A Publication of the Service & Support Professionals Association

SSPA news

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Managing Metrics to Delight Your Customers

By Marlene Bessette, Vice President, Strategy and Customer Loyalty, Xerox Corporation

The corporate culture at Xerox has always had a strong focus on the customer. In some ways it is almost legend, going back to grainy black and white training videos in the early 60's with our founder Joe Wilson, who matter-of-factly explained that it would be our customers who decide whether we have a job or not. That culture remains, but the challenges of connecting the actions and results of front-line employees to operational metrics, management processes and incentives grows more complicated as the company changes and grows. So how do we know we are focusing our employees and processes on the right targets, and how do we know we are managing the right things?

In all cases, it starts at the top. Aligned objectives and targeted performance metrics cascaded from the CEO insures that the expectations are clear. The expectations for service delivery become even more focused and powerful when the performance against established targets is tied to incentives—financial and otherwise. In Xerox Services, management bonuses are either incremented or decremented based on performance against customer satisfaction targets. The challenge comes in the form of doing this effectively in an environment of process and organizational complexity, cross-functional value chains, often fragmented voice of the customer and a multitude of metrics used to manage all aspects of the business.

Where to Start?

As with many companies, we had a long standing measurement of customer satisfaction based on relationship surveys and the customer response to a final question of, 'overall how satisfied are you'. As funding and other resources were requested to implement programs to improve customer satisfaction, the question, 'what is it worth' was asked. For example, if your program is projected to improve customer satisfaction by 5 points and it costs some number of $$, what is the return? This happened with increasing frequency as cost reduction became a way of life, so we embarked on a journey to find the relationships and focus our energies on what really matters to our customers.

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At the beginning of the journey, we found that there was little relationship between the way a customer answered the question of overall satisfaction and their eventual purchasing behavior. Luckily, we had a mountain of historical data and customer's answers to multiple questions. After some exhaustive analysis, we found a significant correlation between a customer's response to the question "how likely are you to recommend Xerox to a colleague" and their eventual renewal of contracts and/or trades to new Xerox product and services. The way a customer answered this question was important also. Customers who were very likely to recommend us, renewed at a higher rate than those who were somewhat likely. And they renewed at a significantly higher rate than those who were unlikely to recommend us. Promoters renew at a 63% rate with a tighter distribution than Detractors, who renew at only a 26% rate. Although this is common sense on one hand, on the other hand, we now had data to do that return on investment analysis.

What's Important to Customers

The next step is to methodically determine what is important to your customers and therefore, what programs you should develop to improve their likelihood to recommend. This can be a daunting task when you think about how many times you touch the customer over the life of your relationship with them. Assuming that your product performs, what is most important? Is it sales, administration, service, delivery and installation, or marketing? At Xerox, in the US, we counted more than 50 million significant touch-points with our customers. So how do we best invest our resources to improve the customer experience?

The strongest correlation was found between a customer's satisfaction with problem resolution and their likelihood to recommend. Moreover, it was their satisfaction with the speed with which their problem was resolved that made the biggest difference. Once again, the answer we found might seem obvious, but now we know how much it matters. Starting at the top; customers who are very likely to recommend are 2 ½ times more likely to re-purchase; customers who are satisfied with problem resolution are 8 times more likely to recommend, and finally, customers who are satisfied with the cycle time of problem resolution are 14 times more likely to be satisfied with problem resolution overall. Now we have a lever we can pull. There is now a banner for customer experience projects and greater focus on metrics and performance targets around cycle time for problem resolution across all functions.

Now we know where to start on our customer experience journey. That's good news, right? Well, like every story, there's good news and bad news. The bad news is that there are hundreds of processes that can result in a problem for a customer. The good news is that we have tools and approaches to methodically prioritize them and then work improvement projects focused on cycle time. The bad news is that a problem from a customer's view is usually not contained within a single functional organization. The good news is that we have common language and training in Lean Six Sigma and a corporate culture of teamwork that allows us to form cross-organizational teams to drive improvement. So, there's no silver bullet, but a roadmap and a path to travel.

For example: A customer calls with what to them is an invoice issue. They did not receive the supply item that is on their invoice. But for Xerox, this simple billing problem encompasses 6 entities, has 9 organizational hand-offs, crosses multiple systems and can take anywhere from 5 to 20 days to resolve. A cross functional team documented the process and using Lean Six Sigma methodology and was able to remove multiple steps and streamline the process. Depending on the type of transaction, the end result is a 40-60% reduction in hand-offs, a 20–50% reduction in cycle time, and a labor productivity that can be captured or reinvested. So the cycle time of a frequently occurring customer problem improved dramatically and an unintended benefit of labor productivity was generated. Not only were these positive outcomes captured, but a hidden benefit of getting this team together was also realized. They now appreciate and understand cross organization processes and have forged relationships that continue to identify opportunities to work together to solve other business problems.

In Summary

- Customer experience management is a cross-functional, cross-organizational endeavor. As such, it requires direction from the top of the organization and a clear and measurable cascade from management through to the front-line employees.
- Historical data can be used to build the correlation between customer behavior, customer feedback and the operational metrics that run your business.
- There will be many, many processes that touch your customers. Take the time to map them, prioritize which ones to improve and go about the hard work of making them better. Always start and end with what the customer sees.
- Unintended benefits of cross-organizational teamwork and operational productivity will result from focusing on what your customers want and need.

About Marlene Bessette…………………………………………………..

Marlene Bessette is Vice President of Strategy and Customer Loyalty for Xerox Services United States Solutions Group, where she is responsible for defining the long-term strategic direction and road map for services delivery, and ensuring robust processes, which capture and react to customer feedback.

Comments? Suggestions? We would like to hear from you. Please email the editor at **sspanews@thesspa.com**.

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