



# A simple way to measure customer satisfaction

let your customers tell you what you should ask them so you can improve what matters most

by Stacey Barr

## introduction

Most people in business know they need feedback from customers in order to make service delivery and product design more in line with customer needs and expectations. But too often, the process of measuring customer satisfaction and perception is more complex and convoluted than it needs to be. Here is a simple approach that gives you punchy customer feedback, without overloading the customer with a thousand and one questions.



## the steps in measuring and managing customer satisfaction

The following sections outline a sound and simple approach for measuring and managing customer satisfaction:

1. know who your customers are;
2. understand your customers' needs;
3. measure your customer service performance;
4. focus on priorities;
5. improve your processes.

### Know who your customers are

Purpose	to set a context in which you can produce reliable and useful measures of service performance
Process	<ol style="list-style-type: none"><li>1. identify all your current customers</li><li>2. gather all the relevant information you have to describe the relationship of each customer to your business (eg how much business they give you, where they are located, what industry they are in, etc...)</li><li>3. use this information to define market segments that group similar customers together</li></ol>
Outcomes	<ul style="list-style-type: none"><li>• a clear segmentation of your customer base</li><li>• a 'customer frame' or list of customers from which to select a representative sample (or census) for research</li></ul>

### Understand your customers' needs

Purpose	to determine how customers define 'quality of service' and therefore what you should be measuring to monitor your quality of service
Process	<ol style="list-style-type: none"><li>1. enlist the help of qualified researchers (to ensure reliability and validity of the information obtained)</li></ol>

2. choose an appropriate<sup>1</sup> method for exploring what customers feel are the most important attributes of the type of service you provide to them
3. select a small number of customers from each market segment and invite them to participate in this research
4. carry out the research using qualified researchers to maintain objectivity and validity
5. summarise the research results to identify the most important attributes of service

Outcomes

- a list of approximately 10 key service attributes (which together constitute how customers define quality of service)

### Measure your customer service performance

Purpose to determine what are the priority areas you need to focus on to improve your quality of service (and therefore business performance)

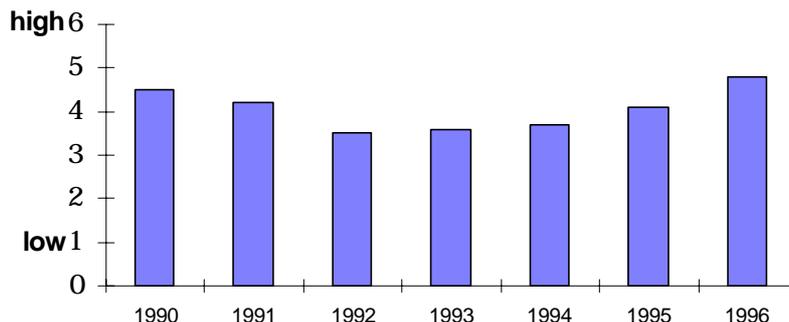
- Process
1. enlist the help of qualified researchers (to ensure reliability and validity of the measures)
  2. choose an appropriate method for obtaining measures from your customers (eg telephone interviews, face to face interviews, self-completion questionnaires, etc...)
  3. decide on any supplementary information that you might need from customers to interpret their satisfaction (eg industry, geographical location, size)
  4. design a 'measurement instrument' (eg a survey questionnaire, a list of questions, rating scales)
  5. select a sample (or census) of customers from the 'customer frame' (qualified researchers have special methods for doing this so that the sample is large enough to be reliable and random enough to be representative)
  6. carry out the research using qualified researchers to maintain objectivity and validity
  7. summarise the research results to construct measures of service performance

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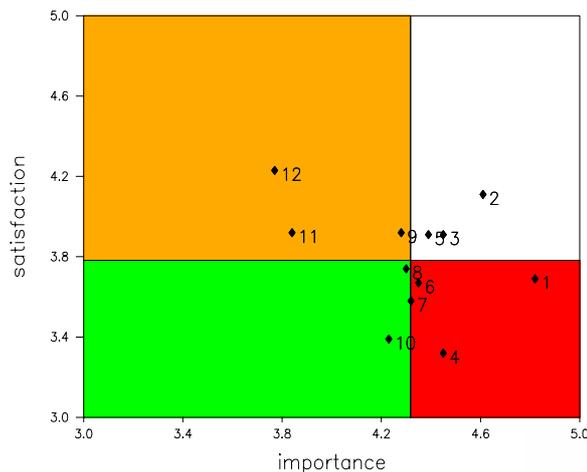
<sup>1</sup> 'appropriate' is determined by customer characteristics, the nature of the service you provide, your relationship with your customers and your resource limitations.

- Outcomes
  - overall satisfaction with service, for example:

**Overall Customer Satisfaction**



- knowledge of the relative importance of each key service attribute (ie what matters most to our customers)
- knowledge of the degree of satisfaction customers have with each key service attribute
- knowledge of the current priorities for improvement of customer service performance, for example by plotting each attribute of service on a performance quadrant chart like this one:



- additional information about the diversity among customers from the supplementary information such as demographics or general comments



### Focus on priorities

Purpose	to avoid wasting valuable resources on “oiling every wheel that squeaks”, and instead focus those resources on improvements and changes that will generate the greatest improvement in overall customer satisfaction
Process	<ol style="list-style-type: none"><li>1. put your attention on the red quadrant (the lower right hand box in the graph)</li><li>2. follow up with customers, if necessary, to get a deeper insight into how these red quadrant attributes might best be improved</li></ol>
Outcomes	<ul style="list-style-type: none"><li>• clear direction for improvement</li></ul>

### Improve your processes

Purpose	to translate the customer satisfaction priorities into action that results in future increases in customer satisfaction
Process	<ol style="list-style-type: none"><li>1. identify which of your core processes impact on the customer satisfaction priorities</li><li>2. establish improvement teams to map and analyse those processes to find out specifically where to make improvements</li><li>3. allocate resources to the chosen improvements and establish a team to make those improvements</li><li>4. monitor the effectiveness of the improvements (eg using performance measures as lead indicators of customer satisfaction)</li></ol>
Outcomes	<ul style="list-style-type: none"><li>• processes that are better aligned to serving customers</li><li>• increased customer satisfaction</li></ul>

### and so...

This five phase approach to measuring and managing customer satisfaction is simple and sound. Research is used to gather objective information without being overly scientific. The framework focuses on prioritising, which is critical in a complex business environment. The information comes directly from your customers.

The results will directly impact your customers' satisfaction as well as supporting:

- business plans to align goals and objectives with customers;
- performance measurement through identifying which non-financial performance outcomes are worth tracking;

- employee relations (or human resource) plans to help guide the customer focus of employees;
- marketing plans to retain existing customers and identify opportunities for new customers.



### about the author

Stacey Barr is a specialist in performance measurement, helping people to move their business or organisation's performance from where it is, to where they want it to be.

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