

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**HOW THE PRIVATE SECTOR MONITORS
CUSTOMER SATISFACTION: A
BENCHMARKING REPORT**



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EXECUTIVE SUMMARY

Background:

Presidential Executive Order 12862, issued on September 11, 1993, calls for all government agencies to be customer-driven. It sets the standard of quality for services provided to the public as being equal to "the highest quality of service delivered to customers by private organizations providing a comparable or analogous service," in other words the "best in business." It also establishes a multi-step plan for agencies to meet this definition of quality service and then to measure their performance.

Because of its experience in conducting client satisfaction surveys and its belief in the value of client-based performance indicators, the Office of Inspector General (OIG) has undertaken this study. We identified 10 "customer-driven" companies whose services or client relationships are comparable to those of the Social Security Administration (SSA) and the Health Care Financing Administration (HCFA). We interviewed representatives of these companies to ascertain their standards and methods for measuring client satisfaction.

Findings:

Seeking Client Input is Seen as Necessary and Important.

All 10 companies report using input from client groups to assess customer satisfaction and organizational performance.

Companies' Surveys Are as Variable and Multifaceted as Their Client Groups.

Since client groups vary widely, companies tailor survey instruments and methods to the needs of each client group. While mail surveys are most prevalent, the telephone is often used for smaller client groups. Frequent contact with client groups is vital.

Companies Emphasize the Need to Report Survey Findings.

All companies stress the need to write up the findings in reports, as opposed to sharing them more informally. Internal distribution is wide.

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	
INTRODUCTION	1
FINDINGS	3
• Client Input is Seen as Necessary and Important	3
• Companies' Surveys Are as Variable and Multifaceted as Their Client Groups	3
• Companies Emphasize the Need to Report Survey Findings	5
CONCLUSION	5
APPENDIX	A-1
A: Bibliography	A-1

INTRODUCTION

Background:

Presidential Executive Order 12862, issued on September 11, 1993, calls for all government agencies to be customer-driven. It sets the standard of quality for services provided to the public as being equal to "the highest quality of service delivered to customers by private organizations providing a comparable or analogous service." The Executive Order calls for providing the quality of service that large, successful private businesses provide to their customers, called the "best in business." It also establishes a multi-step plan for agencies to use to meet this definition of quality service and then to measure their performance.

In recent years the private sector has become increasingly attentive to customers, clients and stakeholders. Companies have consulted with clients to help measure their performance and to establish standards of service. This practice of developing "customer-driven" organizations has helped companies provide the quality service their clients expect.

Because of its experience in conducting client satisfaction surveys and its belief in the value of client-based performance indicators, the Office of Inspector General (OIG) has undertaken this study to identify these "customer-driven" companies, their standards and methods for measuring client satisfaction. With this information, we plan to redesign our annual Social Security and Medicare Client Satisfaction Surveys, to the extent necessary, so they will compare more closely to the approaches of these top companies.

In conducting this assessment, we first researched the subject of benchmarking by conducting a literature review. Specifically, we reviewed books on the subject of measuring quality of service. (A bibliography can be found in Appendix A.)

We identified 10 companies noted for outstanding customer service and whose services or client relationships are comparable to those of the Social Security Administration (SSA) and the Health Care Financing Administration (HCFA). These companies include two worldwide hotel chains, one electronics manufacturer, a producer of various manufactured goods and services, a major credit card company, a large insurance company, an express delivery service, a nationwide child care franchise, a leading manufacturer of office equipment, and a fast-food service. Four of these companies have received the Malcolm Baldrige National Quality Award, the highest level of national recognition for quality that a U.S. company can receive. This public award promotes an understanding of quality and a greater awareness of quality as a crucial competitive element. Up to six awards per year may be given. The remaining six companies were recognized in The Service Edge, a book which identifies, by area of business, companies that are "top notch" in service quality.

We interviewed representatives from each company by telephone and asked questions such as: Do they collect data from clients? How and how often do they survey clients? How are clients and the sample selected? What is done with the information once it has been analyzed?

FINDINGS

Seeking Client Input is Seen As Necessary and Important.

All 10 companies report using input from client groups to assess customer satisfaction and organizational performance. Two report keeping track of all complaints and negative customer reports as a means of staying in tune with client needs. The remaining eight use some form of client satisfaction survey instrument to gather data on their performance. The rest of this report will focus on these eight companies.

Forecasting and improving service are the two main uses for the data, according to respondents. They repeatedly stress that the survey results are a big part of goal setting. One reports, "We use it [the survey] to help establish future goals and maintain a good customer relationship." Another states, "We use it to make recommendations for improvements."

The methods used to design and develop these client satisfaction survey instruments differ from company to company. Each has its own reasons for doing client satisfaction surveys and, likewise, each arrived at its survey instruments differently. One company keeps a log of all customer telephone calls for one year and uses the subject of these calls to identify issues considered important by their customers. The survey instruments then focus on these issues. Another company had a team of employees establish a list of factors that contribute to success and design a survey instrument to find out the company's rating on each of these factors. Two other companies first established their need to measure the satisfaction of their customers, and then adapted a widely-used survey instrument prototype to meet their needs.

Companies' Surveys Are as Variable and Multifaceted as Their Client Groups.

Companies realize that client groups vary widely.

A consensus exists among our companies that clients are not one homogeneous group, but are groups with different needs, expectations and characteristics. Accordingly, the companies believe the first step in developing a client satisfaction survey is identifying all unique client groups. This parallels the Executive Order which asks agencies to identify clients as a first step. Companies report that while they annually draw samples from their entire customer pool, they do more frequent surveys for special client groups like high volume users, repeat customers, or recent customers. The needs and experiences of these groups differ from the needs of the overall client pool and must, therefore, be addressed in a unique fashion. This includes using different survey instruments as well as using different approaches to contacting these clients.

Tailoring survey instruments to the needs of special client groups is advised.

The type of survey instrument used for special client groups varies. Generally, when the overall client base is being surveyed, the survey instrument contains mainly closed-ended

questions relying heavily on scales. These scales range anywhere from four-point to ten-point intervals. Closed-ended questions are chosen because they facilitate data analysis, making for easier and faster tabulations. This allows for the use of larger samples.

However, for special client groups, such as high-volume users, repeat customers, or recent customers, the survey instruments tend to contain far more opportunity for the client to elaborate on his/her experiences. They contain, for the most part, a mix of closed-ended or multiple choice questions and as well as several open-ended questions usually relating to a specific incident or recent transaction. Most companies report asking some of the same questions to both their special client groups and their overall customer pool for comparison purposes. However, they stress that these special client groups are questioned in more detail concerning their recent or frequent contact with the company because that is where they obtain the most helpful information.

While mail surveys are most prevalent, the telephone is often used for smaller client groups.

The method used to contact client groups also varies. Overall, we found mail surveys to be the most prevalent method, with all of the companies using them in one form or another. Generally, the companies find mail surveys the most effective and inexpensive way to reach large numbers of clients. For example, one company with nearly 100,000 clients sends out a short "opinion card" to each of them annually.

Half the companies report utilizing telephone surveys to get more immediate responses from certain special client groups. One company does telephone surveys of meeting planners immediately following the event. This ensures fresh information on courtesy and efficiency of staff and cleanliness of rooms. It also allows the company to correct errors so it will not repeat them for future customers. In addition to reaching recent customers by telephone, companies report using telephone surveys for repeat customers because both the population and sample size is much smaller and therefore more manageable. Companies advise that it is easier to contract out to survey specialists large jobs, especially those that require a tremendous number of telephone interviews.

Frequent contact with client groups is vital.

Frequency of contact is another variable to consider when addressing special client groups. Overall, constant contact with customers is seen as an important tool in monitoring satisfaction. All eight companies perform some type of client satisfaction survey at least once a year. Generally, they attempt to reach the entire client base at least once in a twelve month period, but more frequent contact with the unique client groups is considered crucial.

One company does surveys of recent customers as often as every day, while five others report surveying this population at least quarterly. One stresses the need for such frequent contact, "We solicit problems and complaints in these surveys. We look forward to being able to address them promptly, before too many other clients are affected."

Interestingly, the major credit card company has a one-page survey it sends out daily to a sample of 20 or so of its customers. These sample customers would have completed a transaction with the credit card on that day. This technique ensures fresh data on satisfaction with that transaction. It asks if the purchase cleared promptly, how the customer knew the card was accepted at that particular store, why the customer chose to use that card as opposed to any others, etc.

Companies Emphasize the Need to Report Survey Findings.

All eight companies stress the need to write up the findings from these surveys in report form, as opposed to sharing them more informally. Most often, the information is aggregated and an overall report written. Many times, regional breakdowns or departmental breakdowns also are provided. The information, while not shared externally because of the competitive nature of business, is freely shared with employees at all levels. The information is considered a vital tool for forecasting future needs, as well as for establishing realistic goals.

Conclusion:

Client satisfaction surveys are seen by outstanding service providers as an important tool in monitoring organizational performance. Many different methodologies exist to provide this vital information; there is no one correct way. Each company we contacted reports using more than one type of survey and more than one methodology to ascertain its customers' needs. Individual decision makers determine which methodologies would best provide the information sought.

Despite the wide variety of methodological approaches, there are some clear messages for Federal managers:

Know your different client groups and tailor your survey to each.

Frequently check the pulse of client satisfaction; some groups may require more frequent contact than others.

Use mail surveys with closed-ended questions to facilitate reaching a wide client base because of their efficiency. Telephone surveys and/or open-ended questions may be reserved for special client groups due to the smaller sample sizes and the need for more specific data.

Widely distribute reports on findings to assure that staff are aware of the agencies' commitment to clients, and that service weaknesses are identified and addressed. Further, share reports with the public and oversight agencies in the spirit of the Executive Order.

APPENDIX A

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