous two weeks, and it typically receives a 20% response rate. This company not only attempts to measure the quality of each transaction but also takes follows-up action on most responses. Using a 5-point scale (with 5 representing the highest level of customer satisfaction), if the scores are 4 or 5, regional support managers call respondents to pursue customer testimonials and to learn about what was done right to leverage best practices in the future. If the scores are 1 or 2, regional support managers call respondents back to make another attempt to satisfy them.

Another company shoots for a transaction-level sample rate of approximately 50%, which varies depending on regional distribution of business (e.g., 30% of transactions in the United States are sampled vs. 100% in Asia). This company's primary survey is the Retention Program Survey, which focuses on loyalty levels across all functions. Because the primary survey focuses on loyalty rather than satisfaction, it makes sense that its transaction surveys (which contain approximately 15 questions) are longer than those of other companies (which typically list about 5 questions).

The company that decentralizes ownership of secondary instruments also decentralizes ownership of transaction surveys to the functions and business units. The CSAT team consults with the functions and business units on setting up and managing their transaction surveys.

Finally, in addition to general CSAT surveys and transaction surveys, several companies reported using the following tools for eliciting customer feedback: quarterly in-person reviews with top customers, post-consulting engagement evaluations, post-training class

evaluations, and win/loss analyses by the sales teams. One company also reported conducting CSAT surveys of its direct competitors' customers in an effort to compare its CSAT scores on various attributes with those of its competitors.

6. ***Who should be surveyed, and how should deployment lists be developed?***

Two companies in this sample face challenges developing high-quality **deployment lists** for the primary survey tool. *"It's hard to do and requires lots of manual work."* In both cases, this difficulty results from poor quality data entry in customer information systems. One company is addressing this problem by codifying business rules for entering data (with the help of external vendors). The other company uses a manual workaround of having each country compile and submit their own lists of customers from whom revenues were generated during the previous year. This process undoubtedly raises concerns about whether each country's sample is truly random and unbiased. For a third company, list management is one activity that won't be outsourced. *"We decide the rules on how to sample to ensure randomization. We avoid recent duplications so as to prevent respondent fatigue. We also respect requests to not survey some customers."* For a fourth company, the key to effective list management is for the sample to be representative of the market. Therefore, its sample includes high-touch customers, other direct customers, channel customers, and mass-market customers registered with the company website. Another company only surveys its direct customers and thus is missing information about its indirect consumers. Two companies survey 100% of their top named accounts.

7. ***How customized / dynamic should survey versions be?***

Three companies in this sample make the primary survey relevant for a customer's specific experiences and drill down on the drivers of dissatisfaction or disloyalty. One company does this to a greater degree than any other: *"It's a highly gated, dynamic, highly personalized survey experience. We make no presumptions about the customer's experience: We ask the respondent's job title, what products or services they have purchased, and how they made their purchase. We then customize the survey and ask only those questions that are appropriate from the common survey instrument."* This company does not ask about anything the customer has not directly experienced. Instead, the marketing function conducts its own surveys to measure awareness, impressions, perceptions of competitors, and other non-experiential factors. *"We focus strictly on improving customer experience on a service or product. We're not here to sell you anything, but to improve the customer experience."* This is in direct opposition to another company in the sample that does ask customers to rate their perceptions of products or services that they have not purchased, thus commingling marketing needs with customer satisfaction measurement in the same instrument.

In addition to personalizing the survey based on customer demographics, one company also investigates low-scoring attributes with follow-up questions: *"We have an actionable survey structure. If a response is less than satisfactory, we drill down and*

offer the next-level question." Conversely, if a response is more than satisfactory, no more questions need to be asked about that topic. This saves time for the respondent and reduces analytical work for the company by allowing it to focus only on areas that need greater attention.

Another company that also personalizes the primary survey does so automatically, leveraging its IT system data. *"We do ask some demographic questions, but we can keep them to only 4 or 5 questions. We know a ton about our customers. We recognize the customer responding to the survey and give them the right version of the survey."* Aside from personalizing the survey to ask about only the products and services that the respondent has purchased, this company does not do a great deal of other customization, such as drilling down on low-scoring attributes: *"Some questions are consistent globally, but regional or business flavor can be added in. There is probably 80% overlap of survey questions across versions."* Survey versions are primarily aligned with customer segmentation.

The third company in the sample that does some customization to its primary survey does so to a much lesser degree than the two companies described above: *"The survey is approximately 60 questions but is dynamic based on demographics and the customer's direct experience with the company. There is some skipping and probing, but not a lot."*

D. Conducting analysis

8. *How should customer feedback be analyzed?*

The most common form of survey data analysis reported by this sample was multivariate regression or correlation. One company that drills down on low-scoring attributes in its primary survey uses Pareto analysis to determine the vital few factors that are responsible for producing dissatisfaction.

Another company uses a four-pronged approach to analyzing CSAT data for each country. This CSAT team runs each attribute through four screens: (1) Did this attribute improve or deteriorate since the last survey? (2) Did this attribute score significantly higher or lower in this country than in other countries? (3) Did this attribute score significantly higher or lower than this attribute for competitors' customers? (4) Is this attribute one of the country's highest or lowest scoring attributes? Attributes that fail most of the screens are highlighted as significant problems for countries to address, while attributes that pass most of the screens are held up as examples of best practices that can be replicated across other geographies.

In the *Harvard Business Review* article "The One Number You Need to Grow," Frederick F. Reichheld discusses the Net Promoter Methodology.[7] This methodology uses a 10

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[7] "The One Number You Need To Grow," Frederick F. Reichheld, *Harvard Business Review*, December 2003

point scale for the commonly asked survey question: "How likely is it that you would recommend [Company X] to a friend or colleague?" Respondents scoring 9 or 10 are defined as promoters, and respondents scoring 1 through 6 are defined as detractors.[8] To calculate a company's net promoter score, the proportion of detractors is subtracted from the proportion of promoters (Reichheld found the median Net Promoter score across 400 companies in 28 industries to be 16%). According to Reichheld, his research *"indicates that satisfaction lacks a consistently demonstrable connection to actual customer behavior and growth"* and *"evangelistic customer loyalty is clearly one of the most important drivers of growth…profitable growth can't be achieved without it."* Although most of the companies interviewed were familiar with this article, only one reported using the Net Promoter Methodology.

At least one company in this sample uses a **loyalty index** that is composed of various dimensions such as e*motional* loyalty (does the customer <u>feel</u> well treated?), attitudinal loyalty (does the customer <u>intend</u> to buy again?), cognitive loyalty (does the customer <u>think</u> that [Company X] provides the best value?), and referral loyalty (will the customer <u>recommend</u> [Company X]?)[9]. Although these other loyalty dimensions are useful, Reichheld maintains that the referral dimension of loyalty is the most predictive because it is the most committing. *"[A] recommendation is one of the best indicators of loyalty because of the customer's sacrifice….When customers act as references, they do more than indicate that they've received good economic value from a company; they put their own reputations on the line. And they will risk their reputations only if they feel intense loyalty."* The one caveat is that in some industries, specifically database software and computer systems, the 'likely to recommend' question was not found to be the best predictor of growth. *"In these cases, we found that the 'sets the standard of excellence' and 'deserves your loyalty' questions were more predictive."*

In addition to measuring the customers' perceptions of a range of CSAT attributes, several companies in this sample measure the **importance** of different attributes. Only two companies expressly ask the respondent how important an attribute is to them. (One of these companies also derives importance from regression analysis and then compares the two results for consistency.) One company *"used to ask 'how important is this attribute' but found really mixed results that were hard to analyze. Now we use derived importance from multivariable regression, which seems pretty good."* Johnson and Gustafsson, authors of "Improving Customer Satisfaction, Loyalty, and Profit," also suggest not bothering to ask customers to rate importance of different drivers: *"Most respondents rate most drivers fairly highly, making differentiation difficult. Instead use regression analysis to derive importance of factors."* However, another company in this sample whose survey vendor calculates derived importance for each attribute by region

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[8] Respondents scoring 7 or 8 are defined as passively satisfied and subsequently ignored in the net promoter analysis.
[9] There is also a behavioral dimension of loyalty (<u>Will</u> the customer buy from [Company X] again?) which can not be measured in a survey. These dimensions of loyalty were described by Dr. Stefan Michel of Thunderbird, The Garvin School of International Management during a phone interview.

reports that results have varied dramatically from year to year. This calls into question either the usefulness of the measure or the quality of the vendor's sampling methodology.

9. Who typically analyzes customer feedback?

At one company, a high degree of automation allows business unit staffs to access, cut, and analyze the CSAT data based on its specific business needs. *"We segment customers by anything that's necessary to drive action. It's a self-serve process. Customer satisfaction is everyone's responsibility. Other companies put too much power and responsibility in the CSAT team, making it the bottleneck."* Because this company runs its primary CSAT survey on a continuous basis throughout the year with results updated on a daily basis, it is especially important to remove bottlenecks in analysis and reporting. *"Event-driven surveys tend to get energy behind them for about seven days when the big binder comes out and then people forget about it."* With infrequent surveys, results are not only outdated but often over-hyped, leading to employee burnout.

Most of the other companies surveyed deliver the results to the business units without much collaboration on the analysis. One company's vendor makes all the data and analytical tools available through a web portal, but analyzing the data *"is not an easy task. It does take time and practice – maybe a year of training on it."*

E. Communicating priorities

10. How should CSAT teams engage the rest of the organization around survey results and CSAT priorities?

One study participant showed an impressively high degree of executive sponsorship by a Senior Vice President who hosts two-hour meetings <u>every two weeks</u> with the Vice Presidents of each business unit to discuss new survey results and address problems that are not getting resolved quickly enough. As if this did not already demonstrate strong executive commitment to CSAT priorities, this SVP also holds monthly reviews with global General Managers and gives two presentations *per quarter* to the CEO. Another CSAT team develops customized reports for each country and holds goal-setting conference calls with each country manager upon completion of its biannual CSAT survey.

Three of the companies in this sample analyze the CSAT data for low-scoring customers and pass these names along to the appropriate business unit for follow up. *"Based on responses to retention surveys, we create lists of critical accounts that we give to account managers. Critical accounts are those with low loyalty scores and are considered at risk. We do not give the account managers the specific responses of these customers (we maintain respondent confidentiality the same way we do for our internal employee satisfaction surveys), but we give information on general performance drivers to guide account managers on where to improve. Most of these at-risk accounts get called*

directly by high-level sales executives. This is a very high impact way to improve customer relationships."

F. Measuring results

11. ***How do organizations value the impact of satisfaction and loyalty on profitable revenue growth?***

Previously, we discussed a company that is in the process of revamping its metrics and survey tools to change from using the *lens of the organization* to the *lens of the customer*. A second company in this sample is also embarking on a CSAT process improvement initiative because it had recently lost the business of some customers with high CSAT scores. This company realized through experience that the path from satisfaction to loyalty to revenues is not always direct. *"We had lots of regular reviews, which seemed extremely effective but proved to be inaccurate. Getting feedback through quarterly business reviews is too late."*

Tying satisfaction to loyalty and ultimately to profitable revenue growth continues to be a challenge for some companies in this sample. *"We do tie CSAT to financial performance on an as-needed basis, but it's not as automated as we would like."* One CSAT team pushes for what it describes as "*alignment with corporate infrastructure,"* which can be as basic as ensuring that customer names are spelled consistently in all IT systems across geographies to ensure that corporate roll-ups of customer information are accurate. *"If a customer's loyalty to us declined, we want to measure that impact on revenues."* Doing this requires a straightforward way to aggregate sales for the same customer across multiple geographies. Unfortunately, this process is difficult for at least two customers in this sample, mainly due to data entry discrepancies across the organization. (The topic of building IT systems with the customer—and not the product, geography, or even account —defined as the unit of analysis will be discussed further in the next section.)

G. Ensuring success

12. How do IT systems support a customer focus?

A *2001* Gartner report admonishes that *"In too many cases, when customers contact a company, it acts as if it has never seen them before. Even when customer records are available, not enough is done to leverage the information to enhance the customer's experience."*[10]

When this sample of companies was asked whether IT systems allowed employees to view an entire customer history, including all sales and support events, the most common response was *almost.* In one company*,* only account managers and service/support staff had access to complete customer histories. In two other companies, only support staff

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[10] "The Customer Loyalty Challenge," Claudio Marcus, Gartner Research, August 21, 2001

can view histories, although one of these companies hopes to roll out this ability to the rest of the company soon. In a third company, this data is available for only some customers or products: *"Our systems are good but not excellent."* Another company echoes this response: *"We're very close, but not 100% there. Some systems don't cross."*

The inability of most companies in this sample to have complete visibility into customer histories is in marked contrast to recommendations made in the recent *Harvard Business Review* article "The Quest for Customer Focus."[11] In this article, the authors define c*ollation of information* as the first stage in the long journey toward real customer focus. They acknowledge that achieving this milestone can be a formidable task. The two companies cited in their study, Continental Airlines and Harrah's Entertainment, took four and six years respectively to establish a coordination infrastructure and reach the point where the customer became the fundamental unit of analysis and not a product, geography, or even account.

Although most of the companies in this sample still face IT challenges in accessing complete customer histories, none of the companies felt this was a major stumbling block in ensuring customer satisfaction. Instead, most of the companies rely on formal escalation paths to ensure closed-loop resolution of customer problems. Certainly, proactive data mining of customer sales and support histories might prevent many CSAT problems in the first place. However, in the absence of such system sophistication, when CSAT problems exist, companies must be reactive to customer complaints, and the escalation process must be explicitly defined.

13. How do organizations ensure closed-loop resolution of customer complaints?

Most companies in this sample agree that the critical requirements for successful resolution of critical incidents are communication, accountability, and ownership of the necessary resources to solve the problem.

One company described developing its escalation path *"through painful learning based on crisis management. We looked at all recent critical situations and found common themes. Critical situations differ so much in nature that we define them as top priority from a customer perspective. They are not based on how long the support ticket has been open. There may be an impending deal on the table in jeopardy, or the customer raised awareness with someone in our company internally. The first step in our process is the entry point, where we define the criteria for critical situations and who has the authority to escalate them. Then we identify an owner—usually a director—who owns the right resources, can be held accountable, and can move the issue along. We have a daily communication process with two customer conference calls each day. We document and distribute relevant communications to all involved or interested executives*

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[11] "The Quest for Customer Focus," Ranjay Gulati & James B. Oldroyd, *Harvard Business Review*, April 2005, p.92-101

and managers. If a problem is technical in nature and we need to reach into other organizations, the escalation mechanism is through an EVP or VP. The key is that the client understands that the problem is of top importance to us. We may not be necessarily resolving the issue but at least dissolving it so that the customer knows it is being and minded and owned by the organization."

Another company describes its escalation process: *"All support processes have an escalation center for when issues go out of control, for example if a customer asks to speak with a manager. The call gets rerouted, but we are not always staffed for a manager to answer immediately, so sometimes the customer has to get called back. There are different escalation paths for different Service Level Agreements; some go all the way to engineering. Gold-level SLAs skip some levels of support service. Platinum-level enterprise accounts have direct access to third-tier dedicated Technical Assistance Managers, who help coordinate all the required resources end-to-end and keep tabs on events even if they are not directly involved."*

A third company says that *"corrective actions are a normal part of doing business. When we initiate a relationship, we give our customers a written escalation path with the phone numbers of their contact people at each level of escalation."* This company was unique in providing its customers with up-front visibility into the escalation path, which must be quite reassuring from a customer perspective.

A fourth company reports that for each process, it maintains *"an escalation path that can be triggered internally up to the CEO. Critical accounts, such as a service outage escalation, have a structured, deliberate process. One person has singular accountability until the case is closed. This person is empowered to get any resources dedicated 24/7 to the problem. We have a corporate culture dating back to the founders to put the customer first, to focus on customer satisfaction. We wouldn't fathom saying 'no' to someone with a critical account. No one would want to have the CEO ask 'what are you doing that's more important than getting that customer back up?' We also tell unsatisfied customers that they can talk to the CEO if they want. This only happens about five times each year—it's self-correcting, customers just want help, they don't care how they get it—but it perpetuates the folklore."*

Companies in this sample disagree on whether to let customers register complaints during the CSAT survey. Says one company: *"We do not ask for complaint details on the CSAT survey. Instead, we introduce the survey with a reminder of the normal problem resolution path. We find that it's best to direct customers to our normal channel; it's counter-productive if customers register complaints in multiple channels."* Conversely, another company reports that *"if a complaint is registered in the CSAT survey, someone on my team will call the respondent back <u>within minutes</u> of the web submission."* This company is willing to perhaps muddle its own internal processes in order to communicate to the customers that solving their problems is the company's top priority. A third company in the sample asks customers on the general CSAT survey if they experienced

any problems with the company in the past year, if the problem was resolved, and if not, could the company contact them directly to resolve the problem.

In perhaps the most striking example in this study of the steps an organization is willing to take to ensure customer satisfaction, one company distinguished itself by making direct reference to the fact that this study's sponsoring client is also one of its customers. The sponsoring client is also a customer of most of the other companies in the sample, but only one company consented to participate in this study with the explicit objective of satisfying one of its customers and helping the customer succeed (knowing that valuable recommendations could grow the customer's business, which, in turn, could drive its onw growth as well).

Potential next steps

Participants in this study may have the opportunity to ask one another more specific follow-up questions than those covered in this report. If you would like to participate in a follow-up conference call for facilitated Q&A, please contact Beh Management Consulting, Inc. and efforts will be made to bring willing parties together to explore common interests about CSAT processes in greater depth.

About Beh Management Consulting

Beh Management Consulting, Inc. is a private firm based in Boulder, Colorado that provides research, analysis and communication to support the strategies, operations, and organization of corporations and non-profit organizations. Recent projects include:
- Developing the global services strategy for a multi-billion dollar IT manufacturer
- Facilitating a Roundtable of forest managers in (1) developing a strategy for reducing wildfire risks, (2) estimating the required funding, and (3) recommending new management practices and timber utilization opportunities to close the funding gaps
- Evaluating the financial performance of a guest-lodge facility for a global environmental conservation organization in order to identify potential cost reductions and revenue-generating opportunities
- Analyzing the U.S. nutrition supplements industry for a global pharmaceutical company considering adding nutrition raw materials to its product lines
- Estimating funding for economic development activity in the Amazon Basin for a foundation considering environmental protection investment in the region