Customer Satisfaction

IMPROVING QUALITY AND ACCESS TO SERVICES
AND SUPPORTS IN VULNERABLE NEIGHBORHOODS

What The Research Tells Us

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I   INTRODUCTION

From the beginning of the "customer service revolution" almost 20 years ago, a body of business research has focused on customer satisfaction and customer-focused organizations.[1] Business consultants, corporations and others have worked to identify the characteristics of organizations that consistently please their customers, to develop tools for monitoring customer satisfaction, and to build continuous, quality improvement systems that respond to consumer feedback.

Although much of the research has been conducted by and for the corporate world, customer service and satisfaction is not limited to the private sector. Publicly funded organizations that are incorporating practices developed in the business world provide a growing body of experience and study. Increasingly, federal, state and local government agencies are attempting to gauge their performance and the effect on those they directly serve. Throughout the public sector, initiatives to "reinvent" government—including education reform, privatization, and managed care—have elevated customer service and satisfaction to new priorities. Within the European Union, a shift is underway to re-think and reform social services with social inclusion and "user involvement" as driving forces in quality improvement.

Purpose of the Literature Review

Building on its longstanding work to improve the quality of services that affect public well-being, the Center for the Study of Social Policy has developed a Customer Satisfaction Initiative. The Initiative tests whether successful consumer models used by market industries to ensure customer service and satisfaction can be applied effectively to improve the quality of services in targeted low-income neighborhoods. Goals of the initiative are to:

- Improve the responsiveness and effectiveness of service providers in target areas;

- Link regular customer feedback to quality service improvement plans;

- Change the power balance for customers in poor and vulnerable neighborhoods and the organizations, agencies and workers that serve them; and

- Promote a consumer base that is more informed and ready to take action in their neighborhoods and communities.

In 2004, the Center commissioned a survey of customer satisfaction research and reports to inform its development of the Customer Satisfaction Initiative. The survey

helped the Center identify effective approaches used by market-driven organizations to monitor and improve customer satisfaction. Further study examined strategies for applying customer-driven quality improvement strategies to public services, including European approaches and experiences with user involvement and customer satisfaction in social services. This paper provides a brief synthesis of this formative research. Although it draws primarily from the business world's prolific study of market-driven organizations, it also provides public sector examples and experiences.

Part 2 explores key components of customer-focused organizations, including:

- Customer-oriented vision that is clearly defined and communicated;
- Customer-oriented culture that embeds customer satisfaction throughout organizational practices;
- Focus on the total customer experience; and
- Customer service standards and accountability.

Part 3 examines the critical role of frontline staff and strategies for ensuring that employees have the capacity to put customer service first, including training, employee empowerment, and recognition and rewards for performance.

Part 4 describes tools and strategies used to research and improve customer satisfaction, including surveys, customer behavior research, complaint resolution approaches, testers and "secret shoppers," and continuous feedback loops.

The conclusion briefly describes the potential for applying customer satisfaction research and customer service strategies in the public sector and among vulnerable populations.

Why Organizations Focus on Customer Satisfaction

Businesses monitor customer satisfaction in order to determine how to increase their customer base, customer loyalty, revenue, profits, market share and survival. Although greater profit is the primary driver, exemplary businesses focus on the customer and his/her experience with the organization. They work to make their customers happy and see customer satisfaction as the key to survival and profit. Customer satisfaction in turn hinges on the quality and effects of their experiences and the goods or services they receive.

What is Customer Satisfaction?

The definition of customer satisfaction has been widely debated as organizations increasingly attempt to measure it. Customer satisfaction can be experienced in a variety of situations and connected to both goods and services. It is a highly personal assessment that is greatly affected by customer expectations. Satisfaction also is based on the customer's experience of both contact with the organization (the "moment of truth" as it is called in business literature) and personal outcomes. Some researchers define a

satisfied customer within the private sector as "one who receives significant added value" to his/her bottom line—a definition that may apply just as well to public services.[2]

Customer satisfaction differs depending on the situation and the product or service. A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, store, service provider, or an attribute or any of these.[3] Some researchers completely avoid "satisfaction" as a measurement objective because it is "too fuzzy an idea to serve as a meaningful benchmark."[4] Instead, they focus on the customer's entire experience with an organization or service contact and the detailed assessment of that experience. For example, reporting methods developed for health care patient surveys often ask customers to rate their providers and experiences in response to detailed questions such as, "How well did your physicians keep you informed?" These surveys provide "actionable" data that reveal obvious steps for improvement.[5]

Customer satisfaction is a highly personal assessment that is greatly influenced by individual expectations. Some definitions are based on the observation that customer satisfaction or dissatisfaction results from either the confirmation or disconfirmation of individual expectations regarding a service or product. To avoid difficulties stemming from the kaleidoscope of customer expectations and differences, some experts urge companies to "concentrate on a goal that's more closely linked to customer equity." Instead of asking whether customers are satisfied, they encourage companies to determine how customers hold them accountable.[6]

In the public sector, the definition of customer satisfaction is often linked to both the personal interaction with the service provider and the outcomes experienced by service users. For example, the Urban Institute and Mathematica conducted customer satisfaction surveys for the federal child support enforcement system. The definition they developed addresses three aspects of customer satisfaction:

- satisfaction with client-worker interaction, whether in-person, by phone, or by mail;

- satisfaction with the support payment (e.g., its accuracy and timeliness); and

- satisfaction with the effect of child support enforcement on the child.[7]

Another example that has particular implications for vulnerable individuals and neighborhoods is the "Shaping Our Lives" National Users Network in the United Kingdom. This includes both national and local research and development projects to examine what service users see as good outcomes for services and support. Four customer networks were developed as part of the initiative:

- Black User Group in London,

- Service User Action Group in Wakefield,

- Ethnic Disabled Group in Manchester, and

- an alliance of User Groups in Waltham Forest.

It was the consensus of the groups that lack of information often leads to low expectations. They further agreed that the process of obtaining a service and the way it is delivered can have a major impact on the users' experience. The qualities of relationships and staff were central to positive outcomes.[8]

Because customer satisfaction is a highly variable assessment that every individual makes based on his/her own information, expectations, direct contact and interaction, and impact, it makes sense to involve and consult consumers when designing customer satisfaction approaches.

Service Quality

Research identifies many characteristics that are associated with service quality. Business researchers Benjamin Schneider and David Bowen assert that "service organizations must meet three key customer needs to deliver service excellence:" security, esteem, and justice.[9] Research identifies an array of service quality factors that are important for customers, including:

- timeliness and convenience,
- personal attention,
- reliability and dependability,
- employee competence and professionalism,
- empathy,
- responsiveness,
- assurance,
- availability, and
- tangibles such as physical facilities and equipment and the appearance of the personnel.

Research shows that these characteristics also apply to citizen satisfaction with public service quality. Timely service is an especially strong determinant of quality across different types of public services. Fairness and outcomes are additional factors important to public service customers.[10]

Public sector quality improvement initiatives are on the rise worldwide as contracting and private service provision has become more common. At the same time, European researcher Dr. Jane Pillinger notes that consumer demand for more transparent, equitable, and consumer-oriented services has produced a quality gap: a gulf in perceptions of quality and the impact of services on the end user. She calls for rethinking quality initiatives to interlink quality improvement with user involvement and participation and with social equality and inclusion.[11] The experiences of successful businesses both support this perspective and offer experiences, tools and lessons for putting customers first.

II CUSTOMER-ORIENTED MISSION AND CULTURE

Not surprisingly, a primary concern of business research and literature is building companies that excel at gaining and keeping customers. Studies show that outstanding customer service organizations focus on a clear goal—satisfying the customer—and design everything else with that aim in mind. From the top-down, these organizations act to provide positive customer experiences. The focus on complete customer satisfaction permeates the organization.

Fifteen years ago, in the beginning stages of the customer service revolution, Ron Zemke and Dick Schaaf canvassed 101 leading companies to see how they approached customer service. From this investigation, they distilled five general operating principles that research and experience continue to uphold:

1. Successful customer service companies listen to, understand, and respond—often in unique and creative ways—to the evolving needs and constantly shifting expectations of their customers.

2. These companies establish a clear vision of what superior service is, communicate that vision to employees at every level, and ensure that service quality is personally and positively important to everyone in the organization.

3. They establish concrete standards of service quality and regularly measure themselves against those standards. They guard against the common mindset that some margin of error is acceptable by establishing as their goal 100 percent performance.

4. They carefully hire people, train them extensively so they have the knowledge and skills to achieve the service standards, and then empower them to work on behalf of customers, whether inside or outside the organization.

5. They recognize and reward service accomplishments, sometimes individually, sometimes as a group effort, in particular celebrating the successes of employees who go one step beyond the expected actions for their customers.[12]

This section examines these principles and provides examples of how high performing organizations put them into practice.

A. Customer-Focused Mission Statements

The management and customer service literature hammer home the importance of a guiding vision that is clearly communicated through an organizational mission statement and set of principles. An effective mission statement accomplishes three purposes:

1. **It focuses and guides employee actions.** By providing a constant touchstone for employees, the mission statement has a powerful role in reinforcing

customer service. According to marketing expert Barry Feig, a strong mission statement both inspires and challenges employees.[13] It can also help employees feel that they are part of something important, another operating principle of high-performing companies.[14]

2. **It helps set and manage customer expectations.** The American Airlines Customer Service Plan states: "We are in business to provide safe, dependable, and friendly air transportation to our customers, in the hopes that you will fly with us again and again." The Customer Service Plan then goes on to provide service goals, guarantees, and promises for customers and employees. It is continually updated based on information from customer research, including focus groups, discussions and surveys.

3. **It contributes to instilling a culture of customer orientation.** The Ritz-Carlton Hotel is frequently cited as a company that exemplifies superior customer service. When Horst Schulze took leadership of the company in 1983, he launched a comprehensive program of quality management that grew to permeate the organization. The Credo that defined the new direction begins with a clear statement: "The Ritz-Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission." The Credo was further translated into the Gold Standards for guests and employees, which include the Motto, the Employee Promise, the Three Steps of Service, and the Basics—twenty rules for and promises to all employees. After intensive customer service training, every employee receives a wallet-sized copy of the Credo and Standards.

An effective mission statement is clear, concise and customer-focused. More than a slogan, it states what the company intends to do and must do for the customer. Roger Dow, the former general sales manager of Marriott Hotels, and co-author Susan Cook declare that a clear and simple mission statement is an indispensable tool. They recommend a crisp and memorable statement that can be implemented and lived daily. As an example, they point to the San Antonio River Center Marriott credo, "Every guest leaves satisfied"—both a customer service pledge and organizational vision.[15]

In addition to focusing on customer satisfaction, mission statements of many successful companies include employee satisfaction. These organizations recognize that customer service depends on employees who know they are valued, are treated well, and have the tools they need to put the mission into action. Saint Luke's Hospital is the largest hospital in the Kansas City metropolitan area, a nonprofit teaching facility, and recipient of a 2003 Malcolm Baldrige National Quality Award. Saint Luke's mission statement, "The Best Place to Get Care, The Best Place to Give Care," expresses commitment to caregivers and patients. This mission statement provides organizational direction for:

- a set of core values that guides employee actions (Quality/Excellence, Customer Focus, Resource Management, and Teamwork),

- an employee performance management system that is linked to compensation, and

- a customer satisfaction research program that "provides all employees the necessary information to effectively design, manage, and improve their processes."[16]

Like Saint Luke's, customer-focused organizations often articulate mission statements and organizational principles that reflect customer research findings. When Susquehanna Health System of Williamsport, Pennsylvania conducted customer research, the organization found that the top fifteen patient expectations all had to do with customer intimacy and personal service. After developing its C.A.R.E. concept (Courtesy, Attentiveness, Responsiveness, Empathy) and dedicating itself to providing the best of these for its patients, the organization was awarded the Arthur Andersen, Inc. 1999 Best Practices Global Award in the category of "Exceeding Customer Expectations."[17]

B. Customer-Oriented Culture

Creating and instilling a "culture" of customer service in which employees are encouraged and expected to go to great lengths to satisfy customers is another hallmark of a successful organization. High performing organizations work to create an environment where employees focus on customer satisfaction in each encounter, every day. For many organizations, including public sector social services, this requires "a massive culture shift away from what is convenient for the organization to what is needed by the service users."[18]

Many public and private organizations fail by relying on a single customer satisfaction program or strategy, such as customer surveys, staff orientation sessions, or performance-based compensation. Instead, success requires "a multi-dimensional program, including management consulting, customer satisfaction measurements, employee feedback, motivation programs, training and ongoing reinforcement."[19] Customer service and responsiveness must be embedded in practices and operations throughout the organization.

Emanuel Medical Center in Turlock, California, improved its customer satisfaction ranking from the 41st to the 90th percentile with a comprehensive approach of "improved methods, processes, and procedures that resulted in providing better services to our customers." But more importantly, according to the Center's public relations director, "we've implemented programs that changed out culture."[20]

Ritz-Carlton incorporates customer service into frontline practices through a daily face-to-face meeting with every staff member. Before every shift, each department huddles for ten minutes. Each employee receives a small packet with the day's vital information—projected hotel occupancy, a list of VIP guests and their preferences, special conferences and meeting needs, and the Ritz-Carlton basic principle of the day. The meeting

ensures that people begin work armed with their marching orders, disseminates critical information about guests and the organization, and builds consistency.[21]

Supporting Structures

Targeted positions, teams and organizational units can help to promote cultural change.

Emanuel Hospital created a new staff position: customer service representative. This person makes rounds to all patients before discharge to identify potential problems and provide any necessary assistance.[22] When Midstate Medical Center in Meriden, Connecticut, re-focused on customer service, the organization created a culture committee, "a team charged with the responsibility of maintaining and advancing our new culture" through "ongoing monitoring and reinforcement."[23]

A growing component of many public sector organizations is a structure for customer participation in developing agency plans and monitoring performance. The Montgomery County, Maryland, Department of Health and Human Services created an Office of Accountability and Customer Services to ensure that the Department "achieves the best possible results for county residents and delivers high quality, accessible, customer-friendly services." This Office is working on a number of initiatives to monitor and improve customer satisfaction. Community review panels feature community members who work with Department staff to examine programs and help ensure that residents are being provided with services that meet their needs. The panels focus on three areas: achieving results, providing excellent customer service and assessing what needs to be in place to make it all work.[24]

Nordstrom, Home Savings Bank of America, and other award-winning customer service organizations use an inverted pyramid for their organizational charts and place customers at the top. A clear management tier exists, but managers make it clear that their jobs are to support frontline employees in meeting customers' wants and needs. Employment structures are hierarchical without being rigid.

Injecting Customer Service into Strategic Planning

Customer satisfaction research and direct consumer involvement help organizations ensure that strategic planning puts customers first. The National Performance Review, a federal government effort headed by former Vice President Al Gore that identified practices of "best-in-business" organizations found that all demonstrated a commitment to understanding the customer's perspective. One company asked its customers, "What do you think we should consider in our strategic plan and where we should be going?"

Increasingly, public sector programs and government jurisdictions integrate customer perspectives and recommendations into their planning efforts. Although there are examples in the U.S., the practice may be more widespread in Europe. For example,

around 300 Norwegian municipalities and boroughs participated in Efficiency Improvement Networks from 2002 to 2004. To define improvement areas and implement changes, the municipalities in the Network mapped and analysed productivity, availability, professional quality, and user evaluations of services. They actively involved users in dialogue, focused service provision on consumer needs and goals, and improved resident satisfaction as well as results and efficiency.

C. Total Customer Experience

Business experts recommend focusing on the entire customer experience with each service contact. "It is the totality of the buying experience that will keep your customers coming back for more."[25] More than just the basics of customer service create a favorable experience for the customer; everything, conscious and unconscious, can affect it. Successful service companies attend to every detail to ensure that the customer's physical, social, and psychological experience is pleasant.

Personal Contact and Relationships

Research shows that, in an increasingly impersonal world, customers want personalized service. It is essential to customer satisfaction. "Customers experience service one-on-one, subjectively, impressionistically. An organization looks like the people who greet them, write up their order, deliver something to them … it sounds like the last person the customer talked to on the phone."[26] Honeywell and *Contracting Business* Magazine conducted consumer focus groups to determine customer expectations and perceptions of heating and air conditioning contractors. They learned that reliance on answering machines and interactive telephone-computer communications were viewed as definite negatives. Customers wanted not only a skilled technician, but also someone who was easy to talk to, looked professional, enjoyed talking to the customer, and respected the customer.[27]

Proven techniques for putting customers at ease include simple courtesy, using each customer's name, answering customers' questions, and remembering their names, preferences, and personal things about them. One way staff members at an exemplary Marriott Hotel in California put customers at ease is by using the customer's name several times at every interaction.[28] At the Crown Paradise Resort in Cancun, Mexico, and other hotels, the concierge frequently calls guest rooms to see if customers need fresh towels, new drinks in the refrigerator, or other services. Walmart places a greeter inside every store who welcomes customers and is available immediately to answer questions or provide customer directions. Other mass retailers have mimicked the practice. Walmart also requires employee, whenever within ten feet of a customer, to smile and greet the customer. One of Ritz-Carlton's basic rules for employees is to "Escort guests rather than pointing out directions to another area of the Hotel."

Slumberland Furniture is among the retailers and service professionals that prolong customer contact by following up with thank you notes and postcards that remind customers of upcoming sales.

Attention to Detail

Service organizations demonstrate that customers are their priority through attention to detail. Ritz-Carlton encourages its staff to get to know customers and relate to them on a personal level. Employees make notes on each guest's favorite foods, snacks, beverages, kind of pillow, and room temperature—"*anything* that would make their stay better."[29] The information is entered into a computerized tracking system that shares guest preferences worldwide. Small surprises that make customers feel special, such as remembering their names, preferences and personal things about them, are dubbed "Secret Service" by one customer service expert.[30]

Physical Factors

In addition to personal connection, details often focus on customer comfort and convenience. Focusing on the customer's total experience led Hastings Books Music Video to add numerous features in its stores. Hastings' customers can purchase food and beverages and consume them in the store while they browse, contributing to a longer, more leisurely shopping experience. Similarly, customers can listen to CDs at sampling stations before buying them. Many bookstores, including Borders and Barnes and Noble, make customers feel comfortable by providing couches and easy chairs. The goal of these measures is to ensure that customers are more satisfied with the overall experience, leading them to stay longer in stores and spend more money.[31]

Organizing Procedures around Customers

Service organizations can enhance the customer's experience through arrangement of their physical facilities and their procedures for providing services. Nordstrom concentrates on store layout as part of its customer service approach. Stores are designed like wheels with the escalator as the hub and with aisles branching off the hub as spokes. Aisles are wide enough for more than one customer to walk through and unobstructed sight lines allow customers to survey the entire floor from the escalator.

Focusing on the customer's entire experience, Nordstrom emphasizes comfort and ease in its dressing rooms with large rooms, carpets, customer lounges, chairs and sofas, and special attention to lighting in the dressing rooms.[32]

Marriott streamlined its check-in process to increase customer satisfaction with this critical point of contact. Customer feedback identified three problems: that may have implications for other customer service organizations:

1. **Convenient.** Customers wanted convenient check-in to include everything from making the reservation to arriving in their rooms.

2. **Streamlined.** They disliked being handed off from valet to doorman to front desk clerk to bellman—tipping all the way and repeating information.

3. **Timely and prepared.** Customers complained that they often arrived to find their rooms not ready because the hotel did not know what time to expect them.

To address these issues, Marriott redesigned the check-in process with its "First 10." Employees focus on the first ten minutes a guest spends in the hotel, and the company combined the doorman, bell staff, and front desk positions into a "guest service agent." Guests provide critical information (room preference, estimated time of arrival, and credit care information) only once when they make reservations. The daily list of guest arrivals is printed in order of arrival so employees know which rooms to prepare first.[33]

For many government and customer service organizations, managing customer flow and queuing can improve both efficiency and customer satisfaction. One Department of Motor Vehicles office in Madison, Wisconsin, redesigned its queuing system after an employee noticed that the standard waiting lines placed customers standing and watching employees, making staff feel pressured. The solution allows customers to sit comfortably and employees to track customers and their wait times. When customers walk in the office doors, they encounter a kiosk with two employees who issue them an alphanumeric ticket based on why they have come to the office. Customers wait in chairs arranged in rows that face the sides of the waiting room, and an electronic ticker along two walls transmits news, sports, and entertainment information to customers. The ticker is also a distraction from the waiting. When a customer's number is reached, an employee behind the counter can press a button. An LED display in the waiting area flashes the number and an audio system announces it. Software that can track customers and how long they have been waiting helps identify ways to improve the system.[34]

D. Customer Service Standards and Accountability

A fourth component of a customer-focused organization is a clear set of customer service performance standards that is systematically reinforced. Standards of customer service identify and communicate what constitutes satisfactory performance for all employees and customers. They provide uniform measures for all staff and promote consistently strong customer service. According to Mary Malone, a patient satisfaction consultant to the hospital industry, "Behavioral change requires standards, not suggestions." Once those are in place, an organization can develop consistency by "clearly communicating what is expected and, based upon those expectations, reinforce positive behaviors and hold employees accountable for sub-standard service delivery."[35]

Organizations take different approaches to identifying customer service standards and they vary in detail. Emanuel Medical Center uses "CARING" as an acronym for its six customer service standards, which are printed on the back of ID badges, flashed across computers as screen savers, printed on T-shirts, and posted prominently throughout the hospital:

- **C**ustomers first
- **A**ccept responsibility
- **R**each out and help
- **I**nitiate contact
- **N**urture others
- **G**ive attention to detail. [36]

The vice president of Crothall Health Care developed customer service standards for the hospital housekeeping department by thinking about cleanliness from the patient's perspective. "One of the standard points of everyday cleaning is the floor around the patient's bed. However, when you think about it, patients spend most of their time looking up toward the ceiling and lights, or at the wall at the foot of the bed." The housekeepers subsequently added light checks as part of their routine.[37]

 At MidState Medical Center, managers worked with staff to identify concrete behaviors that serve as examples of the hospital's standards of care. Those behaviors became standards of conduct for staff and are backed by staff orientation and training, systems of employee recognition and reward, and customer satisfaction feedback. Results from customer satisfaction surveys are presented at staff meetings and all employees are involved in identifying solutions for areas needing improvement. Staff is not only involved in defining behavioral standards, but also in an accountability loop that uses those standards to measure performance.[38]

Customer service standards provide a framework for performance management and accountability. Saint Luke's Hospital uses a performance management system to ensure that every employee has action plans and goals that are aligned with the hospital's core values and service standards. The system is also linked to employee compensation.[39]

III FRONTLINE STAFF: THE FACE OF CUSTOMER-ORIENTED ORGANIZATIONS

In many areas, customer satisfaction ultimately boils down to the customer's contact with frontline staff. Capable, empowered frontline staff put customer-focused mission statements, standards and culture into practice.

Thunderbird Samaritan Medical Center in the Phoenix suburb of Glendale improved the satisfaction of hospital patients from the 10th percentile nationally to the 90th percentile in two years. Hospital leaders created the Service Excellence Initiative and shifted "from counting beans to caring for the fieldworkers." Here is how they summed it up:

> "Of the lessons learned in this initiative, the most salient may be the importance of staying focused on the most important asset: our people."[40]

The Golden Rule: Treat Employees Well

Research consistently shows that the way employees are treated by their management has a direct impact on the way those employees treat the businesses' customers.[41] This translates in to a single principle that high performing customer service organizations share: Treat your employees as you want them to treat your customers. As Bill Marriott, Jr., chairman of Marriott Hotels, says: "Motivate employees, train them, care about them, and make winners of them. At Marriott we know that if we treat our employees correctly, they'll treat the customers right. And if the customers are treated right, they'll come back."[42]

To satisfy customers, staff need tools, including thorough training, flexibility and empowerment to solve problems and satisfy customers. To know that the organization values them, frontline staff also need recognition and rewards for strong performance.

A. Selecting and Preparing Customer Service Staff

Hiring

The first step for focusing staff on customer service is hiring the right people. For a growing number of companies and government agencies, a pre-employment video narrows the applicant pool to those who will help the organization accomplish its mission of customer satisfaction. For example, the Emanuel Medical Center video makes the organization's mission and expectations clear by stressing the hospital's "non-negotiable standards of patient care." It encourages individuals to proceed with the application process only if they share Emanuel's philosophy and standards.[43]

In the U.K., recent social policies require that local government and public agencies consult with those they serve when making decisions that affect them. Increasingly, this consultation includes hiring decisions. The Hertfordshire, England county council,

in a collaborative effort with the adult care service agency and the national health service, involves service users with learning disabilities and their family caregivers in the recruitment and selection of new staff. They have developed a manual to guide managers on preparing, training and providing support needed to involve users in an effective way. [44]

Orientation and Training

Customer service leaders place heavy emphasis on instilling a customer-first culture throughout their organizations by training new employees and reinforcing a customer focus with current employees.

Disneyland's Disney University provides one of the premier examples of employee orientation. It is provided after a candidate is offered a job and includes discussions of company history and philosophy, where Disneyland fits within the Disney Corporation, the standards expected of employees (called cast members at Disneyland), and a tour of Disneyland. After this initial phase, new employees go through division training, which introduces the employees to their particular jobs. Then, actual job training begins.

Successful service organizations such as American Express, L.L. Bean, Disney, Marriott, Nordstrom, and J.C. Penney all make a clear commitment to training the employees who interact with the public, whether they provide service by telephone or in-person. Their training programs include formal classroom instruction that focuses on job skills and attitudes and the expectations of management, as well as on-the-job training that allows staff to learn about the organization and the work from interaction between coworkers. [45] The Ritz-Carlton, two-time winner of the Malcolm Baldrige National Quality Award, provides 250 hours of training to first-year, frontline employees, known as the "The Ladies and Gentlemen of the Ritz-Carlton."[46] American Express telephone service representatives spend five weeks in a classroom, two weeks in on-the-job training, and three weeks in a training unit before they are on their own. In lectures, listening, and role-playing, they learn basic operating policies, how to calm angry customers, and how to help customers who need immediate assistance.[47]

When MidState Medical Center shifted its entire organization to a customer satisfaction focus, it made hiring and training top priorities. Not only were new employees "indoctrinated" in customer service expectations, values and behaviors; a reorientation program immersed current employees in the new customer focus.[48]

B. Empowering Employees to Satisfy Customers

Hiring, orientation and training of staff are common ways of focusing employees on customer service. Employee empowerment—giving employees the flexibility and leeway to satisfy customers—is less widely practiced. However, studies show that it can lead to improved customer service and increased customer satisfaction and that it is energizing and highly motivating for employees.

The Ritz-Carlton is one of the models for employee empowerment. The company expects employees "to think and act independently with innovation." The Basics, the company's 20 rules for and promises to all employees, clearly states:

"Each employee is empowered. For example, when a guest has a problem or needs something special you should break away from your regular duties, address and resolve the issue."[49]

Removing Barriers to Customer Satisfaction

To empower employees, they must have the means to satisfy customers, as well as the blessings of management. Any Ritz-Carlton employee can spend up to $2,000 to resolve a problem or handle a complaint.[50] Similarly, employees of the San Antonio River Center Marriott have flexibility and authority to enact the hotel creed, "Every guest leaves satisfied." Associates who encounter unhappy guests solve the problem on the spot without going up the chain of command. They have an arsenal of products and services at their disposal (including a free night's stay, a free dinner, or a gift certificate for a future weekend stay) to smooth over difficult situations.[51]

Emanuel Hospital is also "breaking down the institutional barriers that sometimes prevent employees from doing what they believe is the right thing." One step was the development of caring baskets. Each hospital department has caring baskets full of movie passes, car wash certificates, and restaurant vouchers. Any employee can use one of these gifts to make up for customer service mistakes immediately.[52]

Nordstrom is another company that allows employees to go to great lengths to satisfy customers. According to Bruce Nordstrom, what distinguishes the company in customer service is "its army of highly motivated, self-empowered people who have an entrepreneurial spirit, who feel they're in this to better themselves and to feel good about themselves, to make more money and to be successful."[53] Nordstrom trains its employees and gives them the freedom to make decisions. One of the most famous Nordstrom examples is the salesperson who gladly accepted a returned set of automobile tires and gave the customer a refund even though Nordstrom has never sold tires. The customer purchased the tires from one of three stores in Alaska that Nordstrom acquired in 1975. Instead of being reprimanded by management, the employee became a company hero, and the story reinforces the Nordstrom mystique of customer service and drives other employees to exemplary performance.[54] As this example illustrates, Nordstrom, employees "are instructed to always make a decision that favors the customer before the company. They are never criticized for doing too much for a customer; they are criticized for doing too little."[55]

Involving Employees in Organizational Planning and Improvement

Customer-oriented organizations also empower and motivate employees by involving them in essential organizational processes. When everyone participates in developing

organizational plans and strategies for improvement, it adds more ideas, increases employee buy-in, and contributes to a culture of employee empowerment. The Ritz-Carlton involves all levels of employees in the company's strategic planning process. After senior leaders identify specific company objectives, they communicate those objectives to staff at "lower levels" of the organization. The employees on those levels identify the actions and deeds that if done will collectively meet the objectives.[56] MidState Medical Center's steps for engaging frontline staff in setting customer service standards are another example of employee empowerment.

C. Recognizing and Rewarding Employee Performance

A common practice among successful service organizations is constant recognition, reward and praise for employees who provide outstanding customer service. This can take many forms; it does not always need to be expensive to be effective. A Press Ganey survey asked hospital employees how morale could be improved. More than half the responses were: smile, thank them, recognize and appreciate them.[57] Emanuel Hospital's caring baskets (described as a tool for resolving customer problems) can also be used to motivate employees to provide exemplary service and allow employees to encourage each other. Regardless of rank, any employee can reward another employee with a movie pass, car wash certificate, or restaurant voucher from the caring basket. Moreover, each month employees who went "above and beyond" are praised in front of coworkers and managers and given certificates and gifts from the caring baskets.

Nordstrom is among the many businesses that use inter-company and inter-store sales competitions to motivate employees. Rewards include flowers, cash, dinners, or trips. In addition, the company constantly recognizes and praises its top performers.[58]

MidState Medical Center established two highly visible employee and team awards for quality and customer service. Informally, hospital executives attend staff meetings to honor employees in front of their co-workers. In addition, the hospital sometimes takes out newspaper ads and billboards to congratulate staff on awards and outstanding customer survey results.[59]

IV STRATEGIES FOR RESEARCHING AND IMPROVING CUSTOMER SATISFACTION

A. Introduction

Although companies conduct customer satisfaction research for various reasons, the overall goal is to help them "stay as close to their customers as humanly possible."[60] Many leading edge companies and research firms focus on obtaining useful feedback from customers and clients and converting it into "actionable" steps to improve their performance. Some want feedback from customers about existing or new products and services. Others want to know how to target their resources on issues of concern to customers. Still others want to demonstrate a commitment to listening to their customers. As a by-product, customer feedback can provide actual examples of good and bad practices for employee training and continuous improvement efforts.[61]

The organization's objectives define what it wants to learn from customers and guides how the information is collected. Experts advise that first defining measurable objectives will allow organizations to "learn the effectiveness of your survey, and it will help you in reinvesting the information you learned."[62] In general, the research focus is how reliably the organization fulfills customer satisfaction and what can be done to improve. "The most active verb when you speak in the vocabulary of customer satisfaction is *to improve*."[63]

How frequently an organization measures customer satisfaction depends on the nature of its service and what it wants to gain. For instance, if customers make daily decisions about the services offered, frequent measurement is appropriate. Many consumer product and service companies need this type of day-to-day or weekly information. The National Performance Review (NPR) found that "best-in-business" organizations solicit feedback from customers before, during, and after service.[64]

The methods chosen for measuring customer satisfaction depend on customer characteristics, time availability, costs, and the information an organization hopes to gather. Many of the top performing companies identified by the NPR used sophisticated market research techniques: "Feedback was obtained through customer focus groups, customer usage and attitude surveys, supplier and partner surveys, and detailed telephone, mail, and personal interviews. In one case, thousands of customer surveys were mailed out each week. Another company maintained a detailed database containing all pertinent facts about its customers' requirements."[65] Common methods of gathering customer satisfaction information in the commercial world include 1-800 numbers, comment cards, telephone surveys, mail-based surveys, focus groups, group interviews, and direct contact between customers and employees. Recently, online surveys—through pop-up windows, links, or email invitations—have become popular with many companies. Each method or combination of methods has advantages and disadvantages. This section describes five strategies for customer satisfaction research an improvement.

B. Customer Satisfaction Surveys

Surveys and questionnaires are the most common marketing research methods. Typically, they are used to:

- assess the level of customer satisfaction with a particular product, service or experience;
- identify factors that contribute to customer satisfaction and dissatisfaction;
- determine the current status or situation of a product or service;
- compare and rank providers;
- estimate the distribution of characteristics in a potential customer population; or
- help establish customer service standards.

Benefits and Challenges

Surveys allow an organization to quickly capture vital information with relatively little expense and effort. A primary advantage of this method is its directness: "the purpose is clear, and the responses straightforward."[66] Additionally, the information gathered by surveys can easily be analyzed and used to identify trends over time.

The public views consumer product polls and pollsters in a generally positive manner compared to political and other polls. One study found that at least sixty percent of the public feels that market research about products and services has a positive impact on society. Seventy percent consider the people who conduct such surveys to have positive impacts on society.[67]

A major disadvantage of customer surveys is that the responses may be influenced by the measurement itself through various forms of bias. For example, most surveys are voluntary, and some researchers have found differences between survey respondents and non-respondents. People who respond to surveys answer questions differently than those who do not respond, and late responders answer differently than early responders. Most demographic studies report that non-response is associated with low education. One study found that non-respondents were more often single males.[68]

Methods and Examples

Two types of surveys are widely used by companies and research firms: transactional and image-based. These can be combined or used separately. Each time a customer interacts with an organization is a transaction—a call, a message, using the product or service. Many companies use ongoing transactional satisfaction measurements to monitor customer service, support or sales groups over time. In addition, each customer has an overall impression of the company or organization. These images are based on

the sum of transactions, the value of service, and the impressions of others. "Regular image-based analysis is vital to understanding the company's strategic position with their customers and in their marketplace."[69]

Perseus Research Services recommends a 3-phase process for implementing written customer satisfaction surveys that can be adjusted depending on an organization's objectives, the measurement method it chooses, and the design of its feedback loop.

1. The Project Kickoff includes review of survey objectives and scope, development of the survey content, testing the survey guide and collection process, and identifying the source and availability of customer names and addresses.

2. In the Survey Implementation phase, the organization conducts a live pretest of the survey, distributes the survey instrument, monitors progress, and distributes reminder notifications.

3. The Results Collection and Reporting stage is when the organization collects the survey results and builds a results database, eliminates duplicates, analyzes survey results, produces a final report, and provides feedback on the process for improvements with the next measurement.[70]

Surveys and questionnaires can be administered in a variety of ways: mail, telephone, internet, with product orders, at restaurants, doctors' offices, seminars, movies, etc. Many retail establishments rely heavily on questionnaires and comment cards that are either handed to each customer or prominently displayed. For example, customer intercept surveys that are handed to customers or given orally as they leave a store or service center can help determine their satisfaction with the service just received. In-person questioning allows interviewers to observe non-verbal reactions and probe with open-ended questioning.

Marriott uses both formal surveys and informal voluntary in-room surveys to generate an overall picture of customer satisfaction. It then lets employees know the results of the surveys and posts comment cards for them to see. At General Electric, the comment cards that are sent out after major appliance service calls carry salary ramifications for service technicians. [71]

Response rates and costs are key considerations. The Urban Institute and Mathematica worked with the federal government to design child support enforcement customer satisfaction surveys. Initially, the consultants felt that telephone surveys or telephone follow-ups to mail surveys would be expensive because of the cost of obtaining correct telephone numbers for respondents. It was more likely that mailing addresses would be up-to-date in the child support enforcement database, and some low-income families might not have telephone access, or it would be too difficult to obtain numbers. Eventually, researchers recommended a mail survey with telephone follow-up. The research team recommended focus groups to determine what time frame to investigate.[72]

Surveys can be used in combination with other research strategies to obtain fuller understanding of customer satisfaction. The federal Veterans Health Administration (formerly Department of Veterans Affairs) sends annual surveys to outpatients, recently discharged inpatients, and extended care patients. Along with customer complaints, survey data are tracked in a National Patient Feedback program and correlated with National Customer Service Standards. The Administration uses focus groups to identify major issues and to flesh out initial responses to the customer satisfaction surveys. Additional surveys further determine areas of improvement. The "satisfaction questions deal directly with issues the focus groups identified as important and ask for patient feedback about what happened (the patient serving as a reporter). There are a few global questions about how the patient views the care (the patient as a rater). Focus groups identified specific areas of concern such as relief of pain, emotional support, adhering to patient preferences, communication with members of the treating team, etc. The scores in these areas, rather than specific questions, will be used to determine whether a concern about patient satisfaction should be included on a performance contract." [72]

In Norway, customer satisfaction surveys are widely used to measure the perceived quality of public services. In 1996, half the county governors and agencies already used customer satisfaction surveys. A 2004 survey in the Oslo community expanded on earlier studies in 1998 and 2001. It included questions regarding:

- whether residents felt they were being treated respectfully,

- whether staff was able and willing to provide information and services to them, and

- the availability of and access to services. [73]

The Dutch research institute Verweij-Jonker developed a computerised system called SATER for measuring clients´ views on the effect of and the satisfaction with individual social interventions. Social work agencies have implemented pilots in a variety of settings including cities and rural areas. All clients whose cases are closed are asked to participate, including those who drop out before the end of treatment. (People who are negative about the services can provide especially relevant information for improving the treatment.) Participants complete anonymous, computerized questionnaires, even if they have no previous experience with computers. The software routes participants to specific questions based on their individual characteristics and circumstances. The computer procedure avoids the problem of socially correct responses and allows clients to take all the time they need to read the questions and fill in the answers. Most clients in pilot sites appreciated the opportunity to complete the survey and found it easier to handle than paper questionnaires. In some cases where it is not possible to provide space for clients to use a computer or to arrange access to an office, the interviews were administered by telephone.

The questionnaire takes into account the following issues:

- the clients´ personal definition of the situation, through an inventory of the problems that they experienced at the start of the intervention;

- selection of the four most important problems;

- assessment of the various stages of the intervention process with opportunity to specify and elaborate on negative experiences;

- satisfaction with the social worker and with the way they were treated by the social worker; and

- satisfaction with a number of more general and physical aspects of the agency and the treatment process.[75]

C. Complaint Monitoring and Resolution

While employee empowerment provides capacity for responding to individual complaints, systems for monitoring and examining complaints reveal patterns of organizational practices that need to be addressed. "Oops" moments—those instances in which things do not go as smoothly as they should for service organizations—offer opportunities for both ongoing learning and immediate improvement.[76] Because problems can always arise, "service recovery" (remedying customer dissatisfaction) is vital for service excellence.

The federal National Performance Review found that "best-in-business organizations actively encourage customer complaints." [77] Research further supports the importance of actively seeking customer input and involvement rather than waiting for them to complain. Making it easy for customers to complain and to resolve problems on the first contact is the ideal.

Benefits and Challenges

Systems for monitoring and responding to customer complaints can capture a range of useful information. "Substantial evidence suggests that complaint behavior is not just a function of the intensity of dissatisfaction but of several other factors as well, such as consumer characteristics, consumers' perceptions of the attributes of dissatisfaction, expectancy of outcomes, economic costs involved, product type, etc."[78]

Complaint response systems can yield further benefits in positive customer and public perceptions. Generally, only four percent of dissatisfied customers formally complain to a company about an unsatisfactory product, service or experience. Instead, the average dissatisfied customer voices displeasure to eight to ten other people, each of whom will tell at least five others. Thus, at least 50 people can eventually learn of one customer's dissatisfaction without the company finding out.[79] In contrast, satisfied customers tell only five other people about their pleasant experience with an organization—half the number who will hear about a negative experience.[80]

Some research has shown that customers who had complaints that were resolved were more satisfied than customers who did not have problems in the first place. "Customers who get their problems satisfactorily and quickly solved tell their friends and neighbors."[81]

At the same time, complaint systems have inherent limitations. They are self-selecting; only the most dissatisfied customers tend to complain, skewing the accuracy of the data for judging overall customer satisfaction. Many dissatisfied customers cease using a product or service without notifying the company.

While complaint systems are useful, they must not be the sole feedback mechanism an organization employs. Instead they provide a valuable supplement to more standard and reliable research methods.

Methods and Examples

Encouraging complaints and suggestions. Experts recommend that any complaint system be easily accessible to customers, well publicized, easy to use, and informative. Many companies solicit feedback at every point of contact with the customer, including correspondence, bills, and in the telephone directory.[82] Another common method or encouraging complaints and suggestions is a Customer Suggestion Form or Box; "Too few organizations use this tool with their customers."[83] A method that ranks highly with consumers is telephone customer support. It is a very important contributor to customer satisfaction.

Employee training and reinforcement to utilize mistakes. To use inevitable mistakes effectively, employees must be able to recognize and respond to an "oops" moment. In addition to employee training, routine reinforcement helps ensure that when customers express dissatisfaction the complaint will be acted upon and the information used for quality improvement. "If employees see the information being acted on to improve patient experiences, it creates awareness in them that participating in the service recovery process is worthwhile."[84]

By forthrightly acknowledging the service mistake or problem, the employee and organization demonstrate that they appreciate dissatisfaction being brought to their attention. Next, research demonstrates that the employee interacting with the customer must offer a "blameless apology" because it "demonstrates empathy and concern without agreeing or disagreeing with the facts of the situation."[85]

Employees empowered to make things right. Another central component of an effective service recovery process is action. "Employees must be empowered to solve easy problems quickly or state how they will resolve more difficult situations, and then keep promises and make amends." Customer service leaders develop policies that no employee will be disciplined for doing what it takes "to make things right"—"giving front-line employees the power and tools to make the service recovery decisions because they are closer to the customer and can affect change quickly."[86]

If for some reason a problem is beyond an employee's ability to rectify, that employee should take that customer or patient to the right person and make sure the next employee takes on the problem. This is the practice at the Ritz-Carlton; the first staff member must then follow up with the guest who complained. Staff also complete reports on each service recovery incident, which the company monitors and studies.

Direct management involvement. "In many of the Service 101 companies, senior managers regularly spend time on incoming service, complaint, and information calls. It gives them an anonymous, status-free contact with customers that helps them understand field-level frustrations and concerns directly, free of the impersonal filtering of reports and memos."[87]

Customer and employee designed complaint systems. Some high-performing organizations gather dissatisfied, critical, and inquisitive customers into advisory boards to provide feedback. The United States Postal Service (USPS) established a Consumer Affairs Tracking System and a Call Management Initiative with a single 1-800 number 24 hours a day. It used focus groups of both customers and employees and feedback from customer satisfaction surveys to develop a complaint resolution process.

Systems for monitoring complaints. The Department of Veterans Affairs' medical centers have a tracking system for compliments and complaints allows employees to spot trends. The complaint codes are correlated with the National Customer Service Standards to provide ongoing measurement.

A growing number of local and state governments have independent ombudsman offices that respond to citizen complaints and other evidence of poor public sector performance. The ombudsman may have jurisdiction over all government operations (as does the Iowa State Office of Ombudsman) or a limited range of constituent concerns, such as state children's ombudsman offices. In Norway, there is an ombudsman for health issues, for children, for gender issues, and one instance of an ombudsman for social and health issues in the municipality of Oslo.[88]

The right to complain. In the Netherlands, a culture of client and user participation has been developing for several decades. The Client´s Right of Complaint Act in the Care Sector (WKCZ) offers a complaints procedure when clients are not satisfied with the medical or other care and support they received. When the problem cannot be solved in direct contact between client and caregiver, the client can receive mediation and, if needed, support from professional complaints advisers who assist the client through the complaints procedure.[89]

D. Testers and Secret Shoppers

Organizations gain valuable feedback by involving customers as testers of products and services. A similar strategy enlists customers, staff or others as "mystery shoppers" who

walk through a service and record their experience. Organizations also can actively engage testers and secret shoppers in developing new products or service delivery approaches.

Two advantages of this strategy are that alert customers test unsuspecting employees, and customers are able to provide feedback from their "natural" environment instead of through a survey or focus group.

Methods and Examples

Retail stores use mystery shoppers to covertly test their services and products. Some companies use video cameras to record consumer behavior, and some customers even allow video observation in their homes.

Television research groups enlist viewers to keep track of what shows they watch for a week or two. Viewers record when they watched television, what show they watched, how long, etc. Customer ratings play a strong role in determining which shows remain on the air and in developing ideas for future programming.

The Montgomery County Department of Health and Humans Services (DHHS) Office of Planning, Accountability and Customer Service worked with a number of Department divisions to develop a Customer Service plan. DHHS used "secret shoppers" to assess the behavior of employees responding to phone calls from residents, to visit service center waiting rooms, and to observe interactions between workers and customers.

Panels of customers and other testers. One research firm uses consumers to develop new products for companies. It tests consumers for creativity and selects a certain number for "Super Group" panels comprised of "idea-centric creatives."[90]

Food service contract managers in hospitals have used taste testers to improve patient satisfaction. Riverside Methodist Hospital in Columbus, OH, serviced by ARAMARK, uses an internal Nutritional Services Quality Resource Management team composed of managers, dieticians, supervisors, cooks, and tray line personnel to sample food before sending it to patients. Food quality scores by patients have increased as a result. An employee also visits all new patients to describe the diet their physician ordered and provide information about additional services.[91]

Sophisticated product testing strategies. *Consumer Reports* operates the National Testing and Research Center in Yonkers, New York, the largest nonprofit educational and consumer product-testing center in the world. The Center gathers data about products and services, consumer demand, and what its subscribers plan to purchase. The company purchases the products it will test and conducts laboratory testing. For example, it has an auto-test track for car and truck testing. The company has over 100 "testing experts" in seven technical departments: appliances, autos, baby & child, electronics, food, health & family, and recreation & home improvement. Additionally, it utilizes 150 anonymous shoppers throughout the country. The laboratory tests use

government and industry standards as well as those developed by in-house specialists. An annual questionnaire also provides feedback on the experiences of *Consumer Reports'* hundreds of thousands of subscribers.[92]

E. Customer Behavior Research

Although all the strategies described above provide information about customer perceptions, customer behavior research provided in-depth information about how and why consumers make choices. Observing, probing and analyzing consumer behavior can help organizations develop products and services that fit the use patterns and preferences of their target customers. Likewise, organizations can use their findings to develop customer service standards and performance measures.

McDonald's provides a good example of how customer knowledge can be used to improve services and profits. In the late 1980s and early 1990s, McDonald's customer satisfaction ratings declined. Surveys showed that 60 percent of customers left the restaurants dissatisfied. Consumer research revealed that the company's "heavy users," who made up its largest customer segment visited their favorite fast food restaurant six times a week, but McDonald's was losing their business. Because one more visit a week by these customers meant millions of dollars in revenues, the company decided to focus on these customers. In response to research that focused on heavy users, McDonald's introduced its Value Menu packages, improved its drive-through service, and cut minutes off in-restaurant service time. The result was dominance over the competition.[93]

Usually, customer behavior research is an in-depth approach that is intended to obtain detailed information. Although skilled researchers are often required and those can be costly, relatively small numbers of consumers are needed. Consequently, compared to the large scale surveys, targeted customer behavior research can yield valuable data with limited expense.

A general lesson from customer behavior research is the importance for companies and organizations to observe, listen and analyze free of biases.

Methods and Examples

Observation. A maker of frozen baby food wanted to research the behavior of consumers when buying frozen foods. She dressed in jeans and went shopping with friends who were parents. Using consumers as informants, she learned valuable information about consumer tendencies in the frozen foods aisle.[94]

In-depth interviews. A common method for talking to customers is the in-depth interview, a private 45 to 90 minute conversational interview "designed to uncover both broad contextual information about participants and detailed information about specific topics."[95] An individual interview may be the best method for probing personal opinions,

beliefs, and values. Some large companies use group interviews to brainstorm about product modifications and new products.

Focus groups. Although focus groups are falling out of favor, they have been a very popular method for obtaining in-depth information from customers and consumers regarding the motivations and explanations behind their behavior. Focus groups typically involve 8 to 12 people identified as highly involved with purchase, usage, or brand decisions. In a session lasting about two hours, researchers probe the participants' attitudes toward brands, services, new products and ideas, advertising, political issues and candidates, and a host of other issues.

Research firms suggest that focus groups be used when companies want to know how consumers perceive a product or service, why they behave in certain ways, what issues are important to their customers, and what issues should be the focus of further research. Like all methods, focus groups have some disadvantages. Perhaps the primary drawback is that focus group research cannot be generalized to an entire population. The information gathered in a focus group lacks statistical precision and can lead only to hypotheses that must be tested further.

F. Continuous Feedback Loops

For information about customer behavior, satisfaction and preferences to be useful, it must be connected to organizational planning, day-to-day practices, employee training and assessment, and performance monitoring. The goal is a continuous improvement system that uses customer input to plan, design, measure, assess and improve a product or service. Customer satisfaction information is continuously gathered, analyzed and fed back into quality improvement efforts.

Customer satisfaction research strategies serve as assessment tools. They provide a direct line connecting the organization's objectives, quality dimensions, measurement mechanism, and analysis—together, these comprise the feedback loop. Thus, continuous feedback loops are less a strategy than a performance-based approach to operating a customer service organization.

Methods and Examples

Connecting with strategic planning. High performing organizations closely tie customer satisfaction information to the strategic planning process at all levels of the organization. To make this connection, many private-sector organizations conduct "internal environmental scans," which survey all aspects of a company to determine how well it is fulfilling objectives such as customer needs. The Federal Benchmarking Consortium cited one governmental organization that uses its customers (citizens of that community) to perform the environmental scans. Customers were involved in

determining the "how" as well as the "what" of the organization and participated in discussions of the organization's processes and services. The result was "customer-driven process improvement."[96]

Connecting with performance measurement. As part of the constant process of improvement, senior leaders at the Ritz-Carlton benchmark other recipients of the Malcolm Baldrige National Quality Award to identify possible innovations.[97] After the company won its first Baldrige award, it committed itself to a target of "defect-free" experiences for guests, "implementing a measurement system to chart progress toward elimination of all customer problems, no matter how minor."[98]

Connecting with ongoing performance improvement efforts. Susquehanna Health System (SHS) began its customer-centered program by researching patient expectations. The organization found that the top fifteen expectations all had to do with customer intimacy and personal service. SHS has implemented a number of programs aimed at improving personal service performance, including:

- constantly monitoring customer feedback regarding patient expectations and how they view their service experiences;

- utilizing various training programs for its employees, and

- on-going programs of recognition and reward for employees who exceed expectations.[99]

Saint Luke's Hospital (SLH) in Kansas City won a 2003 Malcolm Baldrige National Quality Award for its "continuous-loop model, known as the Performance Improvement Model," which is used to "plan, design, measure, assess, and improve the way it delivers health care service." Employees in all departments learn the model during orientation and receive training on its use. Known as the "Listening and Learning" process, it includes surveys, focus groups, follow-up calls, daily conversations with patients, families, and others—all to determine patient requirements. Simultaneously, a customer satisfaction research program continuously gathers customer and market requirements and helps measure customer satisfaction.[100]

To fully understand customers' expectations, experiences and perceptions requires an ongoing system of research. Single strategy or inconsistent monitoring is not adequate. Ideally, customer-derived information is consciously used to inform staff and improve services.

V CONCLUSION: APPLYING CUSTOMER SATISFACTION RESEARCH TO THE PUBLIC SECTOR AND VULNERABLE NEIGHBORHOODS

Most of the existing research on customer service and satisfaction comes from the business sector. Many findings are clearly applicable to public sector service organizations, and examples of governmental or nonprofit organizations are provided throughout this report. In addition, the public sector is under increasing pressure to apply business practices to improve their performance. As many governments worldwide increasingly contract out services to private providers, they are working to assure service quality.[101] Elected officials are eager to respond to constituent demands for more efficient, effective and user-friendly public services, and government agencies are under increasing pressure to improve their own public service performance.

At the same time, there are clear challenges to transferring customer satisfaction strategies to the public sector. Few public agencies systematically monitor customer satisfaction or even focus on it as a policy, management or practice goal. High turnover rates and poor morale in the human services workforce signal that the public sector has far to go in treating employees well or in equipping them to provide exemplary customer service. There are other fundamental challenges.

Who are the customers? According to leading experts on the movement to "reinvent government," thinking in terms of public service *customers* is a recent development, and there is much confusion about who the customer is. Osborne and Plastrik maintain that the "primary customer is the individual or group" the organization's work is "primarily designed to help"—often the public at large.[102] For example, students and their parents are the primary customers of schools. Public agencies also may have secondary customers—groups that benefit from the work, but less directly than primary customers. For schools, these may be the community at large, employers who will someday hire graduates, and others. In addition, public organizations and systems have many stakeholders who have an interest in the agency's performance but are not customers. Osborne and Plastrik suggest that identifying these groups and their relationships with the organization is an essential step to improving public performance.

Lack of market economy. For the most part, public agencies do not compete for customers and market share. Their survival and growth depend on the appropriation of tax revenues determined by elected officials at the federal, state and local levels, not the satisfaction of the individuals they serve.

Monopoly on services. Government agencies are generally monopolies. They are not subject to the performance challenges that competitors provide. Public sector customers are captive. With some exceptions, they cannot go elsewhere if they are dissatisfied with the services they receive.

Mission defined by legal rights and mandates. Rather than shaped by customer-driven demands, the mission and priorities of public organizations are determined by law. Unless customers have legal rights to services and government agencies have legal mandates to provide them, public organizations may have little motivation to please customers and limited flexibility to respond to customer complaints.

Accountability to elected officials. Private sector businesses are accountable to both the customers and their owners—usually through a board of directors that represents shareholders. In the public sector, elected officials represent the interests of citizens. Even in the business world, "accountability to owners trumps accountability to customers."[103] For public organizations, accountability to elected officials (the funders) is likely to take priority over customer satisfaction.

Public customers' lack of political power. According to Osborne and Plastrik, "some conflict between what customers want and what elected officials want is inevitable."[104] For customers to influence public agencies' performance, they need the capacity to influence elected officials. To motivate public agencies to change, service consumers (who usually are experiencing personal crises) often must work with public officials and through the political process. For those in need, this may be an unrealistic expectation, especially when service users are provided no assistance in making their voices heard.

Potential Strategies for Improving Customer Satisfaction in Public Organizations and Vulnerable Neighborhoods

The characteristics and strategies of successful customer service organizations outlined in this paper apply to public as well as entities:

- Customer-focused mission statements,
- Customer-oriented organizational culture,
- Attention to the total customer experience,
- The key role of frontline staff and strategies for promoting complete customer satisfaction by staff, and
- Strategies for monitoring and improving customer satisfaction.

In addition to directly applying these business-derived strategies to the public sector, emerging strategies are being developed to counteract some of the challenges that public service customers experience.

Customers' Rights and Responsibilities

In the European Union, social policy has increasingly focused on marginalized groups, social inclusion, and the rights of service users. In 2003, the Council of Europe launched a working group on user involvement in personal social services as part

of its Social Cohesion Strategy.[105] The workgroup suggested a set of principles to be considered for an eventual Charter of User Involvement. The cornerstone principle is user involvement as a right and a responsibility that should be enforceable and accessible. Social services depend on user involvement to ensure their relevance and effectiveness, and the Council workgroup maintains that users should have a basic right to defined forms of involvement.

To put these principles into practice will require fundamental changes in public services, including:

- **More fully informed citizens.** "Public agencies must find much more innovative ways of informing people about their rights, listening to their ideas and proposals and helping them to navigate through bureaucratic labyrinths."

- **Putting user involvement at the core of agencies' missions and tasks.**

- **Public policies that create national cultures of user involvement** and consistent commitment from different sectors of society.

- **Users as recipients and actors** who, in addition to having the right to be involved, are responsible for playing a full and active part in services.

- **User involvement in evaluation of service outcomes,** including selection of criteria for evaluation.[106]

Other European studies urge social services to find new ways of responding to needs "within a rights-based, user-centered approach." Social exclusion is equated with lack of customer participation. European nations are working to develop more participatory methods of involving and consulting users in service planning and delivery. Study of emerging strategies will contribute to understanding the requirements and benefits of citizen participation within the context of democratic society.[107]

Introducing Customer Choice and Competition

Proponents of "reinventing government" recommend injecting some of the market dynamics that businesses experience into the public arena. One strategy suggested for motivating government agencies to improve performance is the introduction of customer choice in public services. Although charter schools in education may be the most common example, Osborne and Plastrik claim that governments are providing choice in health care, housing, job training, child day care and recreation programs.[108]

A rationale for service privatization is stimulation of competition among service providers. However, customer satisfaction is rarely included in the performance requirements of government contracts with private organizations.

User Purchasing Power

The European strategy of personal budgets for users creates another type of incentive for performance in which customers determine how resources will be spent. Personal budgets place funds in the hands of users who can purchase services according to their own choice. Personal budgets were first introduced in the Netherlands in 1996 to change the focus from supply to demand, and the increasingly-popular approach has been improved since. It has the added effect of empowering service consumers to manage their own care.

A similar, user-led approach, "user-managed personal assistance" to people with severe disabilities has operated in Norway since 2002. The recent English government Green Paper on Adult Social Care, Independence, Wellbeing and Choice proposes expansion of direct payments to ensure that services are shaped by both the needs and choice of users.

Similar to child care vouchers in the U.S., the Finnish child care model goes a step further. In addition to choosing public child care centers or private care arrangements, parents may use the funding as stay-at-home allowances.[109]

Future Directions

Although these and other strategies are being developed, customer satisfaction is seldom monitored in the public sector or in vulnerable neighborhoods. To test the effectiveness of established and emerging customer service strategies, customer satisfaction research must be conducted. In fact, the literature suggests that customer satisfaction research should be standard practice for all organizations that provide goods or services. Performance objectives by which government agencies are judged should include customer satisfaction measures. Customers themselves should be involved in identifying performance standards and in identifying effective practices.

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