

Auditing Business Performance

Is it possible to see our business the way our customers see it? How can we open our ears to the voice of the customer? And how can we know if we are truly listening?

By Scot M. Faulkner

Customer satisfaction — we encounter it in newspapers and magazines, on television and radio, and at seminars and conventions. It's become the drum-beat for competitive success in today's world. And it sounds easy, like common sense and motherhood. So why isn't everyone doing it?

Why do we often fail to recognize the source of our customers' dissatisfaction? We know exactly what to do when we are the dissatisfied consumer of another's poor-quality products or services. We go someplace else with our business! We take our business to that customer-oriented establishment whose organization is expanding, reaping profits, and earning accolades from peers.

At times we become so mired in the details of our daily business activities that we fail to see the big picture objectively. When that happens, it's time to step back and evaluate the situation as an outsider — as a customer. By stepping outside ourselves and looking at what we do from the customer's perspective we become better positioned to evaluate our business practices. Until that

customer orientation becomes an integral part of the way we do business, customer satisfaction will be an uncertain component in our business planning.

The surveys on pages 10-13 are a good place to start. They identify top customer issues that will help you audit your agency's performance. There's no right answer. The exercises are designed

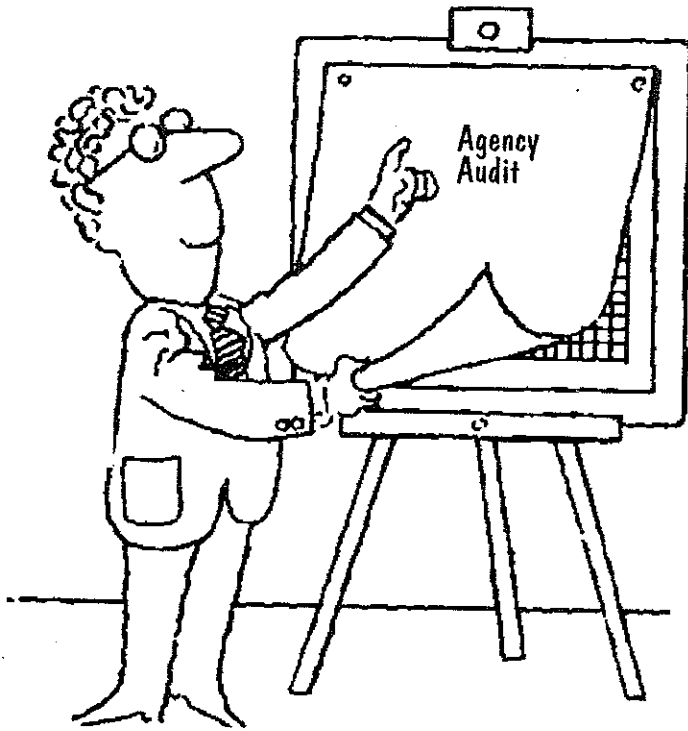
to stimulate discussion in your agency and help you see your business the way your customers see it. Through a series of group discussions, you'll uncover trouble spots that you never suspected would prevent your agency from being better, bigger, or more profitable. You'll also pinpoint areas needing change and spotlight practices that will keep you doing the "right things right."

What matters most to your organization?

Let's begin with customer service. If you had to list your top activities for satisfying customers, what would you put on the list?

On page 10 we've listed 20 top activities that quality organizations do to satisfy their customers.





Once you and your staff identify and rank the lists independently, you will see if everyone in your organization conducts business practices the same way. If your perceptions differ, you will see why. You might also want to have some of your customers rank the list. Are their priorities your priorities? Why or why not?

There is no right answer. The key is to identify what your customers want and expect. If there are differences between your perceptions and your customers' expectations, it's time to decide what needs to be done.

How do you stack up against the competition?

Once you have identified and prioritized your customer service list, it's important to gauge how well you are doing in relation to your competition. Are customers "voting with their feet"?

On page 11, give your agency 2 points for each of the activities you always do and 1 point for things you sometimes do. Then do the same for your closest competitor. How do they measure in relation to you?

By having your selected customers score the list, you might learn some interesting points. Who is right? A customer's perception is their reality. Don't underestimate the changes needed to alter a misperception. Ignoring perceptions will negatively impact your market share.

How do you get information about your customers' expectations?

Customer satisfaction is something that needs to go beyond one survey. The third part of this self evaluation, on page 12, lists ten ongoing activities that successful customer-oriented companies do as part of their daily work. Which methods do you use? What do you know about your competition? Does your staff share your view of what is being done to identify and meet customer needs?

How do you use information?

The fourth part of this audit critiques ongoing customer activities. Rank the list on page 13 to determine the usefulness to you and your agency of the feedback you collect from your customers. Remember there is no absolute answer. Your responses are intended to promote and structure a group discussion. Ask yourself which activities aren't useful because they are being done improperly. Are there methods that work for you that aren't in the audit? What opportunities are you missing by avoiding these activities?

What works, what doesn't?

Look at your operations. What really works best for you? We can all remember a great victory over a competitor that increased our business at a critical time. We probably remember more vividly the time we lost a client to someone else. Look back at the four sections you completed with staff and customer input. Is there a connection between your successes and failures and the pattern of your responses? Did you find areas where you can do things better?

You'll see clearly where you stand today in terms of serving your customers, and you'll see what that means for your business. Some options will also emerge, suggesting a path for your future. By following that path you will begin your journey to a better quality business process.



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What matters most to your organization?

Here is a list of 20 things that quality organizations do for their customers. Rank them in order of importance from 1 (most important) to 20 (least important) for your organization. Distribute blank copies of this list to your employees and have them rank the items. Do your employees prioritize the same items you do?

Rank 1 through 20 in order of importance to you.

	You	Your Staff
We provide prompt, courteous, quality service.	<input type="checkbox"/>	<input type="checkbox"/>
We have regular customer contact.	<input type="checkbox"/>	<input type="checkbox"/>
We tell our customers exactly when services will be performed.	<input type="checkbox"/>	<input type="checkbox"/>
We ask clients exactly what they expect from our agency.	<input type="checkbox"/>	<input type="checkbox"/>
Our management is available to all customers.	<input type="checkbox"/>	<input type="checkbox"/>
We return telephone calls promptly.	<input type="checkbox"/>	<input type="checkbox"/>
We always follow up.	<input type="checkbox"/>	<input type="checkbox"/>
We always ask, "How can we do it better?"	<input type="checkbox"/>	<input type="checkbox"/>
We contact our customers more than annually.	<input type="checkbox"/>	<input type="checkbox"/>
When a customer has a problem, we show sincere interest in solving it.	<input type="checkbox"/>	<input type="checkbox"/>
We are never too busy to respond to customer requests.	<input type="checkbox"/>	<input type="checkbox"/>
We maintain error-free records.	<input type="checkbox"/>	<input type="checkbox"/>
Our physical facilities are visually appealing.	<input type="checkbox"/>	<input type="checkbox"/>
Our operating hours are convenient for our customers.	<input type="checkbox"/>	<input type="checkbox"/>
We employ technically knowledgeable staff.	<input type="checkbox"/>	<input type="checkbox"/>
We review our customers' insurance needs annually.	<input type="checkbox"/>	<input type="checkbox"/>
We hire people with a "service attitude."	<input type="checkbox"/>	<input type="checkbox"/>
We cultivate a positive office environment.	<input type="checkbox"/>	<input type="checkbox"/>
We practice honesty and integrity in all our dealings.	<input type="checkbox"/>	<input type="checkbox"/>
We perform service "right the first time."	<input type="checkbox"/>	<input type="checkbox"/>

How do you stack up against the competition?

Here's the same list. This time, give your organization 2 points for each thing you always do, and 1 point for things you sometimes do; then grade your nearest competitor. Total the scores to see how you stack up against the competition. After you've completed this part of the assessment, it might be enlightening to ask your employees to do this competitive analysis separately.

2 = We always do this.

1 = We sometimes do this.

0 = We don't do this (but we will!).

You Your
Competition

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | We provide prompt, courteous, quality service. |
| <input type="checkbox"/> | <input type="checkbox"/> | We have regular customer contact. |
| <input type="checkbox"/> | <input type="checkbox"/> | We tell our customers exactly when services will be performed. |
| <input type="checkbox"/> | <input type="checkbox"/> | We ask clients exactly what they expect from our agency. |
| <input type="checkbox"/> | <input type="checkbox"/> | Our management is available to all customers. |
| <input type="checkbox"/> | <input type="checkbox"/> | We return telephone calls promptly. |
| <input type="checkbox"/> | <input type="checkbox"/> | We always follow up. |
| <input type="checkbox"/> | <input type="checkbox"/> | We always ask, "How can we do it better?" |
| <input type="checkbox"/> | <input type="checkbox"/> | We contact our customers more than annually. |
| <input type="checkbox"/> | <input type="checkbox"/> | When a customer has a problem, we show sincere interest in solving it. |
| <input type="checkbox"/> | <input type="checkbox"/> | We are never too busy to respond to customer requests. |
| <input type="checkbox"/> | <input type="checkbox"/> | We maintain error-free records. |
| <input type="checkbox"/> | <input type="checkbox"/> | Our physical facilities are visually appealing. |
| <input type="checkbox"/> | <input type="checkbox"/> | Our operating hours are convenient for our customers. |
| <input type="checkbox"/> | <input type="checkbox"/> | We employ technically knowledgeable staff. |
| <input type="checkbox"/> | <input type="checkbox"/> | We review our customers' insurance needs annually. |
| <input type="checkbox"/> | <input type="checkbox"/> | We hire people with a "service attitude." |
| <input type="checkbox"/> | <input type="checkbox"/> | We cultivate a positive office environment. |
| <input type="checkbox"/> | <input type="checkbox"/> | We practice honesty and integrity in all our dealings. |
| <input type="checkbox"/> | <input type="checkbox"/> | We perform service "right the first time." |
| <input type="checkbox"/> | <input type="checkbox"/> | Total Score |

Scoring: You can be assured that anything less than a perfect 40 is going to have a negative impact on your market share, customer retention, profitability, and growth. Look closely at the items you ranked as most important. If you scored less than 2 on any of them, you may be facing potentially severe customer retention issues. Use these findings as your priority action lists for improvement in the coming year.

How do you get information about what your customers expect from you in terms of performance?

A successful organization must know what its customers want. Here are ten methods of customer feedback. For each method, give your organization 1 point if you use it; 0 if you don't use it. You may want to have your employees score this list separately. You can also score yourself against your closest competitor to see who has the competitive edge.

1 = We use this method.

0 = We don't use this method.

	Your Competition	Your Staff	You
We regularly collect information about the needs of our customers, and how we meet those needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We regularly use market research information to anticipate customer needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We regularly collect information about our customers' service quality expectations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Managers regularly interact with our customers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer contact employees communicate frequently with management.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Managers regularly ask employees for suggestions about serving customers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Managers frequently have face-to-face interactions with customer contact employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We commit necessary resources to determine and improve customer service.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We have internal training programs for determining and improving customer service.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We use automation and data systems effectively to learn about customer needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total Score	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Scoring: If you are less than a "perfect 10," you may not be gathering all the information on your customers that is available. Look carefully at the items on which you scored a "0." Are the "0s" offset by excellence in your "1s"? Or are they "blind spots" that should be addressed in your improvement plans?

How does your organization use customer feedback?

Using the same list, rank the methods in order of their usefulness for your organization. Which ones are critical to your success? Ask your employees to rank this list separately.

Rank 1 through 10 in order of usefulness to your organization.

You Your
Competition

- | | | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | We regularly collect information about the needs of our customers, and how we meet those needs. |
| <input type="checkbox"/> | <input type="checkbox"/> | We regularly use market research information to anticipate customer needs. |
| <input type="checkbox"/> | <input type="checkbox"/> | We regularly collect information about our customers' service quality expectations. |
| <input type="checkbox"/> | <input type="checkbox"/> | Managers regularly interact with our customers. |
| <input type="checkbox"/> | <input type="checkbox"/> | Customer contact employees communicate frequently with management. |
| <input type="checkbox"/> | <input type="checkbox"/> | Managers regularly ask employees for suggestions about serving customers. |
| <input type="checkbox"/> | <input type="checkbox"/> | Managers frequently have face-to-face interactions with customer contact employees. |
| <input type="checkbox"/> | <input type="checkbox"/> | We commit necessary resources to determine and improve customer service. |
| <input type="checkbox"/> | <input type="checkbox"/> | We have internal training programs for determining and improving customer service. |
| <input type="checkbox"/> | <input type="checkbox"/> | We use automation and data systems effectively to learn about customer needs. |
| <input type="checkbox"/> | <input type="checkbox"/> | Total Score |

What can you do to improve the methods you ranked as critical (the top 2 or 3)? Should you consider other methods that are not on the list?

When did your organization **Gain** business by knowing or anticipating needs of your customers? What methods of customer feedback did you use? How can you use them to gain business in the future?

When did your organization **Lose** business by **not** knowing or anticipating the needs of your customers? What methods of customer feedback could have helped? How can you use them in the future to avoid losing business?

Audits in this article appeared in *The ACORD Quality Journey*.
If you would like a copy, call us at 1-800-444-3341 extension 423.