Customer Satisfaction

The Survey of Organizational Excellence
Customer Satisfaction

How do we build strong and innovative organizations that can survive and prosper during times of great change? In recent years, we have learned much about successful organizations. The success of such organizations can be understood by how well the organization handles three key ingredients.

**Key Ingredients**

A convenient way to think of the strategy for success is to picture a three-leg stool. The stool represents the organization supported by three legs, which symbolize these key ingredients. Each leg has very separate and distinct attributes and each is critical to the survival of the organization. The legs of the stool are **visionary leadership**, **internal data** from employees and **external data** from the customers of the organization.

The first leg or element is **visionary leadership**. Any organization comes into existence because of a vision. Sometimes the vision lasts, remaining clear and compelling. Other times the original vision fades, as does the relevance of the organization.

In quiet times, leadership often is simply called upon to maintain and refine goals for an organization. In such tranquil conditions once an organization hits upon a successful product or service, it can expect to see it have a lifetime of decades before obsolescence sets in. Today, however, products or services may have a brief lifetime measured by a few years or even just months. To survive in these conditions, leadership must develop an organization that is highly tuned both to the environment and to internal processes.

In Texas each Governor offers the state his or her vision. Governor Bush has provided a vision of Texas as a “beacon state” that chooses it goals carefully and calls for the full participation of every Texan in the state’s community life. Then the Governor and the Texas Legislature call, through the state’s strategic planning process, for every state agency and university to create its own compelling vision within the vision of the state.

The next element, the second leg of the stool, is data from the employees of the organization that provide the employees’ visions of their work and the organization. These are the **internal data**. This is information gathered from the people that make up the organization. It is the opinions, working knowledge, supervisory assessments, and observations that come from people that do the work of the organization. Internal data are concerned with how capable employees feel the organization is. Do employees feel that the organization stresses and achieves quality? Is there cohesiveness among employees so that there is a team effort to get the work done? Do employees feel a sense of commitment to the organization and feel that the organization supports them? Do employees feel they are treated fairly by the organization? Do employees see a sense of mission in the organization and a focus on excellence? Does one part of the organization work well with other parts? Does the organization meet the needs of internal customers? Internal data are the employees’ assessment of how the organization is performing.

As in the case of the element of visionary leadership, the State of Texas has taken long-term steps to create tools that address the second requisite (internal data) of strong
organizations. The *Survey of Organizational Excellence*, an employee attitude survey used by many of Texas’ state agencies, assists organizations to acquire standard and readily comparable internal data on organizational competence. Organizations collect this data at least every two years and use it to identify strengths and weaknesses to improve the organization and its efforts. The 1999-2000 Survey is now underway and will provide insight into how state employees view their organization’s response to the quality imperative.

The third element for continued organizational success is regular collection of data from the environment of the organization: customers, suppliers, regulators, and competitors. These are the *external data*. Such data provide comparisons between what the organization sees as its accomplishments and the perceptions of others that have an interest or "stake" in the organization. External data are gathered to gain insight into customers' or clients' preferences for products or services provided by the organization, customers’ views of the strengths and weaknesses of the organization, and to find what improvements are desired. The State of Texas has begun to address methods to systematically collect and analyze data that sheds some light on customers of state organizations.

**Techniques for Measuring Customer Satisfaction**

Businesses have learned to collect data on a number of dimensions to create external data or customer satisfaction information. Sales figures and if the trend is up or down over time are important. Usually strong sales mean customer satisfaction. Sometimes it means that a business has a unique product with little or no competition but typically sales and customer satisfaction are correlated. Customer loyalty or repeat business is another important dimension of customer satisfaction. Brand recognition is another. Outstanding organizations have products that are recognized and respected. More sophisticated efforts lead to an understanding of customer success with one’s own efforts and that of competitors’. A company will purchase a competitor’s product or use their service to determine how it compares or benchmarks against their own. Products will be examined in careful detail to determine the durability, cost, and desirability. Businesses will comparison shop to examine a competitor’s range of options, price, availability, quality, location, delivery alternatives, service capability, convenience, and product guarantee. Many businesses will also use mystery or phantom shoppers to gauge how well their employees’ respond to their own customers.

A huge variety of organizations exist that provide customer satisfaction information to businesses. J.D. Power and Associates is prominent in assessing customer satisfaction in areas such as electronic goods and automobiles. Customer service assessments are commonplace in high technology fields where, for example, trade magazines include customer ratings of technology providers. One of the oldest organizations providing citizens information on products and doing regular customer satisfaction surveys is the non-profit publisher and research organization, Consumers' Union publisher of Consumers’ Report. Among businesses, the Better Business Bureau is a traditional fixture, founded in 1912, that serves as a way of identifying the consumer satisfaction practices of local and national businesses.
Why Customer Satisfaction Is Important for Government

The connection between customer satisfaction and government organizations is less direct than for many businesses. Dissatisfied customers in business mean decreasing sales and new competition. Dissatisfied customers in government can express themselves through elections but that is a slower and less direct process. In business, customer problems will affect the bottom line in a few months, but in government the impact of dissatisfaction can take years. Therefore, there is a need to develop more timely methods to assess satisfaction. Citizen complaints, if unknown or ignored, can result in the failure of efforts and a depletion of support and validity of all government. If citizens, for example, do not feel that the public schools teach effectively, parents will seek to place children in private schools, lessen participation in school board elections, and oppose bonds and taxes necessary to support schools. Or if citizens feel that law enforcement is inadequate or not honest, cooperation will lessen and violence and crime may increase.

Customer satisfaction involves an orientation that says, "take care with all parts of the process that develops a good or service for the ultimate customer." In most settings that customer will be the one who pays to buy the good or service.

In the governmental sector, there will be several customers - the one who uses or consumes the service, the ones who regulate it (Judicial and Legislative), the ones who authorize it (Legislature), and the ones who manage public approval (Executive).

A process orientation is very important in settings in which the customer is not the one who 'buys' the service and thus provides the most important feedback about quality and acceptability of the service. The process orientation allows an organization to look at what the contributions of all departments are in satisfying the multiple customers. The process orientation forces an organization to examine the internal processes that contribute to the whole. When the processes are examined and documented, the managers can then identify the internal customers of each process and say to each worker "you must add value at each step" and "you must improve the quality of what you do as seen by your customers."

This orientation will allow us to ask questions such as:

- I know who consumes the work I produce
- I know what they require to be successful
- I know how they define quality
- I talk with my internal customers
- I understand how my work contributes to the quality of the final service.
- I have pride in my work
- I seek regular feedback from my customers (internal)
- I get positive feedback from my internal customers

Better, more timely understanding of who the customer is and what creates satisfaction is as important for government as for business. Here are some of the essential elements that
years of experience teach about the successful acquisition of customer satisfaction information.

**Steps in Assessing Customer Satisfaction**

- Develop a listing and categorize your customers. This will include:
  - External customers-those that use your services (directly and indirectly)
  - Internal customers-all organizations have components that serve other components. These are internal customers.
- Suppliers-traditionally you are a customer to them but by thinking of them as a customer, and of the information and access they need to meet their contracts with you, you will gain dividends in your own services.
- Categorize your products or services.
- Determine what needs and wants your services or products meet.
- Determine what sets your service apart from others?
- Establish a customer orientation to include:
  - Customers should be encouraged to tell you about any problems,
  - Customers should know their rights and responsibilities from the beginning,
  - Customers should know how to take advantage of their rights,
  - Customers should feel in control.
  - Customers should know precisely who to contact
- Carefully scrutinize how your customers reach you and what barriers they encounter:
  - How does your telephone system work? What are average wait times? How many times is a caller referred before finding someone able to answer the question?
  - Where are your offices located? Are they convenient for customers to find? Is parking available?
  - What languages do your customers use?
  - What does your reception area look like? Pleasant or foreboding? How long must people wait?
- What printed material do you have that describes your agency or organization? Does it successfully inform existing and potential customers?
- How well are you using information technology to increase customer satisfaction?
  - Do you have a web site?
  - Do you know how much and what kind of traffic comes to the site?
  - Does it provide address, telephone, fax and e-mail information?
  - Does it have a search feature?
  - Does the language on the site meet the language need of your customers?

These are some of the considerations that an organization should make as it starts to understand and improve customer satisfaction.

**Texas Legislation Mandating Customer Satisfaction**

In the 76th Session of the Texas Legislature, these points were reflected in Senate Bill 1563 that requires that all agencies and universities in the state address customer satisfaction. Recognizing both that improvements in customer satisfaction from private business have raised citizens' expectations of government and that customer satisfaction
for government entities has several unique aspects, the legislation requires a number of things. Among them are:

- A state agency must create an inventory of its external customers
- A state agency must develop approved methods to gather data from its customers on dimensions such as:
  - Access, serviceability and cleanliness of facilities
  - Staff courtesy, friendliness and knowledgeability
  - Telecommunications capability and quality
  - Internet site
  - Complaint handling process
  - Timely service
  - Adequacy and accuracy of printed information
- A state agency must appoint a customer relations representative

**Summary**

There are a number of guidelines that an agency may want to remember when addressing improving and quantifying customer satisfaction information. These include:

- State clearly what is being measured and how the measure is derived or calculated.
- Explain why the measure is relevant to the program or service being provided.
- Identify the data source(s) used to calculate the measure and indicate how often the data are updated, including basic information on how and when the data were collected and where the data can be obtained.
- Include a supplemental attachment with information and explanation of data sources, specific agency contacts, methodology, and other information required to evaluate agency data for legislative audit purposes.
- Develop systematic data retention schedules, which will allow interested parties to verify and further analyze customer satisfaction data.
- Adhere to guidelines for valid survey research including appropriate designs for data collection, questionnaire development, sampling and analysis.

For purposes of routine management or quality improvement, any comments from customers may be useful, but casual comments or unrepresentative samples do not constitute adequate measures of customers' satisfaction with state agencies or their programs.

- State agencies should develop standard questions that they use consistently from year to year to assess and report customers' satisfaction. Without consistent wording of questions, it is impossible to monitor performance over time.

**Services Available from the Survey of Organizational Excellence**

The Survey of Organizational Excellence is developing standard questions and procedures to address the need to have material to permit comparisons over time and
among organizations. Instruments and procedures as well as sample efforts are available from our offices. These include:

- The SOE can provide a set of standard questions that permit ready comparison between organizations

- Suggested procedures for points at which to collect customer satisfaction (receptionist’s areas, direct contacts between providers and clients, etc.)

- Internet based links between State Agencies’ web pages and a SOE-operated cgi web server to receive and tally customers’ assessments of services.

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