GSA

Customer Satisfaction Measurement Best Practices Study

Final Report
August 6, 2008

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Introduction

This report provides guidance to agencies interested in initiating or enhancing their program to measure—and through measurement improve—their customers' experiences. This report documents the General Services Administration (GSA) Office of Citizen Services/USA Service's Benchmark of Customer Satisfaction Best Practices initiative. The primary purpose of this initiative is to provide guidance to federal agencies on the use of Customer Satisfaction Measurement (CSM) practices in developing or improving their own CSM programs.

While customers and missions will vary enormously, any agency seeking to develop or improve its CSM program will face several key decisions.[1] These decisions include determining the goals and overall scope and scale of the effort, what types of surveys to undertake, which analysis approaches to use, and whether to contract for CSM or do the work in-house. This report will help agencies understand the range of CSM options available, what agency managers can expect to learn from each approach, what seems to work best in various circumstances, and the advantages and limitations of different approaches.

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Designing CSM Programs That Produce Results

The project uncovered a number of CSM best practices such as instances where customer satisfaction surveys have been effectively designed and used to improve the customer experience, business results, or both. Companies and agencies that have been most successful select the CSM feedback methods that they think will be most cost-effective in helping them achieve their customer satisfaction or business objectives, and work hard to make sure the ensuing data is used effectively. Therefore, the ultimate best practice is focusing on improvement—either customer satisfaction or business results—first, and then selecting the most appropriate CSM tools and techniques for achieving the goals. Successful organizations also recognize effective CSM as a dynamic process—adding, subtracting, or modifying data collection and analysis techniques as their needs and situations change over time.

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[1] There is no set of CSM techniques or procedures that will fit all situations and budgets. Agencies and programs vary enormously in terms of missions, customers, stakeholder relationships, and nature of business transacted with their various customer groups. Many, if not most, agencies provide multiple types of services ranging from simple responses to information requests to complex issue resolution activities.

Basis for Report

This report is based on interviews with knowledgeable managers in nine diverse private sector companies; interviews with CSM practitioners in 20 federal agencies; and input from selected experts who provide CSM services, including the authors of this report. Considering the range of managers and staff contacted and the depth and breadth of their experience, this report provides a good overview of current practice. This report is not an exhaustive summary of the state of CSM practice; rather, it is a compilation of the measurement approaches, experience, and lessons learned of those who participated in the project. While the interview sample is not large, the experience base tapped in producing this report is broad and deep.

The ultimate best practice is focusing on improvement— either customer satisfaction or business results—first, and then selecting the most appropriate CSM tools and techniques for achieving the goals.

Selecting Interviewees

Private sector companies were selected to represent a set of diverse organizations that all use customer data but do so in different ways because of different situations and needs. To the extent possible, government agencies were selected to have coverage across various segments.[2] However, among the agencies interviewed, many conduct decentralized customer satisfaction research involving a number of different individuals in the agency. Therefore, for many of the agencies, the interviews only represent a part of their CSM program. Most agencies were contacted based on recommendations of the advisory council for this project. Advisory council members are listed at the end of this section. Two of the agencies (IRS and FHWA) and one of the private companies interviewed (Vangent) discussed at least some customer satisfaction research conducted with Pacific Consulting Group, a connection which also facilitated the interview process.

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[2]   The preliminary segmentation scheme, based on type of business relationship, includes the following segments: informational, beneficial, regulatory, commercial, intergovernmental, and other. These segments are described in Appendix B-1.

Advisory Council

An Advisory Council, headed by Robert Smudde of GSA, provided the initial list of agencies to interview, served as a sounding board as discoveries were made, and helped in overcoming obstacles to getting information. The Advisory Council members include:

Name	Agency
Robert Smudde, Chairman	USA Services Federal Solutions Division, GSA
Carolyn J. Adams	Public Building Service, GSA
Kwaku Appiah	Department of Education
Kathleen Carson	Federal Acquisition Service, GSA
Blane Dessey	Department of Justice
Eileen Dewey	FCIC, GSA
Tim Evans	Social Security Administration
Richard Howell	Veterans Administration
Abraham Marinez	Department of Education
Janice Mosher	CBP, Department of Homeland Security
Joe Pagano	Library of Congress
Larz Pearson	Internal Revenue Service
Sarah Roper	USA.gov, GSA
Gregory Wilson	DLA

The authors of this report would like to thank the advisory council members for their input and all of the firms and agencies, listed elsewhere in the report, who took time to be interviewed.

Report Organization

This report is designed to help agencies think through the goals of their CSM effort; to help them understand the types of CSM that can be most effective in achieving those goals; and to be aware of the measurement and implementation benefits and challenges associated with various CSM approaches. The report begins with a section on "Key Decisions in the Design of Customer Satisfaction Measurement Programs" intended to guide both the novice and the experienced reader through the decisions that constitute a CSM strategy. In the following sections, the report uses interview findings, success stories, and FAQs to provide additional guidance on how to proceed. Readers should use this report for guidance on suggested directions and factors to consider in the design of a CSM approach that fits their situation rather than as a "recipe."

The major sections and contents of this report are as follows:

- ▶ **Key Decisions in the Design of Customer Satisfaction Measurement Programs** — A detailed list of seven decisions agencies need to make to create a CSM strategy, plus a road map to success in implementing integrated measurement and improvement programs.

- ▶ **Interview Findings** — Summaries of key themes from the private sector and public sector interviews.

- ▶ **Customer Satisfaction Measurement Case Studies** — Examples of successful measurement approaches and/or improvement efforts and how leadership has effectively used CSM to drive improvements.

- ▶ **Customer Satisfaction Measurement FAQs** — Information to consider in addressing three perplexing CSM and implementation issues and suggestions on how to deal with the Office of Management and Budget's (OMB) requirements for government agencies conducting customer research.

- ▶ **Appendices** — Lists of companies and agencies interviewed, interview summaries, descriptions of major research methods encountered during the project, and the generic interview guide used for both private and public sector interviews.

Key Decisions in CSM Program Design

Overview

This section discusses the strategic decisions agencies face in the design of their CSM programs. As depicted in Figure 1, these decisions begin with consideration of the goals CSM is attempting to achieve and what aspects or scope of the service delivery system or the customer experience to cover. Once these broad parameters of the CSM program are specified, decisions about the types of surveys, analysis approaches, and data collection methods to be employed can be made. In addition, decisions need to be made on sample size and number of reports. Together, these seven decisions constitute a CSM strategy. As the arrows indicate, arriving at a final strategy will involve iteration through the steps. The discussion draws on the experience of the private and public sector organizations interviewed for the project, and references to those examples are contained in this section.

Arriving at a final CSM strategy will involve iteration through the steps.

Decision 1: CSM Goals	Decision 2: CSM Scope	Decision 3: CSM Survey Type	Decision 4 In-House vs. Outside Firm	Decision 5: CSM Analysis Approaches	Decision 6: CSM Data Collection Methods	Decision 7: Sample Size & Reporting
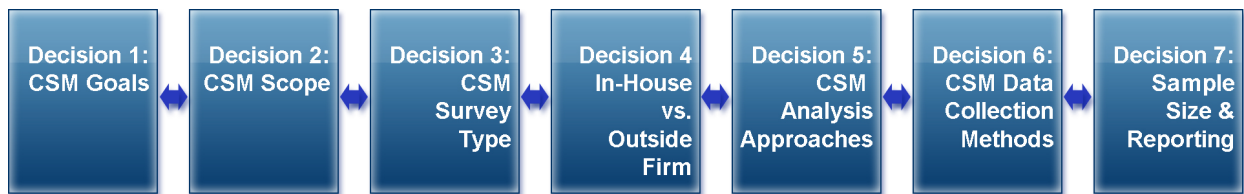
Figure 1: Key Customer Satisfaction Measurement Decisions

Decision 1: CSM Goals

Why should a federal agency measure customer satisfaction? Experience in this project shows that customer satisfaction surveys can help answer two primary management questions:

▶ **How are we doing? (Reporting)** Survey scores can be used to compare current performance to past performance, to compare similar organizations providing similar services, to compare customer satisfaction scores among competitors (primarily private sector), or to compare current performance to some standard. These comparisons can help organizations assess whether they are meeting expectations, however set, or whether improvement is needed.

▶ **What should we do next? (Improvement)** Feedback from customers can also provide guidance to those responsible for service delivery on what direction to take to improve service or business results. The relative scores among the questions on the survey can help divulge customer priorities for improvement.

As expected, the private sector organizations interviewed were more interested in improvement than in reporting and, furthermore, tended to view customer satisfaction as an important intermediate goal—one clearly linked to the ultimate business goals of sales, customer retention, reduced costs, and profitability. In contrast, most federal agencies interviewed tended to emphasize reporting, with customer satisfaction as a stand alone goal, and had not established a connection between customer satisfaction and business results.[3]

Customer satisfaction surveys can help answer two primary management questions: "How are we doing?" and "What should we do next?"

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[3]   While a few federal agencies did report using the customer data to improve, most concentrated on simply reporting the customer data and had not instituted implementation programs to improve customer satisfaction or business results.

Decision 1: CSM Goals	Decision 2: CSM Scope	Decision 3: CSM Survey Type	Decision 4 In-House vs. Outside Firm	Decision 5: CSM Analysis Approaches	Decision 6: CSM Data Collection Methods	Decision 7: Sample Size & Reporting
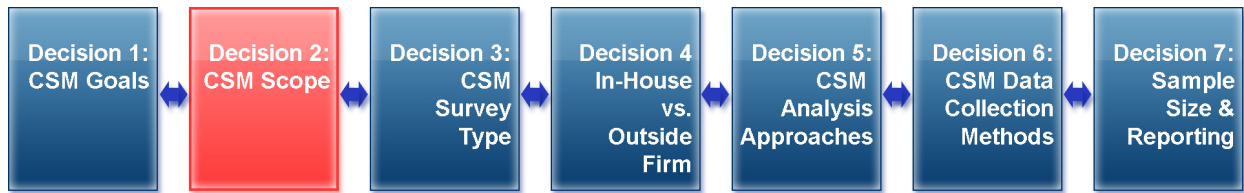
Decision 2: CSM Scope

Whether the primary motivation for customer satisfaction measurement is reporting, improvement, or some combination of the two, the agency will still have to determine the scope and scale of the customer satisfaction improvement initiative. Figure 2 illustrates that customer satisfaction surveys can target the channels through which service is delivered, the customer service experience, or the full service delivery system. The interviews revealed that many companies and agencies used a combination of channel surveys and customer experience surveys.

Why Measure Customer Satisfaction?

▶ Reporting: "How am I doing?"
▶ Improvement: "What do I do next?"

2.1: Channels

2.2: Customer Service Experience

2.3: Service Delivery System
(Customer experience across all experiences and channels)

Phone   Office   Web

Figure 2: Decisions about CSM Scope

Focusing on Channels

Many agencies choose to focus survey efforts on contact points—the channels—because so much of their service is delivered that way and because it is convenient to collect customer satisfaction measures at the point of contact. (See Figure 2 box 2.1.) In both the public and private sectors, surveys can be found for office visits, Web site visits, and phone interactions, as well as other contact points. For example, the Social Security Administration primarily conducts transactional surveys of office visits, Web visits, and phone interactions because those are the ways their service is delivered to their customers.

Focusing on Customer Service Experience

When important customer experiences are not easily captured at the point of contact or when that customer experience takes place over an extended period of time (with the possibility of multiple interactions), then customer satisfaction surveys should typically focus on the overall customer service experiences. (See Figure 2 box 2.2.) For example, GSA's Public Building Services group surveys four segments of customers ranging from tenants who inhabit their buildings to decision makers who have an overall impression of the GSA building facilities and agency responsiveness to tenant concerns. None of these surveys would be considered a channel survey, and most have to do with an ongoing service relationship. The Net Promoter Score, used more often in the private sector, focuses on the customer experience rather than the channel of interaction.[4]

Focusing on Channels & Customer Service Experience

In practice, some agencies choose a mix of channel and customer experience surveys. (See Figure 2 boxes 2.1 and 2.2.) This mix assures that key organizational units dedicated to service delivery channels have feedback from customers on their performance and how to improve and also provides coverage for important customer experiences and groups. Naturally, decisions about which channels to develop surveys for and which customer experiences to survey depend on agency mission, priorities, and budgets. The IRS, for example, conducts a variety of channel surveys (office, Web, and phone) and also conducts customer experience surveys which ask individual and small business taxpayers to provide feedback on their overall experience in both filing their tax returns each year and resolving post-filing issues.

Focusing on Service Delivery System

The third box in Figure 2 concerns the entire service delivery system which encompasses both the major channels and the primary customer service experiences. (See Figure 2 box 2.3.) Those interested in improving the customer experience *across* channels and service needs will

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[4]   The Net Promoter methodology is discussed in more detail in Appendix D.

need a more comprehensive survey approach than measuring satisfaction with each channel independently. Comparing satisfaction scores across independent channel or customer experience surveys will prove misleading because of differences in the customers and in the nature of the service provided. To plan the best cross-channel service delivery system, managers need survey information that reports customer preferences among service delivery channels for different types of interactions. One example of such a survey approach is shown in the Success Stories section of this report, Case Study 6.

Deciding on CSM Program Scope

Compared to the private sector companies interviewed, the scope of most federal agency CSM programs is more limited, resulting in lack of coverage for key segments and/or missed opportunities to improve customer value and business results. In the private sector for example, Southwest Airlines uses the Net Promoter customer loyalty approach as a general barometer but augments that system by asking customers about five key touch points—overall service, security, wait time, on-time performance, and baggage handling— and further questions customers about the company's Web site and their Rapid Rewards frequent flier program. In addition to these intercept-based surveys, Southwest conducts branding and segmentation research regarding the company's overall image and customer opinions of the service it offers. Finally, Southwest uses syndicated

Compared to the private sector companies interviewed, the scope of most federal agency CSM programs is more limited.

surveys such as J.D. Power and The American Customer Satisfaction Index (ACSI) for competitive comparisons and subscribes to the Airline Quality Ratings published by Wichita State University. [5,6] The customer feedback collected is used to both monitor and improve performance. Few, if any, federal agencies have the breadth or depth of Southwest's CSM program, and none go as far as Southwest does in linking measurement to action.

A number of reasons exist for federal agency underinvestment in CSM programs compared to the private sector.

▸ In contrast to the private sector, research revealed that most federal managers have limited to no experience using market research of any type to drive business results, so they do not necessarily know how to frame actionable research or how to use market research to drive improvement.

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[5] The J.D. Power methodology is described in more detail in Appendix D.

[6] The ACSI methodology is described in more detail in Appendix D. The ACSI methodology can be used to measure satisfaction with goods or services consumed in the private or public sectors. This report refers to the traditional ACSI telephone survey (typically conducted by CFI Group) as "ACSI" and the ACSI Web survey as "ACSI/ForeSee Results" (conducted by ForeSee Results).

- In most cases, the federal manager is asked to do little more than measure and report results often as part of a balanced measures requirement.[7] Therefore, customer satisfaction measurement is used primarily for reporting.

- Because customer satisfaction measurement is seen as a relatively low value activity, federal managers have decided to invest the minimal amount possible to produce a score. Limited investments produce minimal insights, so the cycle of underinvestment is perpetuated.

In attempting to decide the overall scope of their CSM programs, agencies can be guided by coverage and opportunity considerations.

Coverage Considerations

From the coverage perspective, agencies need to make sure that all mission critical channels and customer experiences are addressed. By focusing on channels alone or by covering a limited number of customer experiences, many agencies will not have addressed their important customer segments.

Opportunity Considerations

Agency managers should look beyond reporting considerations to develop actionable research and then forge a link between customer feedback and actions that can improve the operation. While budget is always an issue, the private sector has discovered that upping the investment in customer satisfaction measurement not only improves satisfaction but also maintains competitive positioning and leads to better business results. Some agencies have experienced similar success, and others need to follow their lead.

> *Agencies need to make sure that all mission critical channels and customer experiences are addressed.*

The cross-channel scope (box 2.3 depicted in Figure 2) offers an especially rich opportunity for federal agencies to improve the customer experience and save resources at the same time. Initial research at the IRS shows that if Web applications are improved to solve problems quickly and efficiently rather than simply providing information, customers will gravitate to that channel.[8] While improving the Web channel requires initial investment and ongoing management, it is far cheaper in the long run than in-person service provided through offices and call centers.

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[7] Balanced measures consists of organizational performance measures covering customer satisfaction, employee satisfaction, and business results.

[8] See Case Study 6: Internal Revenue Service Improves Customer Value Across Multiple Channels.

| Decision 1: CSM Goals | Decision 2: CSM Scope | Decision 3: CSM Survey Type | Decision 4 In-House vs. Outside Firm | Decision 5: CSM Analysis Approaches | Decision 6: CSM Data Collection Methods | Decision 7: Sample Size & Reporting |
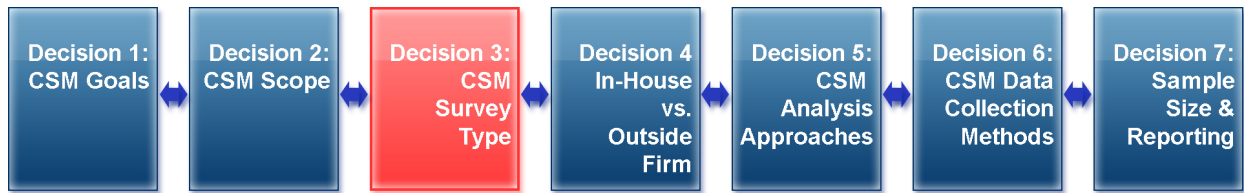
Decision 3: CSM Survey Type

For customer satisfaction surveys focused on channels or on the customer service experience, agencies will face decisions about what type of survey to use in obtaining customer feedback. As shown in Figure 3, agencies can choose among three general approaches.

Survey Choices		How Survey Choice Achieves Reporting Goal	How Survey Choice Achieves Improvement Goal
	3.1: Completely Customized	· Comparisons to Past Performance · Comparisons to Similar Experiences or Functions within Agency	· Obtain Specific Detailed Guidance Targeted to Agency
	3.2: Standardized to industry Group or Channel	· Comparisons to Past Performance · Comparisons to Similar Industry Group or Channels	· Obtain Specific Guidance within Industry Group or Channel
	3.3: Standardized	· Comparisons to Past Performance · Comparisons to Any Available Organization	· Obtain Limited Guidance—Will Have to be Supplemented

Figure 3: Three Survey Choices

1. **Completely customized surveys (3.1)** — These surveys contain rating questions and scales that are specific to the service situation and reflect customer expectations for that service alone. While there are common themes across most services (e.g., timeliness, accuracy, etc.), questions in customized surveys reflect the special circumstances embedded in that service encounter. Many government agencies rely on customized surveys because the service they provide is unique, and the more generalized questions contained in standardized surveys miss important aspects of their customers' experiences.

2. **Surveys standardized by industry group or channel (3.2)** — These syndicated surveys are developed to cover a narrowly defined industry group (e.g., hospitals, airlines, cars, etc.), customer experience, or channel. They contain standard questions that apply to most service providers in the category. Examples include the J.D. Power and ACSI survey ratings for the private sector by industries and the Consumer Assessment of Healthcare Providers and Systems (CAHPS) surveys in the healthcare field. [9] In the public sector, Canada's Common Measurement Tool (CMT) applies to channel interactions (Web, phone, and office). [10,11] The ACSI/ForeSee Results Web survey has been used extensively by federal agencies in assessing customer satisfaction with government Web sites. [12] Few federal agencies interested in measuring satisfaction with customer service experiences will have the option of using surveys standardized by industry group because their service is so specialized that no broad category exists (unlike cars or airlines in the private sector).

3. **More general standardized surveys (3.3)** — These surveys contain general questions that can apply to many organizations in both the public and private sectors. Examples include the Gallup CE11 customer engagement survey and the general ACSI government survey (not specific to Web sites) that is used to derive the Annual Government American Customer Satisfaction Index Scores across agencies. [13,14] In the private sector, many companies rely on the standard Net Promoter Score questions to measure performance.[15] Those agencies or companies using standardized surveys will need to conduct additional follow-up research to get more specific insight on how to improve.

How Survey Choices Achieve Reporting Goals

As Figure 3 shows, each of the three survey approaches does a reasonably good job of satisfying the reporting requirement. Assuming that the survey chosen is repeated at regular intervals, all three can show comparisons to past performance.

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[9] The J.D. Power and ACSI methodologies are described in more detail in Appendix D.

[10] The CAHPS survey is discussed in more detail in Case Study 1.

[11] Canada's CMT measurement tool is discussed in more detail in Case Study 2.

[12] The ACSI/ForeSee Results Web Survey is discussed in more detail in Case Study 3.

[13] Gallup's CE11 methodology is described in more detail in Appendix D.

[14] An example of use of the Annual Government ACSI Scores is shown in FAQ 4: When Does Comparing Survey Scores Make Sense?

[15] The Net Promoter survey methodology is described in more detail in Appendix D.

Also, if an agency conducts multiple surveys, scores can be compared across customer experiences or functions whether the survey is customized or standardized. Even within an agency, differences among functions in the service provided and in the types of customers should be taken into account before making comparisons. Differences in services provided and in the types of customers among different agencies make interagency comparisons of customer satisfaction ratings potentially misleading.[16] Nevertheless, agencies wanting to know how their ratings compare to other agencies, despite these limitations, can use ACSI or similar comparative customer satisfaction ratings to assess performance.

How Survey Choices Achieve Improvement Goals

The survey approaches differ significantly in terms of their value for helping agencies implement improvements. The fully customized surveys provide the most guidance because the questions and survey rating scales chosen are directly relevant to the service situation being measured and represent a relatively complete report of the customer experience. These relevant details help make the survey results meaningful to employees. Similarly, those surveys that are customized by channel, industry, or customer experience will also provide specific guidance for improvement for a specific channel or industry. For example, the ACSI/ForeSee Results survey for Web sites contains detailed specific customer feedback for Web site managers.

Fully customized surveys provide the most guidance because the questions and survey rating scales chosen are directly relevant to the service situation being measured.

However, the more general standardized surveys provide limited guidance for improvement efforts because the general questions that can apply to almost any situation provide little insight into how to improve specific agency services. Agencies wishing to mount an improvement initiative will have to supplement these standardized surveys with more detailed customer feedback in order to get meaningful directions for improvement.

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[16] See FAQ 4: When Does Comparing Survey Scores Make Sense?"

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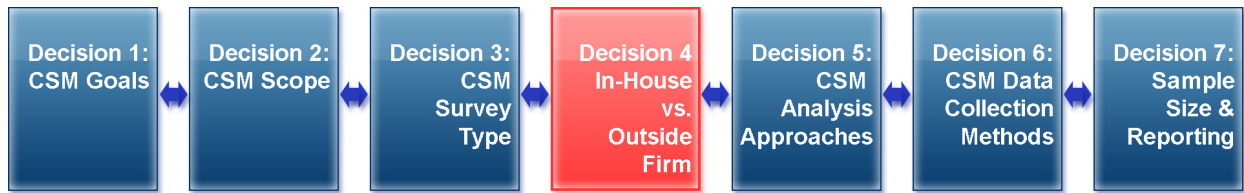
Decision 4: Conduct Survey In-House Vs. Contracting with Outside Firm

Most CSM surveys can be conducted using in-house resources or by contracting with an outside firm—usually one that specializes in CSM. Using in-house resources is only an option for those who have internal staff available and capable of conducting CSM. Below is a list of commonly mentioned reasons for conducting a CSM survey in-house versus hiring an outside firm:

Reasons for Conducting Survey In-House

▶ Cost effective if internal staff are available with knowledge of how to conduct CSM research and analyze the results

▶ Internal staff provides agency/business knowledge

▶ Working in-house provides opportunity to customize as desired

▶ Web applications are making in-house research easier

▶ Surveys conducted in-house usually can use internal agency Web resources

Reasons to Contract with Outside Firm

▶ Cost effective if no internal staff are available with knowledge of how to conduct CSM research and analyze the results

▶ Outside firm brings survey design and CSM expertise

▶ Outside firm brings third party objectivity (often required of government agencies)

▶ Outside firm brings credibility

▶ When survey is contracted, the possibility exists to compare to other agencies using the same firm

▶ Contracting out the actual surveys frees up internal agency resources to work on how to use the results to make improvements

Some of the benefits listed above of conducting a survey in-house, including the availability of staff with agency or business knowledge and the opportunity to customize as desired, can also be realized when agency staff work closely with an outside firm. Agencies deciding whether to conduct surveys in-house or contract with a firm will need to weigh which option best suits their internal resources and their ultimate CSM goals.
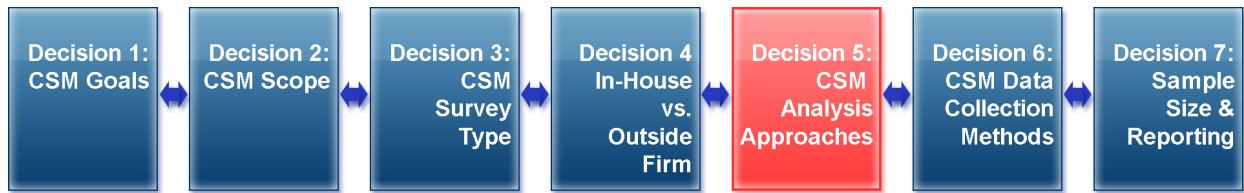
Decision 5: CSM Analysis Approaches

All CSM analysis approaches rely on statistical comparisons to either assess performance or determine improvement priorities. There are five general approaches used in analyzing customer satisfaction data:

1. **Comparisons of rating items within a survey** — These types of analysis are used primarily for understanding how to improve service performance. For example, comparing the highest to lowest rated items can point to relative weak points in service delivery. Correlation and other methods can be employed to determine which aspects of the customer experience are most strongly related to overall satisfaction (or other overall measures such as loyalty or referral intent).

2. **Longitudinal comparisons** — These comparisons are used to see whether service has improved or deteriorated over time. Quarter to quarter or year to year comparisons are frequently used to track customer satisfaction performance.

3. **Comparisons among similar service providers** — These analyses, particularly relevant for the private sector companies, report relative performance among those companies or agencies included in the study. J.D. Power and ACSI, among others, provide rankings of companies and government agencies.

4. **Comparisons among dissimilar service providers** — Comparisons among dissimilar organizations on a common scaled set of questions can suggest relative performance across companies/agencies or industries. The ACSI government agency rating comparisons and the Gallup CE 11 survey are used to compare dissimilar federal agencies.

5. **Comparisons against customer service goals or standards** — Though not a statistical analysis (because there is no sampling error for a "goal"), comparisons of performance to a goal that has been set can show whether the organization is succeeding in achieving the goal or is falling short.

Validity of Statistical Comparisons

As Table 1 indicates, the statistical comparisons listed above vary in terms of their validity—how likely they are to represent true differences in customer satisfaction performance vs. other factors that affect customer satisfaction ratings.[17] When dissimilar organizations are

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[17] Validity means how well the differences observed—whether between items on a survey, between organizations being compared with the same survey questions, or between scores on the same questions over time—reflect customer satisfaction with service vs. other factors than are known to influence customer satisfaction ratings. See FAQ 1: Do Customer Satisfaction Ratings Measure Customer Service.

compared, the differences in satisfaction reported between those organizations may reflect differences in the situation or in the customer composition between those organizations rather than differences in customer service performance.[18] These "apples and oranges" (rather than "apples and apples") comparisons can mislead and undermine efforts to use the information because managers and staff rightly see that the comparisons are suspect. Even longitudinal comparisons or comparisons among similar organizations can pose validity problems. The most valid comparisons are those among items on the same survey, but even these comparative analyses need to factor in importance considerations in deciding where to focus to improve satisfaction.

Mitigating Validity Challenges

Table 1 indicates that there are ways to mitigate the validity problems that the various analysis approaches present. When there is the possibility of case mix factors—respondent characteristics or other variables not controlled by the agency—undermining the validity of the comparisons, statistical procedures can be used to "back out" or account for the factors that invalidate the comparisons. Accounting for these factors when conducting analysis levels the playing field, which makes the comparisons meaningful.

For example, the CAHPS surveys of insurance plans and hospital service adjust ratings based on the nature of the patient mix, recognizing that different demographics and patient outcomes can affect the scores. Similar procedures can be used to determine whether differences in survey scores over time are due to improvements in customer satisfaction performance or to differences in customer composition between measurement periods. In general, while any comparisons among agencies, channels, or customer groups may provide a rough indication of the relative performance of those being compared, this type of analysis alone will provide little help to those that want to use the data to make improvements.

Successful organizations use a mix of analysis approaches for measuring performance and stimulating improvement actions.

Using a Mix of Approaches

Successful organizations use a mix of analysis approaches for measuring performance and stimulating improvement actions. Many of the private sector companies interviewed used general syndicated approaches, such as J.D. Power or ACSI, to compare themselves to their competitors but then complemented these more general measures with specific, targeted

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[18] Trying to capture agency performance with a single summary score can be misleading. In general, there is greater variance in customer satisfaction ratings within agencies than between agencies. Most large agencies will receive high scores for more straightforward informational interactions, low scores for more burdensome interactions, and the lowest scores of all for interactions with unfavorable customer outcomes.

research used to devise improvement strategies. As indicated earlier, federal agencies tend to focus more on the reporting aspects of customer satisfaction measurement than on the improvement aspects. However, agencies that were successful in bridging the gap between measurement and action either:

▸ Followed up the more general comparisons among agencies with specific, targeted research
▸ Started with a detailed customized survey of their customers and used the comparisons of survey items, or questions, to identify improvement priorities.

Their main indicator of progress was comparison of customer satisfaction scores over time.

Table 1: Summary of Customer Satisfaction Analysis Approaches

Customer Satisfaction Analysis Approach	Validity of Comparisons	Potential Problems	Ways to Mitigate Problems
1. **Comparisons of rating items within a survey**	High	• Analysis of satisfaction ratings alone omits the importance component— satisfaction may be low but the item relatively unimportant so improvement efforts should be targeted elsewhere.	• Add questions that directly ask for an importance rating[19] • Use statistical approaches such as Net Impression® or Quadrant Analysis to incorporate the importance component[20,21]
2. **Longitudinal comparisons**	Medium	• External factors (e.g., unfavorable or favorable news) can affect satisfaction scores over time. • Case mix differences in the sample (e.g., a greater proportion of respondents getting benefits in a survey period) each reporting period can affect scores. • Market response generally lags changes so surveys may not pick up improvements right away.	• Where case mix variables (e.g., customer characteristics) are available, statistically "back out" case mix factors • Use more targeted surveys and operational measures to capture the impact of specific improvement efforts

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[19] It is usually hard for respondents to accurately gauge importance in a rating question.

[20] Net Impression® analysis, which uses a derived importance measure, is discussed in more detail in Appendix D.

[21] Quadrant analysis uses satisfaction with individual attributes of a service to identify drivers of overall satisfaction with the service. Two dimensions of individual elements are plotted: performance (mean score on a satisfaction rating scale) and importance (measured on a rating scale or derived from correlation with overall satisfaction). With all of the attributes plotted, a quadrant (four areas) is created using the mean performance and importance scores. Each attribute falls into one of the four quadrants. Quadrant analysis is a program improvement tool—with each quadrant having its own meaning and prescription for action to improve future events.

Table 1: Summary of Customer Satisfaction Analysis Approaches

Customer Satisfaction Analysis Approach	Validity of Comparisons	Potential Problems	Ways to Mitigate Problems
3. **Comparisons of ratings among similar types of service providers**	Medium	▪ Case mix or customer differences among units (e.g., customer outcome differences or demographic differences) can affect scores leading to artificially high or low service ratings. ▪ System-wide or nationwide factors often swamp local service performance efforts. For example, scores might go down because of relatively high volumes of visits—and resulting in longer waits—in one office relative to another.	▪ Where case mix variables or service differences are available, statistically "back out" these factors to improve comparability. For example, J.D. Power addresses the potential "apples and oranges" problem by creating separate categories of relatively homogeneous companies, such as low cost airlines and network carriers in the airline industry.
4. **Comparisons among dissimilar organizations, services, or channels**	Low	▪ Potential for misleading "apples and oranges" comparisons ▪ Requires general questions and response scales that may not fit all services ▪ Lack of transparency for statistical approaches used to produce customer satisfaction ratings and rankings ▪ Insufficient detail to support improvement efforts ▪ Can contribute to agency complacency or resistance	▪ Group agencies/customers into similar experience cohorts so the comparisons are more meaningful ▪ Limit the scope of generic surveys so that the comparisons are meaningful ▪ Add questions to generic surveys that directly relate to the respondents' service experiences ▪ Develop more targeted surveys that better capture the customer experience and are more meaningful to survey users

Table 1: Summary of Customer Satisfaction Analysis Approaches

Customer Satisfaction Analysis Approach	Validity of Comparisons	Potential Problems	Ways to Mitigate Problems
5. **Comparison against customer service goals or standards**	No statistical basis for comparison	- Statistical significance of differences cannot be computed because there is no sample for the customer service goal or standard. - Difficult to decide which/how many standards to use - Sets up a "winners vs. losers" climate - Ceiling effects—limitations imposed by the scoring system which occur when the majority of scores are near the maximum score possible—may make goals impossible to achieve for some - External factors can swamp customer satisfaction improvement efforts - Whatever standard is chosen, some will think it is arbitrary or unreasonable	- Focus on actions first and scores second - Reward successes and assist underperformers

| Decision 1: CSM Goals | Decision 2: CSM Scope | Decision 3: CSM Survey Type | Decision 4 In-House vs. Outside Firm | Decision 5: CSM Analysis Approaches | Decision 6: CSM Data Collection Methods | Decision 7: Sample Size & Reporting |
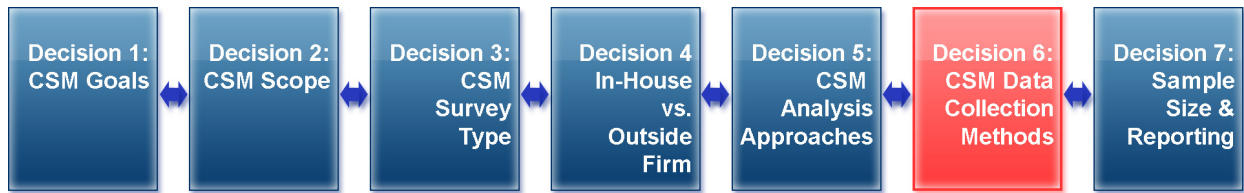
Decision 6: CSM Data Collection Methods

Government agencies and private companies interviewed used a wide variety of data collection approaches for their customer satisfaction surveys including Web, e-mail, and IVR (automated telephone survey) technology and live telephone interviews and mail surveys. In general, private companies interviewed tended to rely more on Web or IVR methods because of the speed of the turnaround of results and the lower costs. Federal agencies interviewed tended to use technology less than private companies due to the lack of e-mail contact information for their customers, security concerns, and the Office of Management and Budget's (OMB's) concerns about sampling and response rates. Private sector organizations frequently use Web panels, which consist of groups of individuals who have agreed to take Internet surveys related to their experiences, while agencies are just beginning to take advantage of this survey method.[22]

Table 2 illustrates that survey methods vary significantly in cost, response rates, and speed of implementation. The survey methods listed alphabetically are:

▸ **Comment cards** are short and simple questionnaires that are handed out or are simply made available at the point of service.

▸ **E-mail surveys** are sent to a list of respondents by e-mail with a link to a Web site hosting the survey. A list of e-mail addresses is required.

▸ **IVR (Interactive Voice Response) or phone intercept surveys** use an automated telephone system to ask questions, with respondents responding either by pressing telephone buttons or by saying responses. Surveys are generally conducted immediately after a phone call made to an agency or company to obtain service. After the call, an employee asks the customer for their participation and transfers the respondent to the automated survey.

▸ **Mail surveys** are sent via mail to customers. To increase response rates, a pre-note explaining the survey as well as reminder mailing(s) and/or postcard(s) are often sent to respondents in addition to the questionnaire. A list of mail addresses is required.

▸ **Telephone interviews** are conducted with live trained telephone interviewers. They can be inbound surveys, conducted after customers initiate a call to obtain service, or

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[22] Agencies interviewed expressed concern about the biases inherent in the use of Web panels as that method of data collection requires respondents to have Internet access, and lower income and elderly populations are less likely to have Internet access.

they can be outbound surveys conducted by calling a list of potential respondents. Outbound surveys require a list of telephone numbers.

▸ **Web inbound surveys** are presented to customers who visit specific Web sites or click on specific links. In general, a pop-up window asks for participation with a link to a Web survey.

▸ **Web panel surveys** rely on lists of individuals with specific demographics, interests, or experiences that can be purchased from market research firms. These individuals have expressed interest in conducting online surveys for market research purposes and have permission to contact them by e-mail for research purposes.

Table 2: Comparison of Different Survey Methods: Cost, Response Rate, and Speed of Implementation

Method	Cost	Response Rate	Implementation Speed
Comment Card	Medium	Low	Low
E-mail	Low	Medium	High
IVR Phone Intercept	Low	Medium[23]	Medium
Mail	Medium	Medium	Low
Telephone Interview (Live Intercept or Outbound Calling)	High	High	Medium
Web Inbound (No E-mail)	Low	Low	High
Web Panel	Medium	Medium	Medium

Costs for these seven survey methods range from pennies per completed survey for some Internet methods to tens of dollars for live telephone interviews.[24] Response rates also vary, with more expensive methods generally giving higher response rates. Internet-based methods are the fastest to implement.

Despite the cost advantages of technology-based methods of data collection, federal agencies will often use the more expensive telephone and mail methods because they offer more

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[23] IVR surveys with a live invitation to the survey, either by the Customer Service Representative assisting the customer or by another agency employee to whom the call is transferred, tend to have much higher response rates than IVR surveys without a live invitation.

[24] In person interviews are not included on the chart as their cost would almost certainly be prohibitive for most government agencies.

control over sampling and generally higher response rates.[25] However, telephone surveys also face the additional challenge of overcoming interviewer bias, which can occur when interviewers inadvertently influence responses through their use of tone or by adding their own explanation to the written script. In addition, telephone survey response rates have been steadily declining, likely due to the frustration the public feels with the large number of telephone calls they receive from unknown individuals.

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[25] In addition to the underrepresentation of those groups that do not have Internet access, Web surveys have relatively low response rates. Private sector companies understand these problems but figure that the data collected through Web methods is good enough for customer satisfaction measurement purposes and that the speed and lower cost outweigh sampling concerns.

| Decision 1: CSM Goals | Decision 2: CSM Scope | Decision 3: CSM Survey Type | Decision 4 In-House vs. Outside Firm | Decision 5: CSM Analysis Approaches | Decision 6: CSM Data Collection Methods | Decision 7: Sample Size & Reporting |
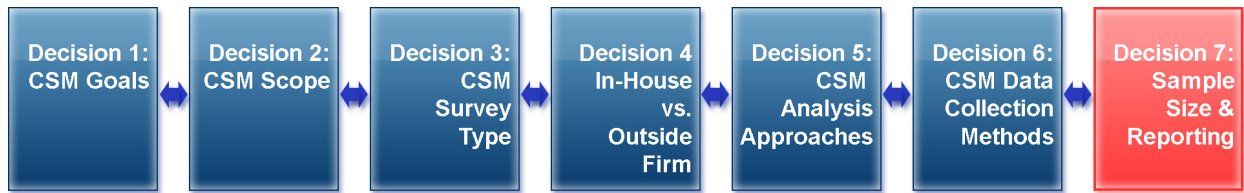
Decision 7: Sample Size & Reporting

In addition to the data collection methods, choices around sample size and the number of reports are the other two factors that most affect CSM costs. As illustrated in Figure 4, the greater the sample size and the greater the number of reports, the higher the costs.
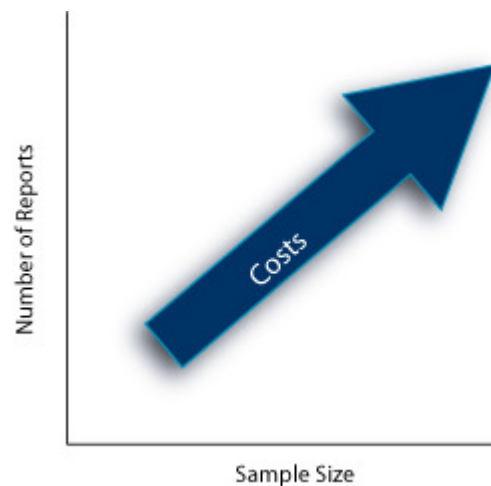
Figure 4: Number of Reports Drives Survey Costs

Choosing Sample Size

Sample size is one factor that influences survey costs. Sample size depends on:

▸ Level of precision desired

▸ Number of segments or subgroups (e.g., geographic location) covered in the sampling plan

Private sector companies in general require less precision, so their sample size requirements—and consequently costs—are generally lower. Most federal agencies have adopted the Office of Management and Budget's (OMB's) standard of 400 samples per segment, which achieves

the conventional research standard of +/-5 percent at the 95 percent confidence level.[26] To detect statistically significant differences in customer satisfaction scores—whether between companies or agencies, items on the survey, or time periods—relatively large sample sizes are required. Because of insufficient sample sizes, rankings of companies or agencies most often do not report the statistical significance of the differences observed.[27]

Choosing Number of Reports

The level of reporting, which influences the number of reports, is the other factor that has a major influence on survey costs. The number of reports required depends on:

▸ Frequency of reporting
▸ Number of channel sites or segments covered

Many agencies sample customer interactions continuously and roll up reports quarterly or semi-annually. Others pick a time period for annual sampling and produce one report per year. Still others stagger the sampling across sites and years, producing an annual national report and bi-annual site reports. The decision about how often to report usually depends on the agency's performance reporting system. Customer improvement priorities as revealed by survey respondents do not usually change markedly from period to period, so less frequent reporting can satisfy customer feedback needs for planning customer satisfaction improvement initiatives.

In deciding whether to use customer satisfaction survey scores to measure site level performance, agencies should first consider to what degree the customer experience is influenced by factors that are under the control of site-level managers.

In deciding whether to use customer satisfaction survey scores to measure site level performance, agencies should first consider to what degree the customer experience is influenced by factors that are under the control of site-level managers.[28] Particularly for government agencies—where the customer experience can be influenced more by law and regulation rather than by local customer service performance such as claims applications, questions about complex programs like the new Medicare drug program, or tax filing—site level reporting may be misleading. Reports may show differences between sites, but these differences might be due to case mix factors rather than differences in customer service

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[26] If the survey was conducted 100 times, in 95 of those 100 surveys, the responses would fall within a range of 5 percentage points above or below the percentages reported.

[27] Significance testing is more often performed to measure differences among questions on the same survey or to detect changes in customer satisfaction scores from period to period.

[28] See FAQ 2: Should Performance Ratings Be Based on Customer Satisfaction Scores?

performance. In these situations, agencies can save considerable resources by sampling and reporting at the national level rather than the site level.

Choosing to Improve Customer Service

Benchmarking—comparing company or agency customer satisfaction scores—may have some use to shoppers in the private sector and to stakeholders in the public sector. However, organizations that have been successful in improving the customer experience recognize that simply reporting the scores is not enough. Without detailed information on how to improve and a leadership-directed improvement process, change efforts will fail.

Table 3 presents a seven-step Road Map that outlines the process that the successful companies and agencies interviewed for this project all followed in implementing their integrated measurement and improvement programs. This process will be familiar to many as it draws on decades of Total Quality Management (TQM) experience. [29] Not surprisingly, the process begins with gaining direction and commitment from the organization's leadership. Leadership is essential in shaping the goals, scope, scale, and resources devoted to the effort. Both the agency and company interviews revealed that top management leadership and actionable customer information are the two most important factors in making sure the organization responds to customer satisfaction research.

When these general parameters are set, decisions about the design of the customer satisfaction measurement program follow. With the benefit of actionable customer information, managers and staff can devise action plans and experiments that might impact customer satisfaction and business results. These ideas can be piloted and evaluated for effectiveness and then modified or improved as necessary to produce the greatest impact. In both the private and public sectors, initiatives that start out with the goal of improving customer satisfaction almost always benefit business results (public sector) and the bottom line (private sector).

Organizations that have been successful in improving the customer experience recognize that simply reporting the scores is not enough. Without detailed information on how to improve and a leadership-directed improvement process, change efforts will fail.

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[29] TQM is a management strategy aimed at embedding awareness of quality in all organizational processes. See http://en.wikipedia.org/wiki/TQM for more information.

Table 3: Road Map to Success in Customer Satisfaction Programs

Key Steps	Why?	How?
1. Use executive support to establish the goal of continuous improvement	▪ Executive support from the start opens doors and removes barriers. ▪ Making improvements is easier with support. ▪ Measurement without action is not a worthwhile endeavor.	▪ Engage an executive champion (or champions) within organization—preferably from senior management to provide support and validity within the organization. ▪ Use customer survey results to guide specific improvement initiatives.
2. Understand the agency's objectives for customers	▪ Agencies' goals differ (e.g., beneficial vs. regulatory, changing customer behaviors vs. improving perceptions). ▪ Articulating goals helps build consensus.	▪ Reflect upon the agency's overall mission and goals. ▪ Develop specific CSM research objectives: ▪ What is the agency measuring and improving? ▪ Which customers? (may be different objectives for different segments)
3. Understand the customers' perspectives	▪ Customers may have different understanding of issues than those inside the organization. ▪ The most accurate and useful customer feedback is obtained when surveys are framed to reflect their experience.	▪ Determine who the customers are (vs. other agency stakeholders such as funding or oversight organizations). ▪ Learn how they understand and acquire knowledge about the agency ▪ Incorporate the customer perspective and their language into questionnaires.
4. Design and execute best survey methodology	▪ One size does not fit all. ▪ The best methodology is based on agency's objectives and resources.	▪ Determine resource availability and constraints to narrow the range of possible research methods. ▪ Determine what internal resources are available. ▪ Outsource survey activities for which there is insufficient internal capability. ▪ Use easy-to-understand measurement to more readily gain support of executives. ▪ Consider comparisons with organizations providing similar services to similar customers (public and/or private organizations).

Table 3: Road Map to Success in Customer Satisfaction Programs

Key Steps	Why?	How?
5. Create action plans to make improvements	- Measurement alone is not enough. - Engaging in customer research will set expectations that improvements will follow.	- Use survey results to prioritize improvement ideas. - Determine who within the organization will be involved. - Engage all agency participants at start of survey process for buy-in and ownership. - Obtain as broad a base of support within the organization as possible.
6. Take action to improve	- Specific improvement initiatives will energize those participating in CSM efforts. - Customers' service expectations are always increasing.	- Move from measurement to action as quickly as possible to maintain momentum and continuity. - Engage executive champions to help overcome inertia as a barrier to change. - Pilot action projects to test specific improvement ideas when budget or resources are constrained or success is uncertain. - Try various actions and keep what works.
7. Evaluate improvement effectiveness	- Determine if actions are actually making improvements or if changes are necessary. - Not all actions will produce anticipated results.	- Employ follow-up surveys targeted to specific improvement initiatives. - Develop an ongoing plan for repeating the steps of this Road Map to create a cycle of CSM and action, to ensure constant improvement.

Implications of Deciding to Improve on CSM Program Design

The decision to improve versus simply report has implications for the design of the CSM program. Once managers and staff know they will have to make changes that improve the customer experience, they want specific details about customer preferences for change. Generalized comparisons among similar organizations will not be sufficient. Those private sector companies that used either J.D. Power or ACSI for competitive benchmarking purposes tended to rely on more granular and specific data in figuring out what to do and how to implement the changes. Agencies committed to improvement most often started with customized surveys and focused analysis on the relative scores among the survey items, or questions, to provide necessary guidance. In addition to quantitative research, these agencies often relied on customer comments and frequently used qualitative research to provide more in-depth insight into customer issues and improvement priorities.

For many agencies, thinking through the CSM continuous improvement process along the lines of the steps laid out in Table 3 will result in a shift in the balance of CSM investment. In order to deliver actionable information to those who can use it, agencies will spend relatively less money on simply reporting customer satisfaction scores and relatively more money on providing actionable information to guide improvement efforts. The private sector experience suggests that the shift in CSM investment from scorekeeping to improvement planning and implementation will produce a greater return overall in the agency's CSM program and service to customers.

Private sector experience suggests that the shift in CSM investment from scorekeeping to improvement planning and implementation will produce a greater return overall in the agency's CSM program and service to customers.

CSM Resources

When starting, expanding, or improving a CSM program, consider using the expertise of the "CSM resources" identified in Table 4: Customer Satisfaction Resources. Eight individuals in government agencies interviewed for this report were identified as "CSM resources." These experts can give advice to agencies that have limited experience in measuring and improving customer satisfaction or to agencies that want to gain insights from those who have extensive experience in important areas. The criteria for selection included:

▶ Identification of an individual as a "CSM resource" by a peer interviewed for this project

- Determination by an expert interviewer that this individual should be a CSM resource, usually based on years managing customer satisfaction research, number of projects managed, and concentration in the subject matter listed
- Agreement by the individual to be classified as a CSM resource

Table 4: Customer Satisfaction Resources

Customer Satisfaction Resource	Federal Agency	E-mail Address/Phone Number	Distinct Experience
Brian Marson	Treasury Board, Canada	Marson.Brian@tbs-sct.gc.ca 613-946-9882	▪ Benchmarking service interactions
Colleen Blessing	Department of Energy, EIA Energy	Colleen.Blessing@eia.doe.gov 202-283-2787	▪ How to work with OMB ▪ Questionnaire design
Daryl Covey	Department of Commerce, NOAA	Daryl.l.Covey@noaa.gov 405-366-6510 ext. 1232	▪ Promoting CSM
Elizabeth Goldstein	Centers for Medicare and Medicaid Services	Elizabeth.Goldstein@cms.hhs.gov (410) 786-6665	▪ Benchmarking
Eric Nelson	Department of Justice	(202) 307-1825	▪ Interagency CSM
Larz Pearson	IRS, SB/SE Division	Larz.Pearson@irs.gov (202) 283-2787	▪ Linking measurement to action ▪ Multiple survey programs
Patricia Bonner	Environmental Protection Agency	Bonner.Patricia@epamail.epa.gov 202-566-2204	▪ How to work with OMB ▪ How to obtain expedited OMB approval of surveys
Peg Blatter	Social Security Administration (non-Web customers)	Peg.Blatter@ssa.gov (410) 965-0228	▪ Telephone customer satisfaction measurement
Tim Evans	Social Security Administration (Web customers)	Tim.Evans@ssa.gov (410) 965-4217	▪ Web customer satisfaction measurement

Additional Considerations

This section has laid out a comprehensive plan for the design and execution of effective CSM programs. This section concludes with several additional considerations for government agencies embarking on such programs:

▶ Use the discussion in the FAQ section of this report to gain more detailed insight into challenges agencies face in choosing a CSM approach and in promoting improvement in customer service in their organizations. The first four FAQs address the following issues:

- Do Customer Satisfaction Ratings Measure Customer Service?
- Should Performance Ratings Be Based on Customer Satisfaction Scores?
- Why Don't My Customer Satisfaction Ratings Change?
- When Does Comparing Survey Scores Make Sense?

▶ Pay careful attention to OMB requirements for government sponsored surveys and consider obtaining an OMB "generic clearance" (expedited approval process) to make the survey process go more smoothly and quickly. These recommendations are discussed in FAQ 5: How Do You Deal with OMB Requirements? Some of the individuals listed as CSM resources in Table 4 can help agencies understand how to work with OMB.

> *Pay careful attention to OMB requirements for government sponsored surveys and consider obtaining an OMB "generic clearance."*

▶ This report focuses on the use of quantitative surveys for measuring and improving customer satisfaction. Beyond the scope of the report, but certainly relevant to customer improvement efforts, is the use of qualitative methods for obtaining customer feedback, such as focus groups. The interviews revealed that many government agencies and private companies interviewed use qualitative methods both to enhance their overall CSM programs and specifically to help design survey questionnaires.

Interview Findings

This section presents the findings from these private and public sector interviews. Appendix A presents summaries of the private sector interviews, and Appendix B presents summaries of the government interviews.

Overall Finding

Among the agencies and companies interviewed, CSM focused on two distinct goals:

▶ Reporting performance and comparative benchmarking

▶ Improvement

Both companies and agencies tended to rely on different CSM methodologies depending on the primary goal they were trying to achieve. [30,31]

Private Sector Interview Findings

These findings are based on interviews with over 25 managers in nine private sector companies, including:

The companies interviewed use one set of CSM approaches for comparisons with other companies and a separate set of approaches for monitoring and/or improving.

▶ Charles Schwab

▶ Costco

▶ eBay

▶ Southwest Airlines

▶ Zappos.com

▶ California State Automobile Association (CSAA)

▶ Intuit — producer of TurboTax, Quicken, and QuickBooks

▶ Pacific Gas and Electric (PG&E)

▶ Vangent — manager of government call centers

The companies interviewed use one set of CSM approaches for comparisons with other companies and a separate set of approaches for monitoring and/or improving. They often subscribe to benchmarking studies to compare themselves to similar companies. However, they choose a different approach for monitoring or improving based on what company executives can easily understand and what produces the best insights and directions for taking action.

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[30] For a discussion of these two goals, see Decision 1 in the section on Key Decisions in the Design of CSM Programs.

[31] See Appendix D for more information on the CSM methodologies discussed.

- Charles Schwab has successfully adapted the Net Promoter method to their financial services business, and it has helped them prioritize improvements (see Appendix D for a description of the Net Promoter methodology). In addition, they have purchased the JD Power syndicated benchmarking studies to compare themselves to other financial services firms.

- PG&E also subscribes to the JD Power survey for benchmarking. They also conduct telephone surveys for their call centers, one-time surveys related to their green initiatives, and focus groups to get more targeted information about specific initiatives or services.

- Similarly, CSAA uses private market research firms to field surveys with questions based on ACSI, but also conducts their own in-house Web-based surveys as necessary.

- Costco uses ACSI for competitive benchmarking but relies on more targeted and specific surveys for service monitoring and improvement.

Many companies have turned to the Net Promoter methodology to drive internal improvement efforts. Executives find that the combination of simplicity, actionability, and relationship to customer loyalty, as well as the extension to profitability, make Net Promoter a better improvement metric than customer satisfaction.

When high response rates are an important consideration, companies use shorter, simpler methodologies. Companies often use open-ended questions to get more information from respondents who give low scores.

Executive Sponsorship: The Key to CSM

Executive sponsorship is extremely important for successful CSM:

- Executive sponsorship of CSM is critical in making sure the research is acted upon. Without executive sponsorship, customer satisfaction research becomes a "check-the-box" exercise.

- Executive behavior helps create a customer-focused culture that encourages employees to listen to customers and improve service. For example, the CEO of Costco and everyone who reports to him answer their own telephone, signaling that responsiveness to customers is paramount and that employees should take the feedback they receive from exit surveys, call center surveys, and in-store comment boxes seriously.

- Executive buy-in is most easily obtained when using CSM methods that are

The most important factors in choosing a customer satisfaction survey method in private sector research are:

▶ Speed of CSM results
▶ Specificity of customer feedback
▶ Cost

The Internet is gaining wider acceptance as a survey administration method because of its lower cost, scalability, and fast turnaround.

In addition to their primary CSM methodologies, most companies employ a wide variety of targeted customer satisfaction research methods for monitoring and improvement. The choice of survey approach depends on the information objectives, the type of customer, the service delivery channel, and the convenience and cost of collecting the data.

Finally, companies regularly experiment with new techniques to get feedback.

Government Interview Findings

These findings are based on interviews with over 50 individuals representing 20 government agencies, including:

▸ Department of Agriculture (USDA)

▸ Department of Commerce, Commercial Services

▸ Department of Commerce, National Oceanic and Atmospheric Administration (NOAA)

▸ Department of Education, Office of Federal Student Aid (FSA)

▸ Department of Energy, U.S. Energy Information Administration (DOE, EIA)

▸ Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS)

▸ Department of the Interior, Fish, and Wildlife, National Wildlife Refuge System

▸ Department of Justice (DOJ)

▸ Department of Labor (DOL)

▸ Department of Transportation, Federal Aviation Administration (FAA)

▸ Department of Transportation, Federal Highway Administration (FHWA)

▸ Department of Treasury, Internal Revenue Service (IRS)

▸ Department of Veterans' Affairs (VA), Web Communications

▸ Environmental Protection Agency (EPA)

▸ General Services Administration (GSA), Federal Acquisition Services (FAS)

▸ General Services Administration (GSA), Office of Citizen Services and Communications, USA.gov, Web Best Practices Team

▸ General Services Administration (GSA), Public Buildings Services (PBS)

▸ Office of Personnel Management, USAJobs.gov

▸ Social Security Administration (SSA)

▸ United States Postal Service (USPS), Business Service Network Group (BSN)

The agencies interviewed for this report provided a wide range of services. A segmentation scheme based on the nature of service interaction can be useful in grouping organizational units to make more valid comparisons when benchmarking.

The agencies interviewed for this report provided a wide range of services to customers. A segmentation scheme based on the nature of service interaction between an agency, or parts of an agency, and their customers can be useful in grouping organizational units to make

more valid comparisons when benchmarking.[32] Below are six segments applicable to government agencies:

▸ **Informational** — Contacts with the agency only transfer information from the government to a customer or vice versa (Note: While all federal agencies' Web sites provide information to customers, only those agencies with an organizational component whose sole purpose is to provide information to the public are considered "informational.")

▸ **Beneficial** — Agency provides benefit payment to customers

▸ **Regulatory** — Contacts initiated by agency or by customer ensure that laws, rules, or regulations are followed

▸ **Commercial** — Agency provides government services that customers pay for

▸ **Intergovernmental** — Agency provides services to other government, law enforcement, and military organizations

▸ **Other** — Unique services or contacts that do not fall into other categories

Most agency managers interviewed are engaged in some type of customer satisfaction research. Agencies tend to engage in a mix of transactional and broader relationship surveys. Transactional surveys focus on specific interactions or points of contact, whereas relationship surveys focus on broader ongoing relationships that often involve multiple interactions.

Most agency managers interviewed are engaged in some type of customer satisfaction research.

A central issue identified by a majority of the agencies was a concern that the feedback from the existing customer research is used primarily for scorekeeping and performance reporting, but is not being used to improve customer service. Reasons for this problem include a lack of executive sponsorship, a lack of clear direction from the survey methods employed, and a lack of incentive to invest in improvement activities.

Many individuals interviewed questioned the validity of the interagency customer satisfaction comparisons. Interagency comparisons, even when considered accurate, do not provide sufficient specific detailed information to guide improvement efforts.

Large agencies usually divide their customer research based on the channel of interaction.

The large agencies usually divide their customer research based on the channel of interaction: Web surveys are used to obtain feedback from customers who use the agencies'

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[32] Many agencies have multiple types of interactions with their customers, and the same customer may at different times fall into different segments.

Web sites. For telephone and office contact customers, a wide variety of survey approaches and contractors are used.

The channel approach to CSM reinforces the agency tendency to manage channels rather than manage the total customer experience or ongoing relationships.

- Most agencies do not survey customers who have not had a transaction through a specific channel of contact with the company.
- The channel by channel focus in CSM keeps agencies from seeing how investments across channels could improve their overall customer experience.
- The channel by channel focus also keeps agencies from seeing opportunities to migrate customers to less costly channels of contact.

ACSI/ForeSee Results Web surveys, based on the ACSI methodology, is most often used by agencies surveying Web customers. Because it is specific to the Web channel and contains questions that are detailed and meaningful to those managing Web sites, this survey tends to be relied on for making improvements. Also, because the data is collected continuously, the comparison performance benchmark tends to be previous performance, which has greater support among users than comparisons with other Web sites, which may have different purposes and different customers.

Most agencies report difficulties and delays due to the Office of Management and Budget (OMB) approval process. OMB approval is required for any information gathering from more than nine individuals. OMB must approve the proposed survey methodology and questionnaire. In some cases, agencies report that they limit their

CAHPS & Canada's Common Measurement Tool Improve Customer Satisfaction

Two public sector CSM approaches—CAHPS and Canada's Common Measurement Tool—have led to improvements. (These are described in more detail in the CSM Case Studies section.) Both of these approaches:

- Provide users with specific detailed information that is seen as relevant and useful to the service being measured
- Have taken steps to ensure that any comparisons among the organizations measured are valid
- Have thought through how the customer satisfaction information generated will be used to improve service
- Have invested in helping those being measured to understand how to interpret the data and how to improve
- Have transparent data collection, analysis, and reporting methodologies
- Have underemphasized the

customer satisfaction research because of the OMB approval process. (More information on OMB can be found in FAQ 5 and in Appendix C.)

Agencies with predominantly internal customers—such as GSA Public Buildings Services and the Department of Justice—do not need OMB approval for conducting customer satisfaction research. This lack of restrictions, plus the availability of e-mail addresses, has led these agencies to rely mainly on Web surveys.

In contrast to the private companies, which emphasize speed in getting customer feedback, government agencies tolerate significant delays in setting up and conducting customer research. These delays between service delivery and the feedback from customers detract from the perceived usefulness of the research for improvement purposes.

Agencies with predominantly internal customers—such as GSA Public Buildings Services and the Department of Justice—do not need OMB approval for conducting customer satisfaction research.

CSM Case Studies

The following six case studies illustrate how thoughtful CSM system design coupled with leadership direction can promote improvement. The CAHPS, Common Measurement Tool, and ACSI/ForeSee Results examples emphasize measurement—how standardized CSM systems can be successful. The Schwab, IRS Adjustments, and IRS multiple channel examples emphasize improvement—how leadership used market measurement to drive change in their respective organizations.[33]

Thoughtful CSM system design coupled with leadership direction can promote improvement.

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[33] Market measurement includes measurement of customer satisfaction and customer preferences.

Case Study 1: AHRQ/CMS CAHPS Uses Unique Standardized Surveys Applied to a Specific Industry

The Agency for Healthcare Research and Quality (AHRQ), in partnership with the Centers for Medicare and Medicaid Services (CMS) and other agencies, has developed a family of standardized surveys, each customized to the unique experiences of different segments of consumers of medical services. The Consumer Assessment of Healthcare Providers and Systems (CAHPS) surveys can be used to compare results across sponsors and over time with the overall goal of producing understandable and usable comparative information. Data from two of the surveys is maintained in the National CAHPS Benchmarking Database.

Most recently, CAHPS efforts have shifted from the development of the surveys themselves to the development of tools and resources intended to promote the use of the surveys by both consumers and health care providers. Use by consumers can serve to harness market forces to increase service performance; health care providers can use the customer insights on their own operation, over time, or compared to other similar organizations to guide their improvement efforts.

AHRQ and CMS have thought through both the measurement and implementation aspects of their benchmarking system. By tailoring each questionnaire to the unique customer experience (e.g., hospital, nursing home, health plans, dental plans, etc.), CAHPS avoids the "one size fits all" generic survey approaches that characterize much of customer satisfaction benchmarking. Within each survey, the questions themselves and the response scales for survey questions have been thoroughly tested to ensure they are as effective as possible in capturing what the customer actually experienced. Because the questionnaires are lengthy, users have a significant level of service-specific detail to use in making improvements and are less likely to be puzzled by survey results. Standardization of the questionnaires (within customer experience areas) as well as the sampling, survey administration, analysis, and reporting processes ensure to the extent possible that any sponsor's results are comparable to those of other sponsors. This comparability is what makes the information useful for quality improvement as well as for public reporting. Finally, recognizing that even within surveys, the mix of respondent characteristics and patient outcome differences can affect survey scores, CAHPS has gone to great lengths to "back out"—through analysis—these caseload mix effects.

> *Comparability of results makes the information useful for quality improvement as well as for public reporting.*

AHRQ and its development partners continue to make sure the CAHPS system is accepted and used by its various stakeholder groups. In addition to applying the best measurement science

to survey development and administration, CAHPS is based on complete transparency: all CAHPS tools, resources, and services are in the public domain. Technical assistance, including general guidance as well as project-specific advice, is available to all users at no charge. AHRQ continues to solicit feedback from CAHPS survey users to assure that their products meet the needs of their various user groups.

Case Study 2: Canada's Common Measurement Tool Uses Standardized Transactional Surveys

Canada's government-sponsored Institute for Citizen-Centered Service (ICCS) has 10 years of experience in the development and use of its Common Measurement Tool (CMT), a survey-based CSM tool that enables public-sector managers to understand client expectations, assess levels of satisfaction, and identify priorities for improvement. By using the questions set out in the CMT, jurisdictions can also compare their results against peer organizations, identifying best practices and sharing lessons learned. ICCS has from the outset concentrated on adoption and use of the survey system by public sector managers. As a result, citizen satisfaction ratings in Canada show consistent improvement over the past 10 years, and ICCS has gained international acclaim for its role in developing and promulgating the benchmarking system.

There are several features of the CMT that make it an effective benchmarking tool:

▸ **Limited scope** — Limiting the scope of the survey questions to the quality of the *interactions* (versus an in-depth probing of all aspects of an extended customer experience like with CAHPS) assures applicability of the survey across a wide range of service situations that citizens face with a relatively limited number of questions.

▸ **Questions correlated to customer satisfaction** — The questions themselves cover attributes that public sector research has shown are highly correlated with overall customer satisfaction.

▸ **Account for differences in channels** — At the same time, the CMT takes into account the differences between customer channels of contact. While all customers are interested in a good outcome, the CMT research found that the other drivers of customer satisfaction differ somewhat by channel, and the survey questions reflect those differences.

▸ **Guidelines for administration and reporting** — To assure data integrity, ICCS sets guidelines for survey administration and reporting while allowing governmental users reasonable flexibility in how they collect the data.

▸ **Core questions plus tailored questions** — In addition to the core satisfaction questions that apply to each service interaction, the CMT offers over 100 additional pre-tested questions that users can apply to their unique service situation. This assures an appropriate level of standardization on the core questions while providing each service provider the flexibility to tailor the questionnaire to their unique needs.

What really distinguishes the usefulness of the CMT approach is the way the benchmarking database, which includes results for all participating agencies, is used. ICCS recognized early on that indiscriminate reporting of customer satisfaction ratings, without regard to the differences between types of services and the service situation customers face, would produce misleading information. They also recognized that misleading comparisons could in fact undermine their primary goal of getting public sector managers to accept and use the

survey data. Consequently, rather than public reporting of potentially embarrassing customer satisfaction ratings, the ICCS maintains an anonymous benchmarking database. Upon request, the ICCS provides consulting assistance to CMT users in development of a customized benchmarking report, so users can quantitatively gauge how their results rank against those of *peer* organizations. Within the report, the organization's results will be benchmarked against up to three different benchmarking groups, the criteria of which are discussed in collaboration with the ICCS. Canadian public sector organizations can compare themselves against organizations with similar jurisdictions, with a similar area of service or client group, or with a similar scope of work (for example, single-window service organizations). The benchmarking service is in place to facilitate shared learning. While the service remains anonymous, the ICCS acts as an intermediary—bringing together organizations with similar interests to promote the sharing of knowledge and experiences. Using this consultative approach, ICCS has grown the number of CMT registrants from 154 in 2003 to over 1,200 by 2008.

Case Study 3: ACSI/ForeSee Results Uses Standardized Web Surveys

ForeSee Results has created a standardized tracking customer satisfaction questionnaire specifically for Web sites using the ACSI methodology. This survey product, referred to in this report as "ACSI/ForeSee Results," is essentially a Web intercept survey that asks respondents who choose to participate to evaluate the Web site on a number of dimensions such as look and feel, content, and navigability, as well as on a number of summary ratings. In addition to the core questions used on all sites, the ACSI/ForeSee Results survey can include other questions of special interest to the client. ACSI/ForeSee Results users can gain insights into where improvements will make the most impact on customer satisfaction and how improving service will increase consumer behaviors like referrals, revisits, and online and offline purchases. By incorporating the ACSI methodology, ACSI/ForeSee Results claims it can predict where changes will impact Web return on investment.

Federal agencies report that the ACSI/ForeSee Results survey provides valuable user feedback for Web sites. First, the questions on the survey are directly relevant to the Web channel and are therefore meaningful to the respondents as well as to those in charge of Web site changes. Through detailed analyses of customer opinions and behaviors, the survey results serve to track performance and provide directions for improvements. For example, SSA regularly relies on the ACSI/ForeSee Results Web survey to improve the clarity of information and the ease of navigating its Web site. The relatively low cost and the fast turnaround convey a sense of immediacy that is not present with most other CSM approaches.

While ACSI/ForeSee Results users could easily benchmark their Web site's scores with those of other Web sites, agencies would do better focusing on the detailed analyses of what users report on their own Web site. This seems sensible for several reasons:

▸ Different Web sites will naturally attract different sets of visitors for different service needs, so any ratings comparisons could be misleading. Though customer satisfaction scores would certainly be different, there would be no way to know whether those differences were due to the Web site itself, the different customer mixes, or the nature of the business being conducted.

▸ Because of differences in sampling and low response rates, there is no way to determine that differences observed between Web site satisfaction scores are statistically significant.

▸ The detailed feedback from current users is sufficient for most Web site improvement efforts. Users report that the granularity and the specificity of the survey results is the most useful feature of the ACSI/ForeSee Results survey. Furthermore, users can make changes to their own Web site and then see the customer reaction through the continuous tracking feature of the ACSI/ForeSee Results survey. This is much more

efficient than benchmarking, or comparing, scores across Web sites to decide what to change.

▶ Since all informational Web sites are easily accessed by anyone, agencies can easily borrow good ideas by just observing or by directly contacting another agency. The benchmarking of ideas and features is seen as much more valuable than benchmarking scores.

Case Study 4: Charles Schwab Corporation Uses CSM to Improve Customer Satisfaction & Business Results

The year is 2005. Charles Schwab Corporation, the legendary pioneer of discount brokerage services, is reeling from a series of earnings disappointments and the defection of customers in droves—775,000 accounts lost in 2004 alone. The situation is so precarious for the long-time shining star of the industry that, at age 67, Charles Schwab himself has re-assumed the CEO position in addition to his role as Chairman.

What went wrong? Quoted in the New York Times in March of 2005, Mr. Schwab said, "Schwab in early 2004 got disconnected from our value proposition. People tend to come to you for price and stay for service." Recognizing that the unprecedented degree of success the company had achieved over its 30+ year tenure in a highly competitive industry was due more to customer service than any other single factor, Mr. Schwab set about to restore that image. "Since I returned to my position [as CEO], the company has made a vow to offer better value to customers. We are the home for the individual investor."

While a string of innovations followed including becoming one of the first brokerage firms to offer online stock trading, there were plenty of skeptics including the New York Times: "Is it too little, too late to restore Schwab to its former glory?" But having seen Mr. Schwab play the role of the phoenix once before—Schwab sold the company to Bank of America in 1983 only to buy it back for five times the sale price four years later because he thought the company was being badly run—a number of long-time supporters felt that he could do it again. A former high-level executive at Schwab said, "I would never bet against Chuck. My guess is that he has something else up his sleeve."

At least, in part, that "something else" was a revamped customer research program designed to measure the pulse of customer reactions to the many changes and additions to customer service the company was testing. The centerpiece of that program was a new measure of customer loyalty called the Net Promoter Score, developed primarily by Fred Reichheld of Bain & Associates in their work for Schwab. Net Promoter relies on asking clients one simple question: "How likely is it that you would recommend Schwab to a friend or colleague?" Continuously surveying its customers with this tool, the "net" in Net Promoter is simply the number of customers with a positive response to this question, "promoters", minus the number of "detractors"—those who indicate they would not recommend Schwab.[34] The underlying premise of Net Promoter is that customer loyalty drives financial success— revenues, market share, and ultimately profitability.

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[34] For a more complete discussion of Schwab's customer satisfaction research program, including its use of Net Promoter Scores, see Appendix A.

In the years that have followed, Mr. Schwab has fully embraced the feedback system he created with the help of Mr. Reichheld and Bain. While investor meetings are notorious for a single-minded focus on financial indicators, Mr. Schwab leads off every single meeting he chairs with a report on what customers are saying about the company—how many would recommend it and how many would not. One minus the other—period!

Four years later, the company will not publicly reveal its actual Net Promoter ratings but will say that the overall net score has gone from "a substantial negative to a significant and growing positive number." And the results? Well, in 2007, Schwab reported $1.4 trillion in client assets under management with a customer base in excess of 7 million individual and institutional investors. 2007 earnings were expected to rise 21 percent compared to a 37 percent decline for the overall national investment brokerage industry. The firm's stock rose 32 percent in 2007, matching its gain in 2006. This has obviously been the result of several changes in the types and levels of service Schwab offers its customers. Some have worked better than others, and the Net Promoter ratings (supplemented by open-ended comments) have been monitored closely to help determine which changes to keep, which to modify, and which to drop.

Along the way, Schwab has returned to its roots as a customer-oriented company, echoed in its now well-known "Ask Chuck" advertising theme. It would seem that it is Chuck himself who has done the asking, with his unwavering emphasis on getting customer feedback about their level of satisfaction with Schwab. And so far, the answers are what he and Wall Street want to hear.

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Case Study 5: IRS Adjustments Uses CSM to Improve Customer Satisfaction & Business Results[35]

"Should the IRS notice operation even try to improve customer satisfaction scores for customers who receive a notice?"

That was the question Ellen Bell, the National Director of the IRS Customer Accounts Management Program, pondered as she stared at the fourth consecutive quarter of low satisfaction ratings. And it was not just the difficulty of the task that worried her. She knew she would face resistance from her managers and employees if she asked them to improve service while dealing with overwhelming workloads. Most staff thought they were doing the best they could under the circumstances. After all, the procedures they were following were governed by laws and regulations, and those would be difficult to change. Finally, the size of the Adjustments process—a workload of 25,000,000 cases per year involving 7,000 employees over 10 service centers—was daunting. So before she could even hope to put service improvements in place, she had to convince her managers and employees to get on board with the idea.

On the other hand, the most recent report she reviewed offered some hope that customer concerns could be addressed. The analysis of potential improvement areas, using PCG's Net Impression® analysis, showed that two stood out from the others: [36]

- ▶ Length of time to resolve the issue
- ▶ Communications surrounding the notice process

"We take too long, and we don't tell customers what is going on," she thought. "We ought to be able to improve in both of these areas."

Ms. Bell's first step was to get her executive team on board. She called a team meeting of her field executives for an unprecedented three-day meeting focused exclusively on customer issues. Together they reviewed the customer satisfaction reports, focusing in particular on the top-priority improvement areas identified through Net Impression® analysis. They discussed how to proceed. Who should be involved? How long would it take? What service centers would champion the effort? They left the meeting with a shared commitment to explore what might be done and with an agreement on the composition of the

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[35] Adjustments refers to either taxpayer-initiated or IRS-initiated proposed amendments to tax returns that have already been filed.

[36] The IRS Adjustments survey is a mail survey, conducted by PCG, sent to customers who recently interacted with the IRS regarding a proposed adjustment to the amount of taxes they owed. The questionnaire contains scaled questions on various aspects of IRS service, an overall satisfaction question, and several closed-ended questions regarding the issue and elapsed time for closing the case. The surveys are sent out continuously, and reports are rolled up quarterly.

employee/contractor team that should address the challenges. The final team charter reflected both ambitious goals and management support of the effort.

The Adjustments Customer Experience Improvement Team (ACE-IT), developed as a result of this executive team meeting, undertook a thorough analysis of the existing Adjustments process from the customer perspective. The team used workload analysis techniques and focus groups with employees and customers to identify high-leverage intervention points that would have the most impact. Because participants knew the existing process inside out and shared a strong commitment to making the process more customer-friendly, they quickly identified several areas for change. Potential changes were evaluated for both impact and ease of implementation. Within a fairly short timeframe, the ACE-IT team identified a number of case processing changes:

- Changing work schedules to allow case workers to have a significant uninterrupted period of time to work cases (previously, case workers had fragmented schedules with one hour on the phones and then one hour on paperwork)
- Setting up a triage system whereby the most difficult cases were directed to a special team for follow-up contact with the customer
- Using computer records to fill in information gaps rather than referring cases to other parts of the organization or asking the customer for information via mail
- Assigning complete responsibility for case closure to the customer service representative to whom the case was first assigned
- Using outbound calls to resolve easy questions

The team recommended a revised process to be tested in a pilot program. Three service center managers volunteered to test the revised process alongside the old process in their operation.

Results far exceeded expectations. Time to close cases, as measured by internal metrics, decreased 40 percent, and the staff efficiency (hours spent to process a case) improved 25 percent. Customers contacted by follow-up surveys reported improved perceptions of both communication and treatment during the Adjustments process. Employees reported that taxpayers receiving notices were more cooperative in settling their accounts. Finally, because the changes were devised by employees familiar with the frustrations of the old process, the redesigned process incorporated procedural changes that made it easier for employees to do their jobs. All of these benefits were captured in a comprehensive test-control setting across three service centers. The evidence from the pilots convinced managers in the non-pilot service centers to adopt the (ACE-IT) changes.

The IRS's ACE-IT improvement project experience proves that customer survey data can be a powerful catalyst for improvement. When management sets the expectation that survey results should be used to improve instead of to simply keep score, employees embrace the

market research findings rather than resist them. Once defensiveness is reduced and exploration of "a better way" begins, innovative ideas emerge. While customers will not be able, in most cases, to specify exactly what operational changes should be made, their perceptions lead teams to ask the right questions and, after asking those questions, to answer them with creative ideas for improvements. Rigorous evaluation of optional changes leads to selection of high-impact improvements. Carefully designed pilot evaluations document the benefits of the changes so that those not involved initially can easily and willingly implement the new ideas. The customer survey data sparks ideas that can lead to high-payoff improvements—for customers, the business, and employees.

Case Study 6: IRS Improves Customer Value Across Multiple Channels

The IRS provides services to taxpayers through a variety of distribution channels. The most heavily used channels include a nationwide network of 401 walk-in tax assistance offices (six to seven million visits annually), a Toll-free 1-800 number (56 million calls annually), and a Web site (164 million downloads in 2007). Services most sought by taxpayers include obtaining the following: forms and publications, answers to tax law questions, refund information, help with preparing tax returns, and information about a notice received from the IRS. Despite heavy use of all three service delivery channels, many taxpayers familiar with a particular channel are unaware of how another might better serve their needs. In addition, faced with budget constraints, the IRS must improve the efficiency of its services without reducing the overall level of service to taxpayers.

The challenge the IRS faces—and that faced by any multi-channel service provider—is how to invest across channels so that the overall customer experience is the best the agency can provide within the resources available. The IRS has recognized that channel investments are a zero-sum game: a dollar spent improving the call center service is a dollar not available for Web service improvement. Similarly, if the agency chose to make significant improvements in Web service, the resources needed to make those improvements will not be available for offices and phones.[37] Research indicates a large and growing preference for low cost self-assisted Web applications for many transactional or informational tasks. On the other hand, certain taxpayer segments prefer assisted services for reasons such as issue complexity or discomfort with Web technology. To further complicate the service planning task, Congress has mandated that particular attention be paid to disadvantaged groups—including low income, handicapped, senior citizens, and limited English proficiency populations—to ensure that strategies developed for the tax paying population as a whole do not adversely affect any of these groups.

To plan the best possible service across channels, the IRS needed to know taxpayer preferences for alternative future service scenarios. What channels will customers overall (and by market segment) prefer and what channels will they choose for various service needs?

Traditional customer satisfaction research provides little guidance in planning future improvements among the various service channels. First, the traditional customer satisfaction surveys are, by design, backward looking—they report on what happened yesterday rather than on what the customer prefers in the future. Second, the usual transactional surveys only cover one channel. The agency is left to integrate the findings of multiple surveys to decide

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[37] Costs per contact in 2005 were $28.73 for tax assistance centers, $19.46 for toll-free assisted, $.71 for toll-free automated, and $.13 for the Web site.

what to do. Though channel surveys can provide some insight into how individual channels might be improved, they contain no information on service preferences among various ways of obtaining service. Third, even those surveys that ask customers directly what channels they would prefer to satisfy a particular service need are misleading because respondents are biased towards channels they are familiar with, even when another channel might better suit their true preferences.

To answer the cross-channel planning questions, the IRS sponsored a first-of-a-kind market research project to measure how customers would value alternative multi-channel service delivery configurations. With PCG as their contractor, the IRS undertook research to determine the specific attributes of service most important to taxpayers in order to effectively align service tasks and taxpayer service delivery preferences. The audience for this research was all individual taxpayers, numbering approximately 130 million.

The survey research method employed was choice-based conjoint analysis. This method is growing rapidly in popularity for its realistic portrayal of decisions consumers make among competing alternatives in the marketplace.[38] It presents survey respondents with a number of hypothetical "scenarios," each showing several possible choices of service delivery channels with different levels of service on several attributes taxpayers consider important in obtaining the service they need. Respondents evaluate each alternative relative to the others and select the one they would prefer if these were the actual choices they faced in the marketplace.

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[38] Conjoint analysis has been used for over 30 years in private sector new product introduction situations because it predicts the market share a new product with certain features and price will achieve vis a vis the competition. It has had limited application in the public sector because there is typically no "sale" or pricing of public sector services.

For example, one scenario might look like the following: [39]

Conjoint Analysis Scenario

IRS Tax Assistance Method	IRS Office	Toll-Free Line Automated	Web Site	Toll-Free Line Assisted
Access Time	To reach office and speak to rep 60 minutes	To find the right menu choice 3 minutes	To find the right section 15 minutes	To speak to rep 5 minutes
Servicing Time	Once you see representative 5 minutes	To listen to and understand answer 3 minutes	To read and understand answer 1 minute	To get an answer to question 10 minutes
Hours of Availability	Regular Business Hours, Evenings, and Weekends	24 hours, 7 days	24 hours, 7 days	Regular business hours plus evenings
Percent First Contact Resolution	85 percent	95 percent	75 percent	95 percent

The conjoint survey was administered online using respondents recruited from a panel maintained by a leading market research firm. Respondents completed the survey either online or for those without computers, using an interactive television set top box.

Each respondent is asked to evaluate eight to ten of these scenarios, each showing a different combination of attribute levels for each of the channel choices. While there are literally thousands of possible combinations of attribute levels, only a small fraction is required in order to determine exactly what is driving each respondent's choices and what those choices would be for any possible combination. Output from the conjoint analysis consists of a numeric rating of the relative importance of each service attribute and the overall preferences for each channel for any combination of attribute levels. This can be expressed at the individual respondent level, for the respondent group as a whole, or for any particular subgroup of respondents of interest.

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[39] The particular service attributes to include in the analysis were determined through a series of focus groups with taxpayers from a wide spectrum of geographic and socioeconomic groups. To ensure that the conjoint task was not too difficult for respondents, an initial list of 12 to 15 attributes was shortened to the four noted in the example above (research has shown that more than 4 or 5 attributes in the conjoint task leads to unrealistic simplification on the part of respondents in order to complete the choice task). For each of these attributes, three levels were presented across the scenarios respondents evaluated. The ranges for each attribute were chosen to reflect the lowest levels taxpayers would consider acceptable, the highest levels the IRS could realistically hope to achieve, and a level somewhere in between.

The IRS contracted to develop a Taxpayer Value Model that queries the conjoint survey database regarding alternative service delivery configurations. For example, the Taxpayer Value Model will forecast overall market value associated with improved Web access or shortened wait time for phone service. The Model will also predict how many customers will choose which channel under different scenarios. The Model can forecast the impact of changes among multiple services, channels, and service attributes. For example, the IRS can simulate closing some of its offices (increasing access time for the remaining offices) and using the savings to improve first contact resolution on the phone and improve Web servicing time. The Taxpayer Value Model will forecast how the overall market will value these changes, how different segments will be impacted, and how service demand will migrate from the offices to the phone and Web. While no market research can predict with certainty what will happen in the future, the Taxpayer Value Model provides customer insights and customer direction in a few seconds compared to the risky and expensive alternative of making the changes and watching to see what will happen. The Model also provides a data-based approach for dialoging with stakeholders.

Initial experience with conjoint and the Taxpayer Value Model has provided insights that were not before possible into how the market values changes among the phone, office, and Web channels. Results of this research have proven favorable to the IRS in terms of its objective of achieving a better understanding of taxpayer preferences and perceptions of service value. In particular, the Web site is preferred over either office visits or live-assistor telephone calls for most information seeking interactions. In addition, the telephone is preferred to office visits for most transactional interactions. Relative to preferences, the Web site is currently severely underutilized compared to all other channels, and the Toll-free line is underutilized compared to office visits. Somewhat surprisingly, those changes that increase customer value for the market as a whole also tend to increase value among disadvantaged groups such as the low income, older, and limited English proficiency groups.

To achieve the desired service channel alignment, a range of marketing strategies are now being developed and implemented by the IRS. In addition to raising awareness of the capabilities of the Web and the Toll-free telephone line (and especially the automated Toll-free service), the IRS is considering the use of a range of marketing techniques for achieving their service objectives covering the four "Ps."

▶ **Product** — Content quality enhancements for the Web site; improved first contact resolution for the toll-free line and the Web site.

▶ **Price** — Expanding access to certain services (such as return preparation) to lower income taxpayers at IRS offices that would otherwise require a fee-for-service solution.

- **Place** — Reducing wait times for reaching toll-free representatives (especially during the January through April tax season); refining the types of services available at IRS offices.

- **Promotion** — Promoting the toll-free line and the Web site at IRS offices; promoting the Web site while on hold for a Toll-free phone representative.

Customer Satisfaction Measurement FAQs

FAQ 1: Do Customer Satisfaction Ratings Measure Customer Service?

The answer is "yes" but with an important qualifier.

Customer satisfaction ratings are subjective, psychological measures. [40] Despite the quantitative reporting—typically an average rating, percent top box (highest ratings), or index (created based on ratings)— the ratings capture how respondents *perceive* their customer experiences. The ratings are not objective measures like time or cost. As a result, these perceptions will capture how the customer was treated during the service encounter or whether they liked the product, but they may capture other influences as well. [41] Also, in some cases, the non-service factors can swamp the service factors and lead to misleading conclusions about whether the service provided has deteriorated or improved. Here are three examples that occur frequently in a government environment:

> *Customer satisfaction ratings are subjective, psychological measures.*

- ▸ **Situational factors** — For example, agencies such as Social Security, VA, and the IRS have learned that case outcomes on interactions when the customer is applying for benefits (or in the IRS's case undergoing an audit and in a position of possibly losing money) have dramatic impacts on survey scores. This explains in part why beneficial agencies tend to have higher customer satisfaction ratings than regulatory agencies: respondents are unconsciously factoring case outcome into their customer satisfaction question ratings. This can even happen with different offices within the same agency. Offices with more "good outcome" cases vs. "bad outcome" cases will show higher customer satisfaction ratings, but the differences are due to factors outside the control of the office providing the service. Similarly, increases or declines in customer satisfaction ratings from period to period can be caused by fluctuations in case mix rather than by differences in customer service. A senior executive at a federal agency that was expecting to see proportionately more "denials" in the future rightly surmised that customer satisfaction ratings would decline.

- ▸ **Negative or positive PR** — Customers responding to satisfaction surveys rely on what they have heard from others or in the media to "fill in the gaps" and help them make their evaluations. For example in 1997, the IRS's customer satisfaction ratings on its

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[40] Including ratings on questions on similar items like engagement, loyalty, referral intent, and comparison to the "ideal" service or to expectations. Research shows that answers to these questions are always highly correlated as they tap into related feelings customers have about value received from the product or service.

[41] The technical name for these influences is "halo effects." (See the following page for more information on halo effects.) They can be positive and contribute to raising survey scores or negative and contribute to lowering them.

transactional surveys of customers with specific interactions with the IRS dropped precipitously due to the negative publicity surrounding hearings before the Senate Finance Committee. Though the IRS was later vindicated and its service ratings climbed across the board, it took time for the negative PR effects to abate. FEMA and Homeland Security today suffer from post-Katrina negative PR, justified or not. On the positive side, American Express, Coke, and other well-known brands spend millions of dollars maintaining their positive halo; consumer choices and customer satisfaction ratings reflect the wisdom of that investment.

▶ **Respondent effects** — Though not as powerful as either situational or PR effects, demographic factors also seep into customer satisfaction ratings. In general, respondents over 65 and females tend to give higher ratings than younger respondents and males. Higher education is usually associated with lower satisfaction scores. Latinos are generally more positive than other ethnic groups. In general, customers who choose to do business through mail/paper transactions give lower ratings than those who choose to carry out the same business by phone or in person. Those who choose to do business electronically tend to report the highest satisfaction of all.

How to Mitigate Halo Effects

Halo effects are distortions of perceptions of specific survey items, or questions. They can come about due to outside influences (e.g., media coverage or word-of-mouth), a dominant attribute or experience (e.g., experience with one part of a service influences perceptions of the whole service experience), or simply overall state-of-mind when responding to the survey. The presence of halo effects makes it difficult to determine true differences in evaluations between survey items.

Fortunately, there are ways to either minimize or compensate for the effects of external factors on customer satisfaction ratings. If the survey record that contains the customer satisfaction ratings also has the key demographic and situational factors, it is possible to test for and, if necessary, "back out" statistically the non-service effects. Several years ago, the IRS learned that the interoffice differences in customer satisfaction ratings were due mainly to case mix and demographic factors, and when those were removed, there was no discernible difference among its 400 field offices. As a result, the IRS was able to save substantial resources on its survey efforts, using a much smaller national sample and national reporting plan versus site level sampling and reporting.

Careful survey design can also serve to minimize external influences on customer satisfaction ratings. For example, the more specific the questions and the more objective the rating scales used, the less bias is generally encountered. Scales that label points with more evaluative measures—such as "agree/disagree"—often suffer from a psychological phenomenon known as "acquiescence bias" whereby people have more of an innate propensity to agree with subjective survey items than to disagree, regardless of their true

feelings. Several other ways to help reduce survey halo effects in customer satisfaction research include:

▶ **Immediate vs. delayed measurement** — The shorter the time between the service interactions the customer is asked to evaluate and the evaluation process, the less total halo is likely to occur.

▶ **Developmental versus evaluative measures** — The greater the perception by survey respondents that survey results will be used to develop or improve a service versus simply to evaluate it, the less the halo.

▶ **More vs. fewer attributes** — Using an index of items instead of a single item helps mitigate possible biases due to varying respondent interpretations of specific items.

▶ **Evaluation questions at survey end** — Putting the overall evaluation questions at the end of the survey instead of at the beginning helps to reduce halo by focusing respondents on the specific attributes comprising service rather than "knee-jerk" reactions that are more likely to be influenced by an overall positive or negative attitude toward an agency.

When are Customer Satisfaction Comparisons Problematic & When are They Not?

Be careful when comparing customer satisfaction survey scores of organizations that have significantly different workloads or customers, or where negative or positive PR has impacted one agency more than another. In these situations, the customer satisfaction rating differences are likely to be due to the situational, respondent, or PR effects, as well as satisfaction with the product or service delivered. While the scores do in fact report customer satisfaction, there is no way of knowing whether that opinion is driven by the service provided or by factors beyond the agency's control.

Be careful when comparing customer satisfaction survey scores of organizations that have significantly different workloads or customers, or where negative or positive PR has impacted one agency more than another.

Period to period fluctuations in customer satisfaction ratings may also be due to halo effects because of differences in customers, situations, or favorable/unfavorable PR from one period to the next. If the time periods being compared have samples that are similar in terms of demographic makeup and workload indicators and nothing of a PR nature has happened in the intervening time, then the differences in customer satisfaction ratings are likely to be due to service rather than to extraneous factors. On the other hand, significant differences on any of these demographic, workload, or PR factors suggest that the rating differences are attributable to factors outside the agency's control.

Rankings of customer satisfaction survey items within the same period—which may be done to identify areas to improve—are relatively free of halo impacts that could lead to misleading conclusions. Thus, those initiating improvement efforts can be confident that the relative ratings among the customer satisfaction questions do reflect relative comparisons of various aspects of the customer experience and not extraneous influences like demographics, workload, or PR.

FAQ 2: Should Performance Ratings Be Based on Customer Satisfaction Scores?

There is no consensus on whether comparing units or individuals within an organization on customer service ratings is advisable. Those who recommend using customer satisfaction scores in performance reviews believe doing so will motivate units and employees to provide good service. Since units and employees have performance evaluations and since customer service is important, it seems like an easy add-on to factor customer satisfaction scores into performance reviews. Those who have chosen not to use customer satisfaction scores in performance evaluations cite measurement and incentive problems and suggest alternative ways of using the customer opinion data.

The goal of this section is to pose two questions that readers can use to guide their own thinking about whether or not to use customer satisfaction scores in performance ratings:

▶ Do the customer satisfaction scores really capture differential service performance, i.e., do the groups or individuals being compared control all the "levers" that move the ratings? If there is no clear connection between manager and employee efforts and the customer satisfaction ratings—or if uncontrollable factors intervene to affect the ratings—then setting customer satisfaction targets and basing performance ratings on customer satisfaction scores will backfire. On the other hand, if a group of managers and staff basically control "what the customer experiences," then using survey scores in performance evaluations could be considered appropriate from a measurement standpoint.

▶ What will be the likely motivational impact of instituting a system by which individual or group performance is measured by customer satisfaction ratings? Regardless of the validity and accuracy of the measurements, management needs to assess whether performance ratings based on customer satisfaction ratings will motivate behavior.

Do Managers & Staff Control "Levers" That Move Ratings?

It depends on the situation. For very similar organizational units (offices or units doing the same thing for similar customer groups), there is a greater chance that the comparative service ratings compare "apples to apples" and not "apples to oranges." Similarly, the simpler and more self-contained the interactions—such as responding to requests for information or making a reservation at a campsite—the more the customer experience is pretty much controlled by the service provider.

Charles Schwab relied heavily on the Net Promoter Score to control and motivate performance at the employee level.[42] In this case, within the context of a standardized set of

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[42] The Net Promoter methodology is described in more detail in Appendix D.

Schwab services, most of "what the customer got" was clearly in the hands of the individual financial advisor. Similarly, in the public sector, the USPS uses the Gallup methodology to evaluate post offices within its operation, figuring that most post offices are similar in terms of the services they provide and the clientele they serve.

In many cases, however, "what the customer gets" is not controlled by those providing the service—especially in the public sector where laws, policies, and procedures play a role. For example, a senior calling 1-800-MEDICARE about the new subscription drug plan may find the customer service representative courteous and helpful but still leave confused about what plan is best for them. The confusion is due to program complexity, not the service provided.[43] A veteran applying for benefits may get the best assistance possible but still report a disappointing customer service experience if his or her claim is denied. The point is that the context of the interaction can matter as much or more than treatment during the interaction—whether the treatment takes place in person, on the phone, or on the Web. In many interactions with citizens, government employees have to say "no," i.e., they are not allowed to give the customer what they want.[44] Before making a decision to use comparative customer service scores in performance ratings, one needs to make sure that the caseload and situational factors are similar between the units being compared.[45]

> *Before making a decision to use comparative customer service scores in performance ratings, one needs to make sure that the caseload and situational factors are similar between the units being compared.*

Another consideration is that as complexity increases, the greater the likelihood that no single group or individual is responsible for "what the customer gets." In most large organizations, delivering good service requires coordination across as well as within functions. Though the customer communication may occur at one point, the processes and technology that enable and support the communication are frequently designed elsewhere, and the decisions about how many resources to devote to the interaction are made somewhere else. If

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[43] In fact, customer satisfaction surveys of 1-800-MEDICARE callers consistently showed that the top priority improvement items, based on PCG's Net Impression® analysis, were "receiving all the information needed about my issue or concern" and "receiving information specific to my issue or concern." Courtesy, helpfulness, understanding, patience, and explaining things in understandable terms all received high marks.

[44] While the same might be said for many private sector interactions, the red tape is generally less on the private side where the primary goal is to please the customer in order to build loyalty and future sales, with the secondary goal of making a short term profit. In the public sector, the main goal is to make sure above all that the law and regulations are fairly and consistently administered; customer satisfaction is secondary.

[45] Precise, targeted, meaningful questions help reduce the impact of extraneous factors such as nature of the interaction or outcome. However, all survey questions are subject to halo effects, and there is no way to know how much of a respondent's rating is based on an unbiased assessment of the service they received versus factors not related to service delivery.

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poor customer satisfaction ratings result from spending excessive time on hold, is it because of low customer service representative productivity, inefficient processes for accessing needed information, poor management, lack of budget to satisfy demand, or all factors? Again, the point is that the accountability for what the customer gets and the resulting scores on a customer satisfaction survey is shared among several managers and staff and, in the government, by political figures that control budgets.[46] It is not solely the responsibility of the person who has the customer contact.

One widely accepted principle of performance management is that groups should only be held accountable (and be rewarded) for things they can control. When those individuals or units have reasonably good control over what the customer gets, customer satisfaction ratings can reflect relative customer service performance across individuals and groups. When there is a one-to-one correspondence between particular questions on a survey and the group accountable for delivering on that item, then using customer satisfaction scores to evaluate performance can make sense. On the other hand, where the context matters or where responsibility for service is shared across multiple employees or groups, using customer satisfaction ratings for rewarding or penalizing is misleading and unfair. When employees or units have only partial control over what the customer gets, it stands to reason that comparing performance among offices, functions, or employees is not a very good idea.

> *One widely accepted principle of performance management is that groups should only be held accountable (and be rewarded) for things they can control.*

Does Comparing Customer Satisfaction Survey Scores Motivate Right Behavior?

Naturally, those advocating comparing units or individuals on customer satisfaction ratings believe that it motivates employees to improve service. However, the observations from the interviews for this project, PCG's experience over the years, and academic research all show that exactly the opposite is true. Where there are customer satisfaction rating differences, those scoring above average tend to become complacent, figuring that their superior scores are due to their capabilities and that all they have to do is continue being who they are and doing what they are already doing. On the other hand, those scoring below average resent and discredit the scoring system and believe their subpar performance is due to factors

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[46] One manager who was interviewed at a contact center at a federal agency reported that customers calling in received busy signals 80 percent of the time and that it took 30 days to respond to e-mails—clearly not the fault of that manager or his employees.

outside their control.[47] In both instances, the effect of using customer satisfaction scores in performance ratings is inertia rather than improvement.

The U.S. Commercial Service has come up with an innovative way of using Net Promoter to get around the motivational problems, described above, that accompany differential customer satisfaction scoring. They continue to track Net Promoter Scores by office because they believe this is an effective measure for their business. However, rather than focus on comparing net scores across offices, they focus attention on the promoter side of the measure and try to create a spirit of friendly competition among offices around developing promoters—"I got 5 promoters last month!" Regardless of the office, getting more promoters is seen as an important accomplishment. The U.S. Commercial Service hopes that by publicizing who is doing a good job of generating promoters, they can encourage offices to share promoter-generating practices informally across the organization.

Similarly, the IRS decided not to compare office performance on customer satisfaction ratings but rather to use the customer satisfaction data to promote service improvement at the function level. They recognized early on that the customer survey ratings were driven by system policies and practices (and caseload effects) more than by differential unit performance, so they chose to invest in improving the system of policies and practices that apply to all offices. In several projects, they were able to improve performance on aspects of the service that mattered most to customers and, at the same time, improve regulatory and business results.

The discussion above regarding measurement issues and motivational problems highlights the limited usefulness of customer satisfaction surveys for keeping score among employees or organizational units. It takes a very special set of circumstances for the measures themselves to be meaningful, and even when those special circumstances are met, one risks generating either complacency or negative reaction among managers and staff.

What Do Customer Satisfaction Surveys Contribute if They Cannot Be Used to Track Performance?

A survey-based CSM system is an excellent way to keep attention on the customer. Government managers and staff are often held accountable for way too many performance measures, and it is hard to figure out what is really important. By conducting surveys and communicating about customers, managers elevate customer consciousness throughout the company or organization. Without a frequent reminder from outside the organization,

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[47] It is well-documented that employees and managers universally believe they are above average. Called *self-enhancement effects*, these beliefs represent the human tendency to think more positively about oneself: everyone believes they are above average. When good things happen, one takes credit, and when bad things happen, one attributes poor performance to factors outside of his or her control—even when it can be objectively shown that the opposite is true.

managers and staff will revert to an insular point of view and miss opportunities to understand the customer and improve customer service. The customer satisfaction surveys (including all parts of the survey from item scores to sub-segment differences to comments), if used in the right way, serve as a constant reminder and catalyst for customer satisfaction improvement.

By far, the best use of customer satisfaction data, however, is to plan improvements from the customer perspective. Provided the questions cover the main areas of customer concern and the sampling is representative of the customer base, the research can show relative improvement opportunities across the rating items and the customer base. This is a significant improvement over ad hoc or anecdotal information because it looks across all customers and the complete customer experience, while comments or complaints are from an individual and usually pertain to a specific incident. Ideally, improvement priorities from the surveys should be considered in combination with qualitative feedback (e.g., focus groups, complaints, comments, etc.) and local operational knowledge in figuring out what action to take.

FAQ 3: Why Don't My Customer Satisfaction Ratings Change?

There are many reasons why customer satisfaction ratings either do not change at all over time or at least appear to change very little. The most common reasons for this, one or more of which often apply to situations commonly faced by government agencies in their interactions with customers, are documented here.

While "moving the needle" in customer satisfaction scores can often be challenging for even the most customer-focused organizations, the agency interviews for this study and PCG's experience working in this field over the past 20+ years confirm that, by far, the greatest contributor to inertia in customer satisfaction ratings is quite simply the absence of any substantive change in how agencies provide customer service.

The agency interviews for this report (and in PCG's work over the years with public and private organizations) revealed that customer research initiatives often start and end with measurement. It might seem obvious that all the measurement in the world will not improve how customers view service if no actions are taken to improve it—but experience proves otherwise!

The following are other potential reasons for lack of change in customer satisfaction ratings:

▶ **Halo effects** — Overall preconceived perceptions of service tend to cause inertia, thereby flattening the ratings over time. Present in virtually all customer satisfaction studies, halo is especially strong when so much of people's overall impressions of a service come from sources other than direct interactions. Halo can be overcome, but it generally takes time. A good example is "street pricing" of airport concessions: even dramatic and objectively measurable change takes years to "sink in" given the long history of high prices of concessions at airports. Also, even where there is direct interaction—to the extent that halo is being driven by high-priority improvement items that are not directly controllable by the agency—it will continue to have a flattening effect on scores.

▶ **Exogenous influences** — Related to halo is the influence of exogenous factors such as national media coverage. While many agencies receive some measure of good press, the net take-away for most media coverage, especially for regulatory agencies, is negative. Variance introduced by exogenous influences can mask smaller upward (or downward) trend lines even where such trends exist.

▶ **Lack of visibility to customers** — Some things agencies may be actively working on to improve may not be immediately apparent to customers even though they should ultimately lead to an improvement in perceptions of service. A common example is "accuracy of response." This is often a priority in quality control metrics for various types of service, such as responses on a toll-free telephone line. However, changes in

this metric are unlikely to be directly observable by most customers responding to a survey immediately following an interaction.

‣ **Lack of recognition of what is a significant change in scores** — Without direct experience in doing surveys or knowledge of what others have done, Pacific Consulting Group's experience shows that intuition frequently influences people to discount a significant change as "just not seeming like much." While the actual level of significance depends on several factors, including survey sample sizes and variability within the target population, changes of half a point or even less— especially on scales with seven or fewer points—often represent significant, and in some cases, substantial change.

‣ **Lagged effects** — Even when a significant intervention is initiated that should improve customer satisfaction, not all customers will experience it or even be aware of it right away. Depending on the pervasiveness of the initiative, it may take months or possibly a year or more before the results of an effective improvement are observable on customer satisfaction tracking studies.

‣ **Ceiling effects** — To their credit, specific agency services (e.g., toll-free telephone assistance) already get good ratings—with a majority of customers rating the service at or near the top of scales used to measure satisfaction. This makes it that much harder to move the overall average up.

‣ **Rising expectations** — This is very hard to measure accurately in customer satisfaction surveys, but there is certainly substantial evidence that for a wide variety of customer services in America, expectations are rising over time. The main reason for this rise in expectations is the advances in technology that bring services to people more quickly and in more convenient ways. The result is that a flat satisfaction score over time may actually be reflecting service improvements—i.e., no such improvements would actually lead to deterioration in scores over time as expectations rise. One way to determine whether or not expectations are rising is to look at survey scores over time for a customer segment that has not experienced any significant changes in service delivery between the first and second measurement periods.

The bottom line is that with all these factors inhibiting the upward trending of satisfaction ratings, both patience and realistic expectations will be required of those agencies working hard to improve service to their customers.

FAQ 4: When Does Comparing Survey Scores Make Sense?

It has become popular in both the public and private sectors to compare survey scores—between organizations, among units within the same organization, over time, to an accepted standard, and even to certain goals or expectations. The idea is that survey scores capture how well service is being delivered just as operational metrics capture process efficiency and effectiveness or financial indicators measure financial performance.[48] By comparing scores, the theory goes, management can assess how well service is being delivered and, if scores are lower than comparable organizations (especially the competition) or declining over time, then action plans can be implemented to improve performance. The practice of using comparative performance measures to improve performance—commonly referred to as benchmarking—started in the manufacturing sector with production processes. In recent years, organizations such as ACSI, J.D. Power, and Consumer Reports all have developed systems of comparing various products and services based on customer survey ratings.

Using customer satisfaction survey ratings to measure and compare service performance is not without its critics. The biggest concern is that reporting survey ratings, even on standardized surveys, often leads to "apples and oranges" comparisons. For example, two customers—one calling about a notice they received from the IRS and another making a reservation at a Forest Service campground—can both rate their experience on a five-point scale. However, the critics argue that it is "unfair" to compare the survey ratings of the IRS and the Forest Service because the customer service situations are different, and the customers are different. Managers at the IRS could learn little from the Forest Service on how to improve service to their customers (and vice versa).

Not surprisingly, those who have successfully employed benchmarking customer satisfaction scores have thought through both the measurement and the management side of their systems. Shown below is one instance where the survey comparisons were misleading and two successful applications of customer satisfaction benchmarking. The section concludes with a summary of how to compare scores to measure and improve service performance successfully.

Comparing Apples and Oranges: Business Week Reports on ACSI

In its March 3, 2008 issue, *Business Week* reported, "the taxman could take some lessons from other government agencies" along with the ACSI ratings shown in Table 5. The clear

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[48] Though customer satisfaction survey scores are numbers like financial data and operational measures, there is an important distinction: survey scores are a subjective psychological measure whereas the other two categories of measurement are relatively objective. Situational, respondent, and even measurement factors can influence the survey scores. In many cases, it is impossible to detect to what extent differences in customer satisfaction ratings are due to the differences in the service delivered, to the situations respondents find themselves in, to the identities of the respondents themselves, or to other factors that affect the customer satisfaction ratings.

implication was that IRS service was inferior to service provided by other agencies and that the IRS's service would improve only if it adopted practices used in other agencies.

Table 5: ACSI Ratings Reported in Business Week

Government Agency	Rated by	Ratings
Pension Benefit Guaranty Corp.	Retirees	88
Veterans Health Administration	Inpatients	83
IRS	**Individual E-filers**	**78**
Army Corps of Engineers	Recreational Visitors	75
Consular Affairs	Passport Applicants	70
IRS	**Small Business Filers**	**63**
Federal Aviation Administration	Aviation Mechanics	58
IRS	**Paper Filers**	**55**
IRS	**Large and Midsize Business Corporate Tax Filers**	**52**

The table provides an excellent example of how comparing "apples and oranges" on customer satisfaction ratings can lead to mistaken conclusions. Those customers rating the agencies at the top of the table are beneficial customers—they receive valuable services from the government agency listed. Therefore, it makes sense that they will be more content and give higher ratings. Those customers rating the IRS and the FAA are regulatory customers undergoing the relatively unpleasant burden of complying with the regulations set by Congress. The lower scores reflect the differences in the nature of the service interaction (and possibly the customers themselves) rather than the quality of the service delivered. Additionally, as IRS managers and staff know, most tax filers have little or no direct contact with the IRS. Therefore, the IRS scores actually reflect customers' ratings of their own self-service experience and not what the IRS did or did not do. Apparently, those taxpayers who choose to e-file are more content with their choice than either business or paper filers. Finally, the regulatory burden is greatest for those with the most income, so it is no surprise that customer satisfaction scores are lower for business filers than for individuals.

Misleading comparisons like those presented in Table 5 cannot promote performance improvement because the measurement system does not identify a performance problem.

Misleading comparisons like those presented in Table 5 cannot promote performance improvement because the measurement system does not identify a performance problem. The only constructive lesson the IRS could take from this survey information is to continue to promote e-filing. Those rated highly might draw the conclusion that their own service performance is excellent, but that conclusion could be unwarranted as well because those giving the ratings may be reporting their happiness with the benefits rather than how they were treated. As a result, even though the goal of comparing survey scores may be to promote improvement, this example shows it can have the reverse effect of promoting complacency among those who rated highly and most likely resentment among those, like the IRS, who received lower ratings.

Successful Comparisons

The interviews conducted for this project revealed two examples of successful benchmarking:

▸ **AHRQ/CMS's CAHPS** — The Agency for Healthcare Research and Quality (AHRQ), in partnership with the Centers for Medicare and Medicaid Services (CMS) and other agencies, has developed the Consumer Assessment of Healthcare Providers and Systems (CAHPS) surveys. CAHPS is a family of standardized surveys, each customized to the unique experiences of different segments of consumers of medical services. Data from two of the surveys is maintained in the National CAHPS Benchmarking Database. This system is described in more detail in Case Study 1 and is summarized below.

▸ **Canada's CMT** — Canada's government-sponsored Institute for Citizen-Centered Service (ICCS) has developed the Common Measurement Tool (CMT), a survey-based CSM tool for Canadian government agencies. This system is described in more detail in Case Study 2 and is summarized below.

Successful Comparisons: Unique Standardized Surveys Applied to Specific Industry (AHRQ/CMS CAHPS)

The Agency for Healthcare Research and Quality (AHRQ) and the Centers for Medicare and Medicaid Services (CMS) thought through both the measurement and implementation aspects of their benchmarking system.

▸ The overall goal of CAHPS is producing understandable and usable comparative information.

▸ CAHPS can be used to compare results across organizations.

▸ CAHPS can be used to compare results over time.

▸ Survey questions provide a lot of detail to help plan improvements but are also standardized to allow for comparisons.

- Each questionnaire is tailored to the unique customer experience (e.g., hospital, nursing home, health plans, dental plans, etc.). Questionnaires provide a lot of details to help in making improvements.
- Standardization of the questionnaires (within customer experience areas)— as well as the sampling, survey administration, analysis, and reporting processes— help ensure that any sponsor's results are comparable to those of other sponsors.

▶ CAHPS has gone to great lengths to "back out"—through analysis—the differences in the mix of respondent characteristics and patient outcomes.

▶ CAHPS is based on complete transparency: all CAHPS tools, resources, analyses, and services are in the public domain.

▶ Technical assistance, including general guidance as well as project-specific advice, is available to all users at no charge.

Successful Comparisons: Standardized Transactional Surveys (Canada's Common Measurement Tool)

Canada's government-sponsored Institute for Citizen-Centered Service (ICCS) developed the Common Measurement Tool (CMT) with measurement and improvement in mind, based on research on public sector organizations.

▶ CMT enables public sector managers to understand client expectations, assess levels of satisfaction, and identify priorities for improvement.

▶ CMT also allows organizations to compare their results against peer organizations, identifying best practices and sharing lessons learned.

▶ Survey questions include a limited core of satisfaction questions to allow for comparisons, plus more flexible additional questions tailored to the specific service provider to allow for improvements.

- The scope of the survey questions is limited to the quality of the *interactions* (versus an in-depth probing of all aspects of an extended customer experience like with CAHPS). This limitation assures applicability of the survey across a wide range of service situations that citizens face with a relatively limited number of questions.
- In addition to the core satisfaction questions that apply to each service interaction, the CMT offers over 100 additional pre-tested questions that users can choose to add to their specific survey.

▶ ICCS uses the data in the CMT benchmarking database carefully in order to promote shared learning and acceptance by public sector managers and to prevent producing misleading information.

- ICCS maintains an anonymous benchmarking database—they do not publish results.

- On request, they provide consulting assistance to CMT users in the development of a customized benchmarking report. This report allows users to quantitatively gauge how their results rank against those of *peer* organizations.
- Within the report, the organization's results will be benchmarked against up to three different benchmarking groups, the criteria of which are discussed in collaboration with the ICCS.
- Comparisons are made against organizations with similar jurisdictions, with a similar area of service or client group, or with a similar scope of work (for example, single-window service organizations).
  - ICCS recognizes that different types of services have different satisfaction ratings and have created ranges of scores for these different types of services (e.g., police, libraries, and street repair).
- To assure data integrity, ICCS sets guidelines for survey administration and reporting while allowing governmental users reasonable flexibility in how they collect the data.

How to Use Comparative Customer Satisfaction Scores Productively

- Make sure there is a good reason to compare scores (e.g., making improvements based on the practices of another organization with a higher score)
- Look for opportunities to compare with organizations that have a reputation for superior service
- Only compare "apples and apples"
  - Compare by specific channel
  - Compare by type of service. This includes CMT's creation of ranges of scores for different types of services to show where in the range a specific agency's score falls.
  - Compare specific processes within the organization that are similar, even across different industries or agencies
- Compare over time to track improvements
  - Make sure to account for changes in customer characteristics over time
  - Watch for outside events that might have short term influences on satisfaction ratings, such as positive or negative media publicity
- When creating a benchmarking system, such as CAHPS or CMT:
  - To compare "apples and apples," restrict comparisons by channel, industry, or type of service
  - Allow for flexibility within the measurement system for participating organizations to add questions specific to their situation

- Keep comparisons of scores private—only for participating agencies. This reduces the potential that outsiders (like *Business Week*) will use the comparisons to make misleading conclusions
▶ Above all, focus on improvement rather than on the score itself

FAQ 5: How Do You Deal with OMB Requirements?

All agency research proposals involving solicitation of customer feedback about the service they receive must be submitted to OMB for approval, except in unusual situations where the research involves fewer than 10 individuals.[49] In addition to reviewing and becoming familiar with OMB's mission and procedures in Appendix C of this report, the list of suggestions that follows should help make the approval process as easy as possible.

▶ **Recognize OMB's mission as primarily regulatory** — As such, OMB functions in essentially a reactive versus proactive mode. The burden is on the agency to satisfy OMB's requirements.

▶ **Learn what is most important to OMB** — OMB reviews all submissions in terms of the perceived trade-off between burden on respondents and the practical utility of the information for the agency proposing the research. Therefore, submissions should clearly show:

- How the research will be of use to the agency
- What steps the agency is taking to minimize burden (e.g., short, well-designed data collection instruments; reasonable but not excessive sample sizes; sufficient but not excessive repeat contact attempts)

▶ **Understand the key aspects of OMB's approach to the approval process** — Obtain and take the time to study OMB's January 2006 document, "Questions and Answers When Designing Surveys for Information Collections" (http://www.whitehouse.gov/omb/inforeg/pmc_survey_guidance_2006.pdf). This document explains:

- What is important to OMB
- What OMB requires
- What OMB suggests
- Important do's and don'ts in customer satisfaction research
- OMB's generic clearance process agencies can apply for to expedite the review process

▶ **If the agency has not already, apply for the generic clearance referenced above.** Not all agencies take the time to go through this process, and some that have obtained generic clearances in the past have allowed them to lapse (three year renewal required). Do not let this happen as it will result in needless re-work and lost time. Benefits include:

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[49] It should be noted that a focus group with nine or fewer participants is still subject to OMB approval if 10 or more individuals are contacted for participation, whether or not they accept invitations.

- The application process will help familiarize the agency with the full OMB process and will make subsequent submissions easier
- Obtaining the clearance will greatly shorten approval timeframes.

▶ **Be sure to allow sufficient time in the research plan to get approval**

- For a first submission, apply for the generic clearance in parallel with the initial submission.
- Even with the generic clearance, time to get approval for submissions can vary depending on OMB's current workload.
  - Take this into account in the research plan.
  - Find out the current likely time required for approval from agency point-of-contacts or peers at other agencies.
- Many think excessive approval times at OMB are unavoidable only to find that issues within their own agency are partly responsible. Be sure to discuss the submission with the agency's internal OMB submission officer to determine their requirements and timeline.

▶ **Understand OMB's response rate requirements and how to deal with them** — The overall 80 percent response rate requirement OMB publicizes is a major challenge for any agency surveying any of its customers. It is *not* an absolute requirement. But simply assuming this and not seriously addressing this issue in a submission is almost a sure path to rejection. Consider the following steps to address the response rate issue.

- Show explicitly what the agency will do to ensure as high a response rate as possible and if less than 80 percent is anticipated, how it plans to address the potential for non-response bias (see pages 64-66 in the OMB survey document referenced here and earlier for guidance) (http://www.whitehouse.gov/omb/inforeg/pmc_survey_guidance_2006.pdf).
- If there are limited resources or expertise in maximizing response rates, consider:
  - Consulting with internal experts or experienced contractors who know what is required to get high response rates and how to express this in the submission
  - Obtain qualitative (versus survey) data as a fallback

Recommendations

The following recommendations are provided to guide USA Services on how to help government managers interpret and use this report. In addition, they suggest projects USA Services might consider undertaking to further promote CSM and customer research as key management tools to drive improvement in government services.

1. **Disseminate the findings of this report among government agencies.** Use this report to help educate customer service managers and senior managers about the benefits of using CSM as a management tool. Designate the report as a resource tool for the key CSM decisions managers must make and a road map to success in customer satisfaction programs. Distribute the report widely, develop a Webinar to walk managers through the key report components, present information at conferences and meetings, and issue a press release.

2. **Promote the value of customer-driven change by shifting the emphasis in government service measurement from reporting and scorekeeping to proactive improvement and learning by doing.**

   ▪ Highlight and champion instances where customer-driven service improvements have impacted both customers and business results. USA Services is in an ideal position to provide information to agencies on successful industry and government practices in this area.

   ▪ Discourage the idea of establishing customer service standards that could easily translate into more reporting and scorekeeping. Instead, promote the idea of proactive improvement. Promote the value of customer-driven change by providing training to government executives and senior managers on customer-focused leadership. Include training on why good service is good business and how to lead customer-focused improvement projects.

3. **Advocate the use of customer feedback as an essential tool for assessing and improving agency performance that should be considered alongside financial and operational measures.** Unlike financial and operational measures, however, customer surveys report subjective customer opinions. These opinions are influenced by a number of factors in addition to the quality of the service provided. Therefore, agencies should use customer feedback to better understand their markets and to design improvements that respond to customer concerns. Exercise caution in using customer satisfaction feedback in performance evaluation of individuals or teams.

4. **Emphasize that careful segmentation of service providers into similar groups (e.g., beneficial, regulatory, etc.) increases the likelihood that comparisons among those rated will be meaningful.** Because of potential differences in workload and types of customers, even segmentation cannot guarantee "apples and apples" comparisons, but it does help increase the likelihood of similarity. There is no value in comparing dissimilar organizations.

5. **Conduct a survey of citizens to better understand their expectations for government services and the difficulties they face in accessing those services.** Disseminate the findings government-wide. One efficient way to research the general citizen population with market segment representation is through a research panel.

6. **Promote the idea of cross-channel improvement.**

   - To help agencies plan the best possible service across channels, conduct preliminary research to better understand citizen preferences for alternative future service scenarios (e.g., what channels will customers prefer overall and by market segment and what channels will they choose for various service needs?).

   - Investigate the viability of a government-wide cross channel customer value model that would help agencies optimize their service improvement investments across service channels, along the lines of the IRS's project (described in Case Study 6)

Appendices

Appendix A   Private Sector Interview Summaries

Appendix B   Government Interview Summaries

Appendix C   Summary of Interview with OMB

Appendix D   Customer Satisfaction Measurement Firms and Methodologies

Appendix E   Interview Guide for Private Companies and Government Agencies

Appendix A: Private Sector Interview Summaries

Interviews were conducted with over 25 individuals in nine private sector companies. Summaries of these interviews are included here.

1. Charles Schwab
2. Costco
3. eBay
4. Southwest Airlines
5. Zappos.com
6. California State Automobile Association (CSAA)
7. Intuit (produces TurboTax, Quicken, and QuickBooks)
8. Pacific Gas and Electric (PG&E)
9. Vangent (manages government call centers)

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Mission & Customers

Charles Schwab offers a wide range of financial products and services tailored to fit the needs of individual investors, independent investment advisors, and companies of all sizes. Customers include individuals, independent advisors, and companies. Products and services for individuals include investing, advice and consultation, and banking and lending. In addition, they offer advice for independent advisors and help for companies managing retirement plans, stock plans, and executive services. Schwab has 7 million client brokerage accounts, 1.2 million corporate retirement plan participants, and 262,000 banking accounts.

CSM Program

Schwab's main customer satisfaction research vehicle is the Net Promoter Score (NPS), with its "core" NPS question, "How likely is it that you would recommend Schwab to a friend or colleague?" [50] A group within Schwab is dedicated specifically to the NPS survey. In addition, a separate market research group conducts other research, which mainly consists of focus groups and drill down surveys, designed to get specific information. They have three types of drill down surveys: e-mail "Touchpoint" transactional surveys (e.g., trades, transfer of assets); call center IVR surveys; and e-mail qualitative institutional business surveys. These additional types of research address the limitation of NPS—that it is primarily directional and not detailed enough to develop specific fixes in many instances. They also buy JD Power's syndicated studies of brokerages.

The NPS survey asks five questions:

▸ Overall level of satisfaction with Schwab
▸ The core NPS question (likelihood to recommend to a friend or colleague on an 11-point scale)
▸ Reason for level of satisfaction
▸ Reason for likelihood to recommend to a friend
▸ Final open-end to get any additional comments from the respondent

The interviews are not anonymous. Schwab thinks of this not as research but as part of running their business, and if any problems are surfaced, they want to be able to address those problems. While this may bias the results, they feel that the benefits of knowing who

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[50] See Appendix D for more information on Net Promoter.

gave what feedback are greater than any possible bias. All interviews are done by e-mail invitation and link to a Web site. The sampling plan is complex and based on amount of business with Schwab and timeframe of last interview. For the most engaged customers, response rates are 30 percent to 40 percent, and for the least engaged customers, response rates are near 10 percent. Interviews are conducted continuously, giving Schwab rapid turnaround should any problems or new trends in the business arise. They use the information obtained to inform their overall strategy, immediately address specific problems, and reinforce the culture of customer commitment among employees.

Before using NPS, Schwab had a 30-question customer satisfaction survey. However, this was insufficient in helping improve the business. In addition, no one really believed in the results so nothing was done with them. Since starting this survey three years ago, they have seen dramatic improvements in key customer scores, as well as increases in sales and profitability. What separates NPS from other customer research approaches for Schwab is a combination of its simplicity and its believability to senior management—it is easy to understand and loyalty (as defined by promoters—who are highly likely to recommend—versus detractors—who are less likely to recommend) is seen as having face validity as a closer link to profitability than simply satisfaction.

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www.costco.com

Mission & Customers

The Costco Wholesale Corporation operates a chain of 536 membership warehouses in seven countries, mainly under the Costco Wholesale name. Costco employs about 132,000 full- and part-time employees, including seasonal workers, and has 51.8 million members representing 28.3 million households. Costco is known for carrying high-quality national and regional brands, with 100 percent satisfaction guaranteed, at prices below traditional wholesale or retail outlets. Costco is the largest membership warehouse club chain in the world based on their sales volume of $64.4 billion in fiscal year 2007 and is number 32 on the Fortune 500 list.

According to Costco's President and Chief Executive Officer Jim Sinegal, "Costco is able to offer lower prices and better values by eliminating virtually all the frills and costs historically associated with conventional wholesalers and retailers including sales people, fancy buildings, delivery, billing, and accounts receivable. We run a tight operation with extremely low overhead which enables us to pass on dramatic savings to our members." Costco's customer service orientation starts with the attitude and behavior of CEO Sinegal, who answers his own phone and expects every manager at Costco to do the same. If a call is left on a manager's voicemail, they are expected to get back to the customer within 24 hours.

If a call is left on a Costco manager's voicemail, they are expected to get back to the customer within 24 hours.

CSM Program

Costco is a membership organization with members paying $50 to $100 per year to shop online or at any of the Costco warehouses. Thus, renewal rates and new member signups serve as a direct indicator of customer satisfaction. Costco's main formal customer feedback mechanisms are their Seattle Call Center, exit surveys at the stores, and comment boxes in every store. The Seattle Call Center handles over 100,000 customer calls and e-mails per week. Exit surveys are performed at the store level to understand what customers think about their Costco shopping experience. Also, Costco members can complete comment forms available in every warehouse. Warehouse personnel enter these comments and suggestions into a program on Costco's computer system, and a report of all the comments are circulated to the local warehouse manager every morning.

Costco also uses the online survey tool, SurveyMonkey.com (www.surveymonkey.com), for customized surveys to obtain feedback around topics like customer experience with returned items. Costco also uses customer relationship management software to analyze shopping history, shopping frequency, average spending per member, and total spent. Costco uses ACSI both as a benchmark for themselves and to compare themselves to their competitors, but they do not pay ACSI for any services.

eBay

www.ebay.com

Mission & Customers

Since its founding in 1995, eBay has become the world's largest online shopping site with over 200 million registered users in 33 countries and over 12,000 employees. eBay had more than $8 billion in revenue in 2007. Millions of items of every kind, in every condition, change hands every day on eBay for prices ranging from one cent to hundreds of thousands or even millions of dollars. On any given day, there are over 90 million items for sale on eBay and 350 million searches per day. Over 750,000 Americans rely on eBay for their livelihoods. eBay's mission is to "provide a global trading platform where practically anyone can trade practically anything."

CSM Program

The Customer Satisfaction Measurement program that eBay uses on a regular basis in six countries is a tailored version of the Net Promoter customer loyalty program. This program consists of a straightforward question posed to buyers: "On a scale of 0 to 10, how likely are you to buy again from this seller?" E-mails are sent to buyers twice a month, and about 1,200 responses are processed each time. When a buyer gives a low rating, they have the opportunity to explain their dissatisfaction.

On the seller side, the Net Promoter question differs based on four levels of sellers: occasional sellers, sellers considered as hobbyists, sellers who make their livelihood on eBay, and businesses that use eBay as a channel to customers.

Every Monday morning, the verbatim comments from the Net Promoter surveys are sent to the management team so they know what the buyers and sellers are saying and whether an issue needs attention. In addition, if a big seller or a big buyer changes from being a "promoter" to a "detractor," then a red alert is sent to an eBay manager to call the customer and understand why they became dissatisfied in an attempt to keep them as an eBay customer.

Every Monday morning, verbatim comments from surveys are sent to the management team so they know what the buyers and sellers are saying.

In addition to regular Net Promoter survey feedback, eBay has several other programs to help them improve

their customer service: the eBay Live! event, Visits Program, Voices of the Community Program, and the Chatter blog.

eBay Live!

eBay Live! is an annual three-day event in which buyers and sellers are invited to meet the eBay management team and network with thousands of other eBay Community members. They share tips and strategies, and attend classes, labs, and discussions designed to help customers grow their business using eBay.

Visits Program

This program consists of teams of eBay employees who visit actual eBay members in their homes and businesses to observe them interacting with eBay to gain a better understanding of their users' challenges. The Visits Program began on a relatively modest scale with visits to members' homes in Oregon and upstate New York. Over the next several years, the Visits team extended their visits to members' homes across the length and breadth of the eBay world. Members across the country from Gilroy, California to Buffalo, New York graciously open their doors to the eBay team, letting them observe how they browse, buy, and sell on the site and share their opinions about what they did or did not like about eBay.

At the conclusion of the visit, the eBay Visits team compares notes and compiles a preliminary report about the visit. These reports summarize the member's needs, challenges, suggestions, workarounds to any eBay-related problem, and other insights related to the site's features and use. Reportedly, the Visits program has improved eBay's ease of use and quality checks on new services added to the eBay Web site.

Voices of the Community Program

One of the most important ways that eBay stays in direct contact with members on a regular basis is through the Voices of the Community Program, commonly referred to as Voices. This is essentially an advisory council made up of eBay members. Several times a year, eight to 10 members are flown to eBay's corporate office in San Jose, California. They are chosen from all levels of eBay's buying and selling community. The first meeting is always a brainstorming session where each participant has the opportunity to raise the issues and concerns he or she would like to see addressed over the course of the conference.

Subsequent sessions are held with staff from Customer Support, Trust and Safety, Product Management and Development, and numerous other departments within eBay. Questions that arise in the brainstorming session are addressed in the most appropriate session. Throughout the conference, members are encouraged to explain their experiences, problems, and concerns, as well as offer feedback on new proposals or product features. Members also get

to know many of the people making the day-to-day decisions at eBay and learn more about the complexities they face and their strategies for dealing with them.

The Chatter

This is eBay's blog about the company and the community. The Chatter is made up of full-time bloggers and part-time contributors. This interactive medium gives eBay members a chance to share their feedback on a variety of topics.

Southwest Airlines

www.southwest.com

Mission & Customers

Southwest Airlines is a successful low-fare, high frequency, point-to-point carrier. Southwest operates more than 3,300 flights a day between 64 U.S. cities, making it the largest U.S. carrier based on domestic departures. Total passengers carried in 2006 were 96.3 million— served by the more than 33,000 total employees throughout the Southwest system. Southwest's mission, uniquely centered around service to both customers and employees, states:

> "Southwest Airlines is dedicated to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit. The company is committed to provide employees a stable work environment with equal opportunity for learning and personal growth. Creativity and innovation are encouraged for improving the effectiveness of Southwest Airlines. Above all, Employees will be provided the same concern, respect, and caring attitude within the organization that they are expected to share externally with every Southwest Customer."

As demonstrated by their mission, Southwest holds that the most significant aspect of their overall Customer Satisfaction Program is empowering employees to provide excellent customer service. This empowerment starts with a focus on keeping their employees satisfied and thus fostering a culture in which employees are encouraged to bend the rules and/or to change procedures in order to take care of their external customers.

CSM Program

CSM at Southwest is viewed from two somewhat different perspectives:

▶ Customer relations
▶ Marketing

Customer Relations CSM Program

The overall objective of Southwest's customer relations group is to respond to all customer queries regardless of type or how received. Southwest responds to all mail inquiries within 30 days. Walk in and phone inquiries are handled immediately, except in rare instances where some research is required to get the answer. All responses are currently by regular mail, but Southwest predicts most responses will switch to e-mail in the near future. Southwest then categorizes all inquiries using an expanded version of the Department of Transportation's

(DOT) monthly public reporting categories that includes flight delays, flight cancellations, denied boardings, mis-handled baggage, and service complaints. Customer relations routinely sends these tracking statistics to the relevant operating units within the company where action to correct any problems (e.g., declining performance absolutely or relative to other carriers) is expected by senior management.

Marketing CSM Program

Southwest's marketing group centers all initiatives around Southwest's desire to be "a leading customer service organization that just happens to be in the airline business." The belief that customer interactions are their core business is engrained in all aspects of employee hiring and training. The brand equity this perspective has established is Southwest's most valuable asset and diffusion of it by word-of-mouth is Southwest's most important marketing and sales tool.

> *Southwest's marketing group centers all initiatives around Southwest's desire to be "a leading customer service organization that just happens to be in the airline business."*

Southwest's marketing group uses the Net Promoter customer loyalty approach and the Net Promoter Score (NPS) as a central tool in soliciting and using customer feedback to maintain and improve service. This approach is based on a single, core question: "Would you recommend us to a friend or colleague?"

Southwest adapted the NPS after analyzing how other service companies, such as Enterprise Rent-a-Car, gather feedback. Surveys are conducted by e-mail and consist of the core Net Promoter question in addition to five questions relating to key touch points. These key touch points include overall service, security, wait-time, on time performance, and baggage handling. Questions also ask about customer reactions to the Southwest website considered to be a key component of Southwest's marketing efforts. There are additional questions asked of their Rapid Rewards (frequent flier program) members. Response rates for these surveys are very high due to the strong relationship Southwest has with its customers and because customers know Southwest will take actions to improve service based on survey responses. In addition to these e-mail surveys, in-person interviews are conducted every day with a random sample of customers who just completed trips on Southwest.

Beyond the use of the NPS, Southwest's marketing group solicits customer feedback for numerous purposes with virtually all solicitation done via e-mail with occasional in-person intercept studies. This additional feedback includes:

‣ **Focus groups** — Used frequently for in-depth information on specific topics.

- ▸ **Direct e-mail surveys** — Used in similar situations as focus groups, but to get more quantitative information on specific topics.
- ▸ **Branding studies** — Mostly to monitor what is most important to Southwest customers regarding their experience with Southwest vs. other carriers; includes a fairly extensive "Brand Health" survey conducted on a two year cycle.
- ▸ **Rapid Rewards member surveys** — Both frequent and infrequent users surveyed periodically as Southwest's "elite" customer group.
- ▸ **Segmentation survey** — First conducted in 2007, compiled information about trip characteristics targeted to specific markets (e.g., segmented by geographic locations, city pairs, trip purpose, etc.).
- ▸ **Blogs** — Periodic monitoring of frequent flyer blogs for emerging issues.

The marketing group also has its own in-house "Customer Insight Team" marketing research group, and also relies on help from its advertising agency GSDM (www.gsdm.com) of more than 25 years for assistance in fielding and analyzing marketing research studies.

Use of CSM Results at Southwest

Accountability for customer satisfaction is significant and is integral to both formal and informal performance evaluations. Southwest's Finance Department puts together a scorecard—a list of rating questions—containing metrics related to all aspects of service including customer satisfaction. For each organizational group, FTE's, bonuses, paychecks, and even job retention depend on ongoing responsiveness to the scorecard.

Customer relations regularly sends customer satisfaction tracking statistics related to the relevant operating units within the company where action to correct any problems is expected by senior management. Marketing distributes the same type of information and expectation for action occurs for all customer feedback research conducted. For example, when Southwest decided to adopt the Net Promoter Score research methodology, all operating groups were asked to provide input and all are expected to look at the results for any actions suggested by either positive or negative trends.

Southwest's CSM Program Insights

Southwest places significant focus on Customer Relationship Management (CRM) at the aggregate level (e.g., analysis of revenue by customer segment) but not as much at the individual level as it requires more data analysis than it is worth and can also slow down decision making.

Southwest finds that e-mail (either direct or by invitation to a secure Web site) provides the easiest, most direct two-way communications with customers and allows them to reach segments for research purposes that are not being reached now. The company plans to install this capability on their Web site possibly before the end of 2008. Most of Southwest's earlier

CSM research was done by telephone, but it is not nearly as timely and efficient as e-mail and is fading as a viable research method as more travelers (especially business travelers) switch exclusively to cell phones and response rates decline.

CSM Benchmarking at Southwest

Customer relations subscribes to the annual national Airline Quality Ratings compiled and published by Wichita State University, a benchmarking study based on DOT statistics. This study is weighted by the DOT's calculation of customer value importance with the three areas most important to customers: time performance, baggage handling, and overall customer treatment. On both the customer relations and marketing sides, Southwest is far more often the object of benchmarking studies than the initiator. Via their advertising agency GSDM, Southwest monitor results from several other syndicated airline benchmarking studies (e.g., Forrester Research).

Zappos.com, Inc.

www.zappos.com

Mission & Customers

Zappos.com is an e-commerce company specializing in footwear. Zappos employs over 1,600 people. As the world's largest online shoe store, Zappos gives their customers access to millions of shoes and over 100 footwear brands. Zappos has achieved significant growth since their founding in 1999 with annual sales rising from just $1.6 million in 2000 to a forecasted level of $1 billion by the end of 2008. Zappos' CEO, Tony Hseih, explains why he thinks customers keep coming back to Zappos: "Customer service is what we want our company culture to be all about. It is the entire company." Zappos' goal is to build lifelong relationships with customers and views customer service as an investment, not an expense.

According to Tony Hseih, Zappos.com CEO, "Customer service is what we want our company culture to be all about. It is the entire company."

CSM Program

Zappos has a Customer Loyalty Team and Customer Satisfaction Measurement Program devoted to keeping their customers satisfied. Zappos emphasizes that their success is tied directly to repeat customers and to their customers telling others what a great experience they had with Zappos. For example, when customers register with Zappos, the first question asked is, "How did you hear about us?" Typically, new visitors say they heard about Zappos through the Internet or through friends and family.

Zappos' Customer Loyalty Team

Zappos believes they have mastered the art of telephone service and that their Customer Loyalty Team, a call center, is their competitive advantage. Most online firms prefer to be contacted via e-mail, but Zappos wants to talk to customers and publishes their toll-free telephone number on every page of their Web site.

Specifically, Zappos' Call Center customer service representatives are free to do whatever it takes to help the customer. Zappos does not try to get customers off the phone as quickly as possible. Instead, Zappos' Customer Loyalty Team uses no scripts, places no time limit on calls, and discourages robotic behavior. For example, when Zappos is out of stock of an item that a customer wants, they will refer a customer to a competitor that has what they want today. Customers are surprised by this unique behavior, but the next time they need another pair of shoes, the company believes the customer will think of Zappos first. In addition, new

employees are immersed in the company's strategy, culture, and obsession with customers during a four-week training period. Employees are paid their full salary during this training period.

CSM Program

Zappos uses the Net Promoter customer loyalty approach and the Net Promoter Score (NPS) as a central tool in soliciting and using customer feedback to maintain and improve service. This approach is based on a single, core question: "Would you recommend us to a friend or colleague?" To calculate a company's NPS, the percentage of customers who are detractors (those who are *less* likely to recommend the company or products) is subtracted from the percentage who are promoters (those who are *highly* likely to recommend the company or products).

Other companies measure customer service representative performance by calls per hour. At Zappos, outbound calls are placed to customers and a version of the core Net Promoter question is used to ask how they rate the agents. The results of this customer feedback are shared with Call Center employees. Furthermore, every month, Zappos e-mails 1,000 customers and asks them the core Net Promoter question. This after-the-sale Net Promoter survey gets very high response rates, and results are reviewed by the Customer Loyalty Team managers. While this survey approach works well for Zappos, they also have experimented with other channels to communicate with customers.

In addition to the surveys, Zappos obtains customer feedback through live chat, unsolicited e-mail, their toll-free telephone number, and blogs. They are also currently experimenting with Twitter (www.twitter.com), a free social networking service. Twitter has many different purposes, but it can be a powerful marketing and community building tool with the ability to develop a company's brand. Every week, Zappos' Customer Loyalty Team managers go through this feedback and create a report by category of customer feedback. The feedback is generally related to Zappos' products, policies, Web site features, and brands customers want Zappos to carry.

If there were no limitations associated with getting customer feedback (e.g., cost, technology), Zappos would like more Customer Relationship Management information, including more information from the customer's call that they are not currently capturing. Zappos would then like to use this real-time feedback to help them make better business decisions about products and services.

California State Automobile Association (CSAA)

www.csaa.com

Mission & Customers

The American Automobile Association (AAA) is a federation of 69 individual motor clubs with over 1,000 locations across the U.S. and Canada. CSAA is a division of AAA that serves automobile owners and users in California, Utah, and Nevada. CSAA's top two services are Member Emergency Roadside Service (ERS) (50 percent penetration on a household basis) and Insurance (17 percent of the CA, UT, and NV market). Travel is their third largest service. Customers become members first, and then they buy insurance.

CSM Program

CSAA insurance products are the most profitable services the organization offers; thus, their largest CSM programs focus on insurance customers. Face-to-face contact at branch office contact centers are CSAA's primary service delivery channel.

CSAA performs three major categories of CSM:

- ▶ Transactional (insurance/travel)
- ▶ Member satisfaction
- ▶ Insurance segmentation study

CSAA has identified critical points of interaction termed "Key Moments of Truth." Performance on Emergency Roadside Service is one key moment of truth. CSAA does not perform many Web transactions and has limited ability to track Web performance. Additionally, many "Key Moments of Truth" interactions, such as filing a claim, cannot be done online.

In the past, CSAA had separate, non-integrated systems for all products. They are currently working on integrating systems so one does not have to check three systems to find out if an ERS customer is also an insurance customer. They are slowly being integrated into an organization-wide Enterprise scorecard—list of rating items for the entire organization—with the following measurement categories:

- ▶ Satisfaction score: 1 through 10 (top 2 box)
- ▶ Recommendation intent: 1 through 5 (top box)
- ▶ Renewal intent: 1 through 5 (top box)
- ▶ Track over time: link member information to renewal information

Questions on CSAA's member satisfaction and transactional studies (e.g., overall satisfaction questions) are based on ACSI. CSAA outsources data collection and preliminary analysis. Questionnaire development is a joint effort, with CSAA fine tuning questionnaires in-house. For simple online surveys, CSAA programs the surveys in-house using Inquisite software.

The transactional study uses an outbound telephone data collection method and samples all customers who have had insurance/travel interactions across all channels. One of CSAA's contractors conducts preliminary analyses, and internal CSAA researchers perform additional research. Analysis is performed quarterly and reported in five-page quarterly newsletters that include one page on key areas of focus. Results are tied to an Enterprise scorecard that presents all customer satisfaction information into a separate report. The Enterprise report is issued monthly and includes satisfaction information, retention information, and sales figures. This information is delivered to senior executives.

The member satisfaction study also uses an outbound phone data collection method but uses a random sampling of 1,100 members. The 30-minute questionnaire was developed collaboratively between CSAA and its contractor. An analysis similar to that of the transactional study is conducted once a year. The data are analyzed by member/non-member, transactional history, and "member relative value" (MRV). MRV is an assessment of a good versus a bad customer. The MRV score includes profitability, number of claims, and other AAA services used, along with other variables. These results are presented in the same five-page quarterly newsletters and targeted presentations. Presentations include what corporate is doing and recommendations for field. Results are tied to the overall Enterprise scorecard.

The insurance segmentation study uses CSAA's online panel of approximately 10,000 members. The panel is refreshed annually through e-mail. This survey covers under-represented non-online users. Data are not weighted, but sampling is considered representative (except the non-online user group). A panel is used to conduct seven to eight surveys a year. This 15-minute online study is programmed and conducted in-house using purchased survey software. Topics include attitude, behavior, and nine core questions that are used across other surveys related to the top three market segments (service seekers, skeptics, non-face-to-face). This allows researchers to see responses to similar questions across multiple studies. The once-a-year analysis includes incorporating data into Enterprise goals, and the results are tied to the overall Enterprise scorecard.

Most CSAA departments have performance goals based in part on the research findings. Individual meetings are conducted with certain groups and highlight key issues from the surveys. Survey results are used for service measurement, product development, and communication.

Intuit

www.intuit.com

Mission & Customers

Intuit is a computer software company headquartered in Mountain View, California. Intuit provides business and financial management software for small and mid-sized businesses, consumers, and accounting professionals. They are best known as the inventors of the TurboTax, Quicken, and QuickBooks accounting software programs. Intuit has 6,516 U.S. employees working from 45 U.S. sites, with 293 employees outside the U.S.

CSM Program

Intuit's main customer satisfaction research vehicle is the Net Promoter Score (NPS). When Intuit's market share numbers were slipping and customer complaints were increasing, Intuit used Net Promoter to assess the situation and implement an action plan.

Intuit first measured its Net Promoter Score (NPS) and began an implementation program in the spring of 2003. Intuit's first step was to determine the existing mix of promoters, passives, and detractors in each major business line. This was done using a telephone survey which focused on only two questions:

- "What is the likelihood you would recommend (TurboTax, for example) to a friend or colleague?"
- "What is the most important reason for the score you gave?"

Customer responses revealed Net Promoter Scores for Intuit's business lines ranging from 27 percent to 52 percent.

Intuit took steps to increase promoters and decrease detractors, including creating an "Inner Circle" for customer feedback and examining customer segments. Customers who registered to join this e-mail community were asked the "would recommend" question to determine whether they were promoters, passives, or detractors. Then they were asked to suggest their highest priority improvements for TurboTax and to vote on suggestions made by other Inner Circle members. Software sifted the suggestions and tracked the rankings so that over time the most valuable ideas rose to the top of the list. Sales rose as a result of improvements made based on these suggestions. In addition, the company introduced a streamlined forms-based option for people with simple, straightforward tax returns. This new product, SnapTax, was released in tax year 2004 and generated the division's highest NPS score ever among new users.

From Spring 2003 to Spring 2005, the Net Promoter Score for TurboTax jumped. Retail market share, which had been flat for years, surged from 73 percent to 79 percent—no easy feat in a maturing market. Scores improved for most of Intuit's major lines of business. Because of these results, NPS has become part of the company's everyday operations.

A detailed case study of the Intuit's use of Net Promoter can be found at: http://www.netpromoter.com/success-stories/intuit.php

Pacific Gas and Electric Company

www.pge.com

Mission & Customers

The Pacific Gas and Electric Company (PG&E) serves gas and electricity to approximately 15 million people in northern and central California, over a 70,000-square-mile service area. It is one of the largest combination natural gas and electric utilities in the U.S. PG&E and other utilities in the state are regulated by the California Public Utilities Commission (CPUC).

CSM Program

PG&E's most visible customer satisfaction effort is their participation in the JD Power "Utility" syndicated surveys that are done on a quarterly basis. Their surveys are done for all utilities, for both residential and business gas and electric customers. PG&E also conducts ongoing transactional surveys for their call centers, which are outsourced, and surveys related to their Web site. The Web site surveys are managed by a separate department within PG&E. In addition, PG&E conducts a number of one-off customer satisfaction surveys around their "green initiatives"—one-time online surveys to answer specific questions—and qualitative focus group research. For the online surveys, they have used Zoomerang™, an online survey tool (www.zoomerang.com).

For the JD Power survey, PG&E samples approximately 800 residential customers using telephone random digit dialing and over 800 business customers using online surveys (the company has e-mail addresses for business customers). PG&E uses JD Power because it is a recognized "brand" for utility customer satisfaction data, and it provides year-after-year data and trend information. The data from their utility customer surveys are very visible to PG&E's top management and to the CPUC.

The JD Power survey consists of 40 questions on a 1 to 10 scale that are divided into six categories. The category scores are combined into an overall Customer Satisfaction Index (CSI) score. PG&E's top management is most interested in this overall measure. JD Power publishes the "best" in every category. As a subscriber, PG&E can add questions to the survey and receives a binder of all the data. In addition, PG&E participates in the Webcast of the findings and can request a formal presentation, if desired. The surveys are conducted quarterly, and they receive the data one month after survey completion.

The JD Power data are communicated to upper management at PG&E. Sometimes the data confirm company efforts that are already underway, and sometimes the data reveal new information. PG&E sets an overall JD Power CSI goal, and PG&E employees' monetary

incentives are tied to the JD Power score. PG&E would like to conduct more surveys online as they are more convenient for customers, more cost effective for PG&E, and provide data more quickly. However, right now the firm does not have the e-mail addresses necessary for online surveys of all customers.

Vangent

www.vangent.com

Mission & Customers

Vangent, Inc. is a global provider of information management and business process outsourcing services to government, commercial, education, and health care organizations. They offer consulting services in such areas as enterprise modernization and workforce management, systems integration and IT development, and human capital management and business process outsourcing. With their knowledge of the latest technology and project management practices, Vangent partners with their customers to deliver responsive, accurate, and reliable domain knowledge and expert technical support. Vangent was founded over 50 years ago and is headquartered in Arlington, Virginia. The firm employs over 5,500 professionals in their 13 U.S. offices and numerous offices in the United Kingdom, Canada, Mexico, Venezuela, and Argentina. In addition to their private sector clients, Vangent developed a comprehensive CSM program for the U.S. Department of Education's Office of Federal Student Aid (FSA), including a CSM program for their toll-free telephone help line and for the FAFSA on the Web system.

Features of Vangent's CSR solutions include:

▸ Technologies to support multi-channel delivery of contacts to customer service representatives (e.g., IVR, CSR, and blended IVR/CSR calls; Web; e-mail; Web chat; mail)
▸ Self-service technologies including speech-enabled IVR and Web portals
▸ Knowledge management systems for IVR- and Web-based customer self-service
▸ Image-based correspondence processing and workflow systems
▸ Multi-language support
▸ Services for the hearing impaired and others with special accessibility needs
▸ Section 508 compliance
▸ Large-scale print fulfillment (static and print-on-demand publications)
▸ Vangent's CSM solutions use information assurance technologies to provide security and privacy protection for E-Government service delivery

CSM Program

Vangent conducts customer focus groups and uses direct and indirect customer surveys to determine customer satisfaction. In indirect surveys, the assessment of customer satisfaction

is done by someone or some means other than asking the customer. Vangent uses automated surveys, live-call telephone surveys, and online surveys.

Vangent's client, FSA, uses ACSI/Foresee Results for their FAFSA Web site (www.fafsa.ed.gov). On their telephone help line, 800-4FED-AID, FSA uses a customer survey developed by FSA, Vangent, and their customer satisfaction contractor.

Appendix B: Government Interview Summaries

Interviews were conducted with over 50 individuals representing 20 government agencies. Summaries of the following interviews are included here:

1. Department of Agriculture (USDA)
2. Department of Commerce, Commercial Service
3. Department of Commerce, National Oceanic and Atmospheric Administration, Next Generation Weather Radar (NOAA)
4. Department of Education, Federal Student Aid Information Center (FSAIC) 1-800-4FED-AID, Federal Student Aid (FSA)
5. Department of Energy, U.S. Energy Information Administration (DOE, EIA)
6. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS)
7. Department of the Interior, Fish, and Wildlife, National Wildlife Refuge System
8. Department of Justice (DOJ)
9. Department of Labor (DOL)
10. Department of Transportation, Federal Aviation Administration (FAA)
11. Department of Transportation, Federal Highway Administration (FHWA)
12. Department of Treasury, Internal Revenue Service (IRS)
13. Department of Veterans' Affairs (VA), Web Communications
14. Environmental Protection Agency (EPA)
15. General Services Administration (GSA), Federal Acquisition Services (FAS)
16. General Services Administration (GSA), Office of Citizen Services and Communications, USA.gov, Web Best Practices Team
17. General Services Administration (GSA), Public Buildings Services (PBS)
18. Office of Personnel Management, USAJobs.gov
19. Social Security Administration (SSA)
20. United States Postal Service (USPS), Business Service Network Group (BSN)

The segmentation scheme for government agencies summarized below was developed based on the nature of the service interaction between the agency, or parts of the agency, and their customers who were discussed in the interviews. The segmentation listed at the end of each interview summary is not comprehensive for the whole agency. Rather, it is only based on the interviews conducted.

- ▶ **Informational** — Contacts with the agency only transfer information from the government to a customer or vice versa (Note: While all federal agencies' Web sites provide information to customers, only those agencies with an organizational component whose sole purpose is to provide information to the public are considered "informational.")
- ▶ **Beneficial** — Agency provides benefit payment to customers
- ▶ **Regulatory** — Contacts initiated by agency or by customer ensure that laws, rules, or regulations are followed
- ▶ **Commercial** — Agency provides government services that customers pay for
- ▶ **Intergovernmental** — Agency provides services to other government, law enforcement, and military organizations
- ▶ **Other** — Unique services or contacts that do not fall into other categories

Department of Agriculture (USDA)
www.USDA.gov

Mission & Customers

The United States Department of Agriculture (USDA) attempts to provide leadership on food, agriculture, natural resources, and related issues based on sound public policy, the best available science, and efficient management. USDA has over 29 separate agencies and over 110,000 employees. Key activities of USDA include: expanding markets for agricultural products and supporting international economic development; further developing alternative markets for agricultural products and activities; providing financing needed to help expand job opportunities and improve housing, providing utilities and infrastructure in rural America; enhancing food safety by taking steps to reduce the prevalence of food borne hazards from farm to table; improving nutrition and health by providing food assistance and nutrition education and promotion; and managing and protecting America's public and private lands working cooperatively with other levels of government and the private sector.

CSM Program

Several agencies within USDA were interviewed and have CSM programs, including the Food and Nutrition Service, Center for Nutrition Policy Promotion, Food Safety and Inspection Service, and Forest Service.

USDA's Food and Nutrition Service (FNS), www.fns.usda.gov, is a beneficial agency that manages the food stamp program and the Women, Infant, and Children (WIC) nutrition program. FNS programs are run primarily at the state level and at retail stores where food stamps are distributed to recipients. FNS used ACSI methodology for their CSM program a few years ago, but this did not provide FNS with actionable results and was too costly. Therefore, FNS turned to other methods to obtain actionable customer feedback more specific to their agency.

USDA's Center for Nutrition Policy and Promotion (CNPP) issues national dietary guidelines, which are listed on the www.mypyramid.gov Web site. CNPP used ACSI for one year but stopped due to budgetary restrictions and other competing priorities.

USDA's Food Safety and Inspection Service (FSIS), www.fsis.usda.gov, is the public health agency responsible for ensuring that the nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and correctly labeled and packaged. Due to OMB restrictions, they currently survey only their Web site users. However, these surveys do not get all the information needed for specific outbound programs. If OMB had fewer restrictions and delays,

FSIS would conduct periodic checks with target customers to obtain feedback on use and value, especially for new programs. FSIS also uses the online survey tool SurveyMonkey (www.surveymonkey.com) for internal (non-citizen) surveys.

The United States Forest Service (USFS) is one of USDA's largest agencies; information about the Forest Service's customer satisfaction program is shown in a separate summary.

Segmentation: Informational, beneficial, regulatory

Department of Commerce, Commercial Service
http://trade.gov/cs/index.asp

Mission & Customers

The U.S. Commercial Service (CS) provides professional export assistance services— market research, counseling and advocacy, finding trading partners and trade events—to mostly small and mid-sized manufacturing companies interested in exporting. CS has 138 foreign offices and 101 domestic offices and is one of several agencies participating in Commerce's highly acclaimed Web portal, Export.gov (www.export.gov).

CSM Program

Commercial Service's Customer Relationship Management Unit uses two transactional surveys and one strategic relationship survey to obtain feedback from customers receiving assistance from its offices in both the U.S. and overseas. In addition to the three surveys, CS conducts focus groups and personal interviews on an ad hoc basis to obtain feedback on specific topics. Customer feedback on Export.gov is solicited on the Web site (www.export.gov/about/exp_feedback_user.asp).

A three-question comment card survey is e-mailed from headquarters to overseas customers having a recent interaction with CS. This survey asks customers to rate overall satisfaction and referral intent on a 10-point scale and asks for any comments and suggestions. A domestic counseling assistance survey is e-mailed every six months to clients who have had more than three counseling sessions. This survey contains the two general questions on satisfaction and referral intent (again using a 10-point scale) plus seven detailed questions about trade specialist capabilities and the assistance received. Both surveys get good cooperation from respondents; response rates are over 30 percent. CS's philosophy is to make all survey results available to the offices, to emphasize the improvement opportunities rather than the scores themselves, and to generate enthusiasm around obtaining "promoters," which the agency believes are an important source of referrals.

The third, more strategic relationship survey will be a Web survey administered annually to a random sample of clients. This survey uses approximately 25 questions to cover satisfaction, loyalty, referral intent, the ACSI battery questions (perceived value, quality, and expectations), plus detailed feedback on specific CS services and the staff with whom clients worked. It also probes client perceptions of the likely impact of CS's service on their export business and solicits comments or suggestions. This survey is not intended to track performance at an individual office but rather to help set improvement priorities for the agency as a whole. Furthermore, the representative random sample will enable CS to provide

a Balanced Measure score to OMB and other stakeholders. The Balanced Measure score consists of organizational performance measures covering customer satisfaction, employee satisfaction and business results

CS currently administers the two transactional surveys themselves, with headquarters initiating the surveys, distributing the results, and writing the reports. CS plans to scale back the overseas comment card and the domestic consulting assistance surveys to two questions—referral intent and comments—in order to minimize customer burden. Finally, CS plans to have ACSI administer the strategic customer relationship survey in the future in order to get an independent, third party customer satisfaction performance score for OMB and to enable comparisons with other agencies using ACSI.

Segmentation: Commercial

Department of Commerce, National Oceanic Atmospheric Administration (NOAA) Next Generation Weather Radar

http://www.roc.noaa.gov

Mission & Customers

NOAA's Next Generation Weather Radar (NEXRAD) network is supported by the Departments of Commerce, Defense, and Transportation. NEXRAD's central operational support facility, Radar Operations Center (ROC), is located in Norman, Oklahoma. NEXRAD warns the people of the United States about dangerous weather and its location. The NEXRAD network provides improvements in severe weather and flash flood warnings, air traffic safety, flow control for air traffic, resource protection at military bases, and management of water, agriculture, forest, and snow removal. The NEXRAD Hotline has won several awards since it was established in 1991, including a recent Vice President's Hammer Award for Reinventing Government.

CSM Program

NEXRAD promotes best practices in government customer support through the development of what they term the "Government Customer Support Community of Practice" using a variety of communication methods: hosting the Government Customer Support Community of Practice Web site (www.fedhelpdesk.osf.noaa.gov/), publishing the monthly Cgov e-News community e-letter, and hosting an annual community meeting.

The community of practice consists of tens of thousands of front line personnel, supervisors, managers, directors, and others who staff and administer internal help desks, public call centers, multichannel customer contact portals, and other customer touch points at all levels of government. The community's mission is "to learn from private sector leaders in the global customer support industry, promote excellence in supporting government's internal and external customers, foster exchange of effective practices at the front lines of government, and facilitate awareness of evolving trends in quality customer support."

The Cgov e-News monthly e-letter is available free to everyone in the community of practice as well as all others who are interested in the community. It is distributed near the first of each month. As previously mentioned, the community of practice convenes annually to learn from customer support industry leaders and each other the best ways to support the government's internal and external customers at the front lines. Dates and locations are announced in their e-letter. Each year at the convention, member organizations are recognized for excellence in teamwork, technical excellence, customer focus, and overall

excellence with the Government Customer Support Excellence Awards. Nomination calls are opened each fall in the e-letter.

Segmentation: Informational

Department of Education
Federal Student Aid Information Center (FSAIC)
1-800-4FED-AID
Federal Student Aid (FSA)

www.ed.gov

Mission & Customers

The Federal Student Aid (FSA) serves students, parents and financial aid administrators seeking general information about the U.S. Department of Education's federal student aid grant and loan programs. In addition, FSAIC provides specific assistance with the Free Application for Federal Student Aid (FAFSA). Assistance is provided toll free at 1-800-4FED-AID, TTY Assistance at 1-800-730-8913; and via e-mail (www.ed.gov) and online help (www.fafsa.ed.gov). In delivering these services, Vangent serves as Federal Student Aid's "face" to the public. Customer service representative (CSR) support is provided in both English and Spanish. FSAIC responds to over 7.1 million inquiries per year and approximately 1 million per month during the peak application processing period. 14 to 15 million applicants apply for federal student aid each year.

To deliver successful customer interaction centers, Federal Student Aid and Vangent work closely to carefully define needs and requirements. They examine the latest contact center technology and industry practices and identify those that best support Federal Student Aid's needs and requirements. The technologies that are employed ensure Federal Student Aid's readiness to deliver exemplary service in accordance with industry service standards and customer expectations.

Features of FSA's CSR solutions include:

▸ Interactive Voice Response Unit (IVRU): Allows customer self-service features

▸ Best Services Call Routing: Best Service Routing with Expert Agent Distribution allows the use of multiple sites with routing that is transparent to callers

▸ Call Management System: Allows supervisors to monitor CSR statistics and call routing in real time and document processes in 30-minute increments

▸ Live Online Help: Facilitates Web chats between CSRs and Web site users who need questions answered securely and in real-time

▸ Workforce Management: Allows call center managers to correctly manage, plan, and adapt staffing for fluctuating volumes by hour, day, week, and month

▸ Call Recording Software: Records calls for use in monitoring and coaching CSR performance

CSM Program

FSAIC's CSM program consists of an automated interactive voice response tool (IVR) survey offered randomly through the 1-800-4FEDAID phone line. The customized survey developed specifically for the FSAIC consists of 16 questions and solicits feedback on both the CSR and automated service delivery. It may take customers an average of 4.5 minutes to complete the survey. Every sixth caller is offered the opportunity to provide feedback. The survey includes verbatim customer comments, which provide specific suggestions for improvements. FSA receives weekly reports of survey analysis and customer feedback.

Segmentation: informational

Department of Energy, U.S. Energy Information Administration (DOE, EIA)

http://www.eia.doe.gov/

Mission & Customers

The United States Energy Information Administration (EIA) within the Department of Energy (DOE) is charged with being the official source for energy statistics from the U.S. government. The EIA has a wide variety of customer groups using their Web site. Customer segments include business, students, academia, government, media, non-profits, and research/consulting.

CSM Program

The EIA's long history of conducting CSM spans back to 1994. Initially, the DOE was paying the ACSI $30,000 per year to conduct CSM but found this too expensive for their small agency. Furthermore, ACSI's methodologies were too limiting for what they wanted to do as they could not get answers to their questions on why certain numbers were generated. The EIA now has a CSM team that allows them to create their own in-house CSM methods.

EIA's current CSM method consists of an eight-question survey offered to their Web site customers after their session is completed. Catching the customer at the end of his site visit is important since they want to know if customers find what they are looking for. Their goals are to collect actionable information and to have a high response rate. Their 2007 survey was fielded for three weeks from July 16th to August 6th, and received over 5,000 responses. Satisfaction with information quality is one of EIA's performance measures to determine the effectiveness of their programs. The EIA CSM team feels its CSM methods are cost effective and actionable.

Segmentation: Informational

Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS)

http://www.cms.gov

Mission & Customers

With a budget of approximately $650 billion and serving approximately 90 million beneficiaries, the Centers for Medicare and Medicaid Services (CMS) play a key role in the overall direction of the U.S. health care system. CMS administers the Medicare program through contracts to private sector health plan and prescription drug plan partners. In addition, CMS participates in the funding of two state-administered programs: Medicaid and the State Children's Health Insurance Program (SCHIP).

CSM Program

CMS sponsors the Consumer Assessment of Healthcare Providers and Systems (CAHPS), a comprehensive and evolving family of standardized surveys that ask consumers and patients to evaluate their health care experiences. Currently, CAHPS includes three major surveys of the beneficiaries who receive health services that are largely funded by CMS:

▸ The Health Plan Survey has become the industry standard for obtaining consumer assessments of their health plans—this includes the Prescription Drug Plan CAHPS survey;

▸ Hospital CAHPS (H-CAHPS) focuses on the experiences of adult inpatients with hospital care and services; and

▸ Home Health CAHPS (in development) asks adults about their experience with home health care providers.

The emphasis in all CAHPS surveys is on respondents' reports of their direct experiences with health care—resulting in information that is more specific, actionable, understandable, and objective than general opinion ratings alone. The predominant questionnaire rating scale asks respondents to report whether a particular experience happened never, sometimes, usually, or always during a six-month timeframe. In addition, respondents are asked to give a 0 to 10 rating on health care providers and plans, where 0 refers to the worst possible and 10 the best possible. Finally, the survey asks respondents to report on some specifics of their health care treatment, physical abilities and limitations, and demographics. The questionnaires are very specific and detailed, ranging in length from 27 to over 80 questions.

The development of CAHPS surveys and related tools has incorporated state-of-the-art survey and report design and was done in collaboration with a wide range of industry experts and key stakeholders. Rigorous field testing has ensured that questionnaire design, survey

administration guidelines, and related protocols are based on sound evidence of effectiveness and feasibility. The CAHPS system includes protocols for sampling, survey administration, data collection, data preparation, data analysis programs (and instructions), and standardized reporting guidelines and formats. CMS requires health plans and health care facilities that receive Medicare funding to conduct the surveys according to the guidelines and to submit their annual survey results to the CAHPS database. For surveys of the health and prescription drug plans, CMS contracts with a survey vendor and oversees all components of data collection and analysis. For surveys of hospitals, the hospitals contract directly with a survey vendor, and CMS provides training, technical assistance, oversight, and analysis.

A major objective of the CAHPS program has been reporting, to provide people and organizations with standardized comparative data presented in a way that is easy to use and understand. By disseminating CAHPS survey results, CMS is encouraging people to use information on quality to compare health plans and health care facilities, thereby harnessing market forces to produce better health care and ultimately better health. The National CAHPS Benchmarking Database is an important resource for providers and plans because it enables them to assess their performance relative to local, regional, and national benchmarks.[51] Another valuable resource is the CAHPS Improvement Guide, which is designed to help health plans and medical practices analyze their performance and identify practical strategies for improving patients' experiences with care. CMS itself uses the CAHPS survey results as one of many measures to monitor and incentivize health care organizations that receive Medicare funding.

Segmentation: Beneficial

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[51] CAHPS recognizes that rating differences between health care providers can be influenced by the nature of the patient population—those providers with unfavorable population characteristics may receive lower ratings than those with more favorable population characteristics. To address this concern, CAHPS uses case mix adjustments—a widely used method for making comparisons among service providers with different case mixes more fair.

Department of the Interior, Fish, and Wildlife, National Wildlife Refuge System

http://www.fws.gov/refuges

Mission & Customers

The mission of the U.S. Fish and Wildlife Service's National Wildlife Refuge System is to administer a national network of lands and waters for the conservation, management, and where appropriate, restoration of the fish, wildlife, and plant resources and their habitats within the United States for the benefit of present and future generations of Americans. As of December 2007, there were 540 National Wildlife Refuges, with a growth rate of approximately five to seven sites each year. A total of over 40 million people visit the refuges every year.

CSM Program

The National Wildlife Refuge System's Customer Satisfaction Measurement Program as consisted of self-administered (paper and pencil) intercept surveys of visitors to the wildlife refuges. Surveys were conducted by staff and volunteers at different times during periods of high use at each participating refuge. A Spanish version of the questionnaire was also available at relevant refuges. The survey has been administered twice—in 2002 and 2004. Budget constraints have prohibited replication since 2004. Surveys were driven by a set of performance measures developed in response to the Bush Administration's performance-based budgeting mandate. Surveys were constructed in part from the Baldrige National Quality Award criteria (www.quality.nist.gov), which includes customer satisfaction. Since 2004, a few refuges have instituted a comment card program using the survey boxes they had used to collect the intercept surveys.

The customer satisfaction questionnaires were developed using both qualitative and quantitative methods. Survey development methodologies included looking at other agencies' customer satisfaction surveys, staff input, and input from the Interior Department's transportation services group. The surveys provided scores to fulfill performance measure goals and provided data for implementing improvements at the refuges. The surveys had a primary set of 38 questions with additional open-ended questions. Contractor support was used to develop sampling plans, data analysis, and reporting. Multiple analysis techniques were used, including improvement prioritization.

Reports were targeted to the participating refuges and show separate results for each refuge. One report was issued for each survey application and was posted on the FWS Web site. Each participating refuge is responsible for using their results to improve service. Overall, the

surveys have consistently shown that visitors want more face-to-face contact with refuge staff. As a result, refuges have increased staff time spent with visitors.

The Fish and Wildlife Service would like to start surveying customers again. If they are able to do so, they hope to see more flexibility in the OMB approval process—perhaps getting a standardized set of questions approved so they can administer the survey wherever they want for some number of years without having to go back to OMB each time.

 Segmentation: Beneficial

Department of Justice (DOJ)
http://www.usdoj.gov/

Mission & Customers

The mission of the U.S. Department of Justice (DOJ) is "to enforce the law and defend the interests of the United States according to the law; to ensure public safety against threats foreign and domestic; to provide federal leadership in preventing and controlling crime; to seek just punishment for those guilty of unlawful behavior; and to ensure fair and impartial administration of justice for all Americans" (www.usdoj.gov/02organizations). DOJ customers include over 400 U.S. government agencies as well as the citizens who access the DOJ Web site.

CSM Measurement Program

DOJ has CSM programs in place for the DOJ Web site and the DOJ's Justice Management Division. The DOJ Web site has a broad base of users, including citizens and the many DOJ agencies. The Justice Management Division's customers are limited to government agencies; therefore, all customers are government employees.

The DOJ Web site CSM program is run through the Federal Consulting Group (www.fcg.gov), a consulting franchise within the U.S. Department of the Treasury. Federal Consulting Group uses the ACSI/ForeSee Results Web survey. The survey provides the flexibility to add custom questions. DOJ uses the survey to learn what forms and information people want and cannot find on the site. However, DOJ would like to be able to learn where in their Web site customers get stuck. ACSI/ForeSee Results are reported to DOJ monthly. DOJ has found that their ACSI/ForeSee Results score is tied more to external events than to their customers' Web site use. For example, when wiretapping was all over the news, the ACSI/ForeSee Results scores for the DOJ Web site went down.

The Justice Management Division's CSM program is entirely Internet-based. Because other federal employees use their services, they do not need to obtain OMB clearance. The survey was developed by a contractor and is administered online. The Justice Management Division conducts a number of surveys per year using this online method. They have a complete database of e-mail addresses for all their agency customers.

Segmentation: Regulatory

Department of Labor (DOL)

www.dol.gov

Mission & Customers

The United States Department of Labor (DOL) strives to foster and promote the welfare of the job seekers, wage earners, and retirees of the United States by improving their working conditions, advancing opportunities for profitable employment, protecting retirement and health care benefits, helping employers find workers, strengthening free collective bargaining, and tracking changes in employment, prices, and other national economic measurements. In carrying out this mission, DOL administers a variety of Federal labor laws including those that guarantee workers' rights to safe and healthful working conditions; a minimum hourly wage and overtime pay; freedom from employment discrimination; unemployment insurance; and other income support. DOL is composed of over 23 agencies and departments.

CSM Program

The DOL division interviewed, Enterprise Communications, currently has no active customer surveys because they are a regulatory agency that just provides information. However, DOL's contact centers do collect customer satisfaction data, and the DOL Web site has an active Web customer satisfaction survey. Further interviews are necessary with these DOL divisions.

Segmentation: Regulatory

Department of Transportation
Federal Aviation Administration (FAA)
www.faa.gov

Mission & Customers

The Department of Transportation's Federal Aviation Administration (FAA) is responsible for the safety of civil aviation. FAA's stated mission and vision is to provide the safest, most efficient aerospace system in the world and to improve the safety and efficiency of aviation, while being responsive to their customers and accountable to the public. FAA serves airlines, air traffic controllers, air traffic controller management, airlines, airports, aviation manufacturers, aviation mechanics, pilots, and the flying public. FAA provides regulatory services such as licensing pilots, certifying airlines and airports, providing multiple types of information, and offering airport grants to state and local governments.

CSM Program

FAA's CSM program consists solely of ACSI surveys and uses standard ACSI methodology. FAA uses both telephone surveys and Internet-based surveys (ACSI/ForeSee Results). The purpose of the surveys is three-fold: (1) track progress; (2) develop improvement actions; and (3) offer input for performance-based pay raises. FAA relies heavily on the narratives from ACSI surveys to develop improvement initiatives, as narratives provide more qualitative data than the ACSI scores alone.

FAA currently conducts separate ACSI surveys for five customer segments: (1) commercial pilots (every year) with airline pilots as a subgroup; (2) airport managers (every two years); (3) manufacturers (every two years); (4) mechanics (every year); and (5) Web users (ongoing with monthly and annual reporting). For phone surveys and the Web survey of airport managers, the sampling is list-based using standard ACSI randomly drawn quota sampling. For the survey of Web users, sampling is based on pop-up solicitation. FAA is planning to add two segments to their ACSI surveys within the next couple of years: air carriers and repair stations.

The survey results are used for required reporting, benchmarking, improvement planning, performance measures for individuals or groups, and linkage to other measures. Every program unit within FAA has an action-planning function that uses the survey results each time they are reported to determine if specific actions are required to address service issues.

FAA, as a regulatory agency, should not be directly compared with agencies that simply provide services and/or resources. ACSI does make a distinction between types of agencies in

their reports. However, those who see the ACSI results often do not focus on this distinction. FAA performance measures are set using overall comparisons rather than comparisons to other regulatory agencies.

Segmentation: Regulatory

Department of Transportation, Federal Highway Administration (FHWA)

www.fhwa.dot.gov

Mission & Customers

The Federal Highway Administration (FHWA) is a part of the U.S. Department of Transportation, headquartered in Washington, DC. The FHWA is charged with the broad responsibility of ensuring that America's roads and highways continue to be the safest and most technologically up-to-date. The FHWA's primary customers are state-level Departments of Transportation (DOTs), city-level Metropolitan Planning Organization's (MPOs), and the driving public. FHWA's role with DOTs and MPOs is both informational and regulatory. FHWA provides its customers considerable information about technology and innovation. In turn, customer organizations must meet certain regulations in order to get federal money for highway projects.

CSM Program

FHWA is decentralized and has many constituencies. As such, FHWA conducts many customer satisfaction surveys. However, two are centrally coordinated—the DOT survey and the driving public survey. Both the DOT and the driving public customer satisfaction surveys use contractor support for administration and some analysis. Results of both surveys are reported to Congress and used for improving organizational performance.

The DOT survey was developed in collaboration with the survey contractor about five years ago. The contractor completed an overall assessment of the many "independent" surveys done at the division level, as well as many one-off surveys conducted for specific projects by various groups within FHWA (both field and headquarters). These multiple surveys were consolidated into a single comprehensive survey with a core set of questions and the option for each division to add up to 10 of its own questions. The original motivation for the assessment and consolidation project was to satisfy OMB. FHWA had negotiated a generic clearance, but OMB wanted evidence that there would be coordination across the agency.

The DOT survey is conducted online, with each division responsible for its own sample. The DOT survey included over 100 questions divided into four program areas. The survey was first administered in four "waves" of 13 divisions each. The survey is likely to be administered every three years moving forward. Multiple analysis techniques were used, with a focus on improvement priorities. Reporting was done in waves for quick feedback and reporting to Congress, followed by more comprehensive division-level reports and an overall report. The survey results were prioritized to understand the most important issues or strengths. The

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prioritization of survey results led to an action-planning strategy that is still evolving. FHWA's plan is to look at results of three concurrent research programs which traditionally have been completely separate—customer satisfaction, risk management, and program delivery improvement.

The driving public survey also started with qualitative research. It is updated and administered every five years, with 2005 being the most recent administration year. The same core set of questions are always included for comparison over time. The driving public survey was conducted via random digit dialing techniques and used quota samples based on various characteristics of highway users. Similarly to the DOT survey, multiple analysis techniques are used, and the survey results are prioritized to understand the most important issues or strengths. The 1995 and 2000 surveys showed highway congestion was the greatest overall concern to drivers, which led to significant investment by FHWA in congestion management programs.

FHWA reports have been very careful about avoiding direct comparisons of quantitative scores. However, they are trying to move towards a "best practices" approach where qualitative benchmarking is used to disseminate useful information.

FHWA has experienced significant delays in OMB approvals, even with their generic OMB clearance.

Segmentation: Regulatory, intergovernmental

Department of Treasury
Internal Revenue Service (IRS)
www.irs.gov

Mission & Customers

The IRS has more contact with citizens and businesses than most other government agencies. Its services range from pre-filing and filing assistance to post-filing compliance activities. Its four major operating divisions—Wage and Investment (W&I), Small Business and Self-Employed (SB/SE), Tax Exempt and Government Entities (TEGE), and Large and Mid-sized Business (LMSB)—deal with different segments of the taxpayer market. Service is delivered through multiple IRS channels, including live telephone, interactive voice response (IVR), Web (www.irs.gov), office, mail, and e-mail (limited). Much of pre-filing and filing taxpayer service in the U.S. is delivered through private sector intermediaries, such as tax professionals and software companies, and the IRS directly serves and supports these private-sector partners in their efforts to serve the taxpaying public.

CSM & Improvement Program

The IRS has the most comprehensive CSM program in all of government.[52] Each of its major divisions and functions within those divisions regularly survey customers who come into contact with the agency. In addition, the IRS conducts extensive customer satisfaction studies of non-transactional customers and tax professionals. For purposes of this report, interviews were conducted with the following individuals: the official responsible for the SB/SE CSM and improvement program; a senior executive who led the IRS's recent service-wide customer initiative—the Taxpayer Assistance Blueprint (TAB); and a Contracting Officer's Technical Representative (COTR) responsible for coordinating many of the IRS customer research projects. Though not comprehensive, this information provides a representative picture of the scope and scale of the IRS's customer satisfaction efforts.

The SB/SE division (http://www.irs.gov/businesses/small/index.html) administers a balanced program of CSM, improvement, and executive training. Its ongoing measurement program includes nine transactional surveys (eight mail surveys and two IVR automated telephone surveys) that feature quarterly reporting and serve as the customer part of the IRS's balanced measures reporting system. In addition, the division sponsors annual customer relationship surveys for small business and self-employed taxpayers and for tax professionals. These are

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[52] By law (Revenue Restructuring and Reform Act of 1998), the IRS is required to implement a balanced system of performance measurement which includes business, customer, and employee measures across all functions within the organization.

comprehensive telephone surveys with more than 2,000 respondents each, covering the full range of target market interactions with the IRS. In addition to these tailored surveys, SB/SE participates in the ACSI survey for benchmarking purposes; this survey provides an "up and out" measure (i.e., external indicator of agency performance not detailed or specific enough for internal purposes) to OMB and key stakeholder groups. Finally, SB/SE undertakes numerous ad hoc qualitative and quantitative research projects—many in support of its various improvement projects (see below). Most of SB/SE's customer research is performed under contract in order to maintain third party objectivity and to enable its employees to concentrate on their core service and compliance missions.

SB/SE spends roughly 45 percent of its customer budget on contractor-assisted improvement initiatives. It sponsors functional improvement projects in which teams of IRS employees develop improvement projects that respond to priority customer concerns. Furthermore, the division has undertaken customer satisfaction modeling projects that explore the dynamics of its case processing systems. These operations research projects help the division identify improvement initiatives that increase customer satisfaction, improve efficiency, and further its compliance mission. Finally, SB/SE has developed a training program that prepares executives to lead customer satisfaction improvement initiatives. Over the eight years in which SB/SE has refined its CSM and improvement program, the division has found that initiatives that started out to improve service end up increasing efficiency and compliance as well.

Beyond the SB/SE experience, the IRS recently completed an agency-wide congressionally-mandated study to develop a strategic plan for customer service. This project, called the Taxpayer Assistance Blueprint (TAB), examined all services the IRS provides across all customer groups and all service delivery channels. As part of this project, the TAB project conducted first-of-a-kind consumer preference study to examine customer channel preferences for various service interactions. The agency is now using this consumer preference research to plan its future service offerings, make its ongoing channel investment decisions, and develop marketing strategies that encourage customers to use electronic services.

The Web is the IRS's most popular service delivery channel. The agency uses ACSI/ForeSee Results to gain feedback from customers who visit the IRS Web site. As with other government agencies, Web customer research is managed by the group that controls the Web site.

Segmentation: Regulatory

Department of Veterans' Affairs (VA), Web Communications

www.va.gov

Mission & Customers

The United States Department of Veterans Affairs (VA) administers the provision of veterans' benefits to the approximately 70 million people eligible for VA benefits and services because they are either veterans, family members of veterans, or survivors of veterans. VA has three main divisions: Benefits to Veterans, Cemeteries, and Health. VA has literally thousands of Web sites serving their customers.

CSM Program

The Web Communications sector of the Veterans' Health division has used ACSI/ForeSee Results for the past two years to survey customers on all Web sites within the Web domain, www.va.gov. Initially, this method provided too much data; thus, the sample was reduced to approximately one percent of VA.gov Web customers. The survey includes a combination of fixed, custom, and free-format questions. With the support of upper management, survey results are used to make improvements to the VA.gov Web site, including making the Web site information more usable and accessible.

Segmentation: Beneficial

Environmental Protection Agency (EPA)

www.epa.gov

Mission & Customers

The mission of the United States Environmental Protection Agency (EPA) is to protect human health and the environment. This federal agency leads the nation's environmental science, research, education, and assessment efforts. EPA has over 18,000 employees located in 10 regional offices, 13 program offices, and numerous labs throughout the country, with headquarters in Washington, DC. EPA's Call Center receives phone calls, e-mails, and faxes from federal and state government employees and from citizens. The 14 customer service agents respond to approximately 5,000 calls, 3,000 e-mails, and 400 faxes every month. They answer technical and human relations questions, handle requests for access to EPA specific applications or grants, and provide toxic release information and air quality, water quality, and environmental indicators.

CSM Program

EPA currently uses its own tailored customer service questions to meet the needs of individual EPA programs. The EPA Customer Service Director is an expert in navigating through OMB approval. EPA has obtained an Information Collection Request (ICR) three year arrangement with OMB to clear customer satisfaction surveys in an expedited manner. With this expedited clearance, approvals take less than 21 days. However, only one survey can be submitted per agency at once.

EPA's Call Center and Business Management Branch customer CSM program has been particularly successful. EPA's Call Center receives high customer satisfaction scores. They credit their success to their team work, their "do whatever it takes to get the customer's answer" slogan, and the feedback they get from their ongoing customer surveys. The surveys highlight areas in need of improvement, help the team communicate better with customers, and provide useful information concerning how to provide better customer support.

EPA's Call Center CSM program started as a pilot program in early 2005 and was then expanded to the larger customer base in 2006. The survey methodology is based on completed transactions. When a customer completes an inquiry "ticket" in EPA's Remedy system, an e-mail is sent to the customer requesting their feedback. The customer is then directed to a Web site that hosts the survey questions. The survey consists of only four questions that ask the customer to rate agent courtesy, agent knowledge, timeliness, and problem resolution, using a rating scale of 1 through 5. If the satisfaction rating is 3 or below, the customer is asked for an explanation and for approval to be contacted further by EPA. This simple

approach, with only four questions, gets high response rates and provides useful feedback to the agents. The results are published weekly in an EPA newsletter read by senior EPA managers.

Segmentation: Informational, regulatory

General Services Administration (GSA), Federal Acquisition Services (FAS)

www.gsa.gov/fas

Mission & Customers

Federal Acquisition Service (FAS) is the consolidation of GSA's Federal Technology Service (FTS) and Federal Supply Service (FSS). FAS gives a deeper understanding of customer requirements; stronger management of the agency's acquisition processes and programs; and greater integration of GSA business lines to provide multiple channels for customers to acquire the products, services, and solutions they need. FAS's customers are not citizens but employees from the other government agencies who need to acquire products and services from outside vendors. FSA's biggest difficulty today is identifying the individuals who have used their services in the past year.

CSM Program

FAS uses ACSI for all of its CSM activities, measuring the satisfaction of Web (ACSI/ForeSee Results), face-to-face, and telephone customers. Almost all their surveys are conducted by telephone, surveying customers in 15 programs. For each program, they obtain 250 completed questionnaires, with 3,750 total phone calls made.

FAS links the ACSI score to employee salaries. Each program has a benchmark goal and a stretch goal.

FAS believes that it is important to have competitive options for such a key activity as measuring customer satisfaction levels. However, the difficulties in obtaining OMB clearance have limited the agency's options in what research they can conduct.

Segmentation: Intergovernmental

General Services Administration (GSA), Office of Citizen Services and Communications, USA.gov, Web Best Practices Team

www.usa.gov

Mission & Customers

The role of the Web Best Practices Team in the Office of Citizen Services and Communications serves as a resource for U.S. government Web professionals. The Web Best Practices Team develops Web best practices and facilitates their adoption in the government Web manager community through training, interagency collaboration, advocacy, and as a best practices clearinghouse. The vision of the chief steward of the Government Web Manager Community is to dramatically improve citizens' online user experience. This includes four components to ensure that citizens can:

1. Accomplish their most critical government tasks online quickly and easily;
2. Access government content online whenever and however they need it;
3. Have direct online interactions with their government; and
4. Trust government Web content to be accurate, timely, easy to understand, and coordinated across agencies.

Their customers are the Web site managers at all other government agencies. This department of eight people has the responsibility of "best practices" across all government agencies' Web site content. They have over 1,000 people on their customer list.

CSM Measurement Program

ACSI/ForeSee Results is the main CSM method used to survey USA.gov Web customers. The Web Best Practices Team feels that this method does not capture all customer feedback. The ACSI/ForeSee Results sampling process is an "interrupt" driven approach using a pop-up ACSI/FORESEE RESULTS survey, which asks important questions before a visitor is finished with their task. In addition, the current survey length is approximately 20 questions. Serious customers who come to the government sites for information or services will not take a 10-minute, 20-question survey. Therefore, the Web Best Practices Team feels the current CSM method is not capturing the feedback from important customers, as these customers are not taking the survey.

Segmentation: Informational

General Services Administration (GSA), Public Buildings Service (PBS)

www.gsa.gov/pbs

Mission & Customers

The GSA Public Buildings Service's (PBS) goal is to provide superior workplaces for federal customer agencies at good cost to the American taxpayer. PBS is a public real estate organization which manages space acquisition through new construction or leasing and life cycle management of the acquired space. PBS's customers are other agencies and not the general public. They define four levels of customers:

- Level 1: Tenants of the Federal Buildings
- Level 2: Agencies that participate in some transaction with PBS, e.g., improvement to the facility
- Level 3: Agencies working with PBS on many transactions in a given year
- Level 4: Decision makers in the agencies

CSM Program

PBS currently surveys customers in their first three levels: building tenants, agencies that participate in some transaction with PBS, and agencies working with PBS on many transactions per year. PBS has conducted mail surveys with Level 1 customers, building tenants, for more than 10 years using a contractor. One third of building tenants are surveyed each year, with approximately 50,000 responses per year. Surveys are mailed in June, and the results are reported in September.

Surveys on Level 2 customers, agencies that participate in some transaction with PBS, are conducted 60 days after a tenant occupies a federal building. The surveys are conducted by a contractor, and the Leasing Policy Group uses the results of the eight-question telephone survey.

A third survey had been used for both Level 1 and Level 2 customers for many years, but it is currently on hold until 2009 because there was no GSA stakeholder for this customer survey. It will be revisited as a Web-based survey.

Segmentation: Intergovernmental

Office of Personnel Management, USAJOBs.gov
www.usajobs.gov

Mission & Customers

USAjobs.gov is the government's job classified Web site. Customers are federal agencies that post job openings on the Web site as well as both internal and external government agency job seekers. Over 5 million users visit the USAjobs.gov Web site per week, and over 20,000 e-mails are handled per week.

CSM Program

USAjobs.gov uses the ACSI/ForeSee Results Web-based customer survey. ACSI/FORESEE RESULTS gives USAjobs.gov the top 10 categories of comments from customer e-mails and helps measure a number of parameters on the USAjobs.gov Web site. USAjobs.gov is currently in the process of changing their Web site customer survey, including adding new questions. Like all federal agencies, USAjobs.gov's Web site and Web surveys must meet Section 508 information access requirements for disabled persons.

Segmentation: Informational

Social Security Administration (SSA)

www.socialsecurity.gov

Mission & Customers

The Social Security Administration's (SSA) mission is to "advance the economic security of the nation's people through compassionate and vigilant leadership in shaping and managing America's Social Security programs" (www.socialsecurity.gov). SSA's customers are individuals who receive Social Security payments along with anyone who has contacted SSA to obtain information.

CSM Program

SSA's customer satisfaction program is managed by two separate groups. One group handles telephone and walk-in customers and the other handles Web customers. For telephone customers, SSA evaluates their toll-free telephone service. SSA receives 60 million calls a year to 37 tele-service centers and 6 processing centers that help during busy periods.

SSA surveys the customers who call their toll-free number, conducting the survey twice a week over a four-week period. SSA selects the sample from completed calls, including "automated-only" calls where the caller entered a number for at least one service and was "in queue." The survey is administered as an outbound live call completed within three days of the original telephone call to SSA. When making the survey call, SSA only has the telephone number from the original call, so they must screen to locate the original caller. They only survey households, not businesses, calling 2,600 individuals to yield 1,100 completed surveys, for a 50 percent to 60 percent response rate. SSA used to conduct this survey twice a year—in August and February. After finding no difference in results for the two survey periods, they now conduct the survey only once a year in March.

The top customer satisfaction issue has been access to a representative. Fewer than 10 percent of callers use automated services only, 32 percent of callers are Internet users, and 26 percent say they are very interested in using the Internet for SSA service. All reports are sent to the Associate SSA Commissioner Level and directed to the telephone offices. Results go into the performance measure for the agency.

SSA has never used an automated telephone survey because they consider the format to be too limiting in terms of the detail that could be collected. In addition, they believe that their older clients who generally do not use automated services would not agree to participate in an automated service.

In addition, the SSA's Office of Quality Assurance conducts accuracy evaluations of telephone calls. Staff in 10 different regions listen in on calls during scheduled times. They listen in on 3,400 calls, which yield 2,800 complete evaluations per year. These evaluations assess accuracy with policies and procedures; general courtesy; and errors that affect a payment. Feedback is provided to the sites with some agent reporting if corrective action is necessary. Regional and national-level reporting is also provided.

For customers who visit the field offices, SSA conducts a mail survey of the 25 million annual field office visits. Over a one-month period, visitor information is collected from everyone at the door. SSA then sends out a mail survey asking about satisfaction with the field office visit. This survey yields a 50 percent response rate.

For Web customers, SSA has used ACSI/ForeSee Results for four years. A pop-up survey appears on the Web site based on a sampling algorithm. The visitor makes a choice to take the survey or to close the pop-up. The survey includes 25 questions, with the typical respondent seeing 15 questions. Currently, seven different surveys run continuously.

The survey includes a combination of standard ACSI/ForeSee Results questions used to compare scores across agencies and custom questions tailored to SSA's needs. SSA can add open-ended questions if they want more detailed feedback from Web site users. In addition, SSA attends quarterly ACSI meetings. SSA's relatively high scores for the Web often lead to less attention on making improvements based on customer feedback.

Segmentation: Beneficial

United States Postal Service (USPS), Business Service Network Group (BSN)

www.usps.gov

Mission & Customers

Business Service Network Group (BSN) provides postal products and services to business customers, including postal carrier services and all services provided through office, telephone, and Internet channels. BSN serves over 4,000 of all types of business customers. Priority customers are what they term "National Accounts" (larger) versus smaller "Premier Accounts." This summary focuses on USPS's Business Service Network Group and does not cover details of other parts of USPS. However, other business units that conduct customer research are noted.

CSM Program

The main focus of BSN's CSM program is an ongoing survey of their business customers. This survey serves multiple purposes: (1) monitoring trends over time; (2) service improvement (national and local-level action-planning efforts based on survey results); and (3) performance measure for managers—compensation is tied to a series of performance measures, including customer satisfaction (not the case for unionized employees). Most of BSN's surveys are outsourced to a survey contractor.

Historically, this survey was conducted as a mail survey, but it was switched to an Internet-based survey in 2008. USPS has e-mail addresses for the majority of their business customers, which enables them to e-mail survey invitations. They receive an average of 300 completed questionnaires per month. The survey is conducted continuously with limits on how often a specific customer can be included.

The current survey has 43 questions including demographics—reduced from the original 100 questions that customers found to be a burden. Analysis involves a composite index score with a complex weighting scheme based on question importance and demographics such as account type and geography. Results show significant geographical differences. For service improvement initiatives, the seven items comprising the index are most relevant.

The contractor reports results to headquarters and the field on a monthly basis with detailed overall and geographic analysis by organizational units. Both headquarters and the field are responsible for extensive and ongoing service improvement action planning. In the field, each organizational level has responsibilities for customer service depending on how specific the feedback is to a local level. In addition, different groups at headquarters are responsible for

different types of service as represented by the core items on the survey (e.g., "issue resolution").

Using a variety of contractors, USPS also surveys retail customers and employees, and conducts mystery shopping at retail outlets. The USPS sales group used to conduct a separate survey of business customers; however, in response to customer complaints about too many surveys, this survey is now coordinated with the BSN survey because BSN manages the customer relationship after the initial sale. Additionally, focus groups are used to drill down on specific customer satisfaction issues and occasionally for questionnaire development.

Segmentation: Commercial

Appendix C: Summary of Interview with OMB
Office of Management and Budget (OMB)

www.omb.gov

OMB's Mission

OMB's role in assisting government agencies conducting customer satisfaction research is primarily regulatory. OMB has statutory authority under the Paperwork Reduction Act (PRA) of 1995 to review all external data collection efforts undertaken by government agencies that involve collecting information from more than nine people. In addition to their regulatory role, OMB would also like to be helpful to agencies in their customer satisfaction research efforts; however, they have limited resources available.

For reviewing submissions focused on obtaining customer satisfaction feedback, OMB has one set of standards for qualitative studies (e.g., focus groups or individual interviews) and a stricter set of standards for quantitative studies (e.g., surveys).

OMB reviews proposals in terms of the perceived trade-off between burden on respondents and the practical utility of the information for the agency proposing the research. In addition, OMB evaluates agency submissions in terms of their contribution to the Bush Administration's Program Assessment Rating Tool (PART). This tool was added to GPRA (Government Performance and Results Act of 1993) in 2007 and is used to assist OMB in its agency budget review process.

OMB Approval Delays for Customer Satisfaction Research

Agencies seeking OMB approval feel that it takes too long to get OMB approval, even if the agency already has generic OMB clearance. The often lengthy delays in the approval process make it hard to plan project timelines.

An agency using the "normal" ICR (Information Collection Request) process must meet statutory requirements that are beyond OMB's control (e.g., publication in Federal Register, comment periods). These requirements lead to an OMB approval timeline of at least six months. Agencies with generic clearance, which is recommended by OMB for ongoing customer satisfaction research programs, face a much shorter approval process. For those with generic clearance, the process can still take several weeks to several months due to: (1) high volumes in the system; (2) ability to only process one submission at a time; and/or (3) issues within the submitting agency itself before the package is even submitted to OMB.

Response Rate Requirements

Agencies also believe that the OMB requirement for an 80 percent response rate is overly difficult and costly to meet for any agency conducting customer satisfaction research. However, failing to meet the 80 percent response rate requirement risks rejection of the submission.

OMB strongly feels that for quantitative research to be "safe" in generalizing to the full population, either an 80 percent response rate should be achieved or some attempt to measure non-response bias should be included. Otherwise, OMB requires that a disclaimer state that the sample is non-representative. For qualitative research, a response rate lower than 80 percent is acceptable if the resulting information is useful, the conclusions that are reached do not necessitate a higher response rate, and caution is expressed about generalizing to the full population of interest.

Specific Methodologies

Many agency representatives interviewed feel that ACSI, which has OMB approval, is the only alternative to a long and arduous OMB approval process, making it appear that OMB endorses ACSI. However, OMB does not endorse any one survey methodology or research firm. OMB is a reactive organization, and as such, does not seek information collection methodologies that meet their requirements. The Treasury Department initially sought approval of ACSI by OMB. ACSI did meet OMB's requirements and obtained approval. This approval makes it easier for agencies to use ACSI, but it is not an endorsement of ACSI.

Appendix D: Customer Satisfaction Measurement Firms and Methodologies

The following summaries present additional information on the common CSM firms and methodologies used by interviewees for this project.

CFI Group/ForeSee Results: American Customer Satisfaction Index

www.theacsi.org

www.fcg.gov

http://en.wikipedia.org/wiki/American_Customer_Satisfaction_Index

The American Customer Satisfaction Index (ACSI) was established in 1994 by the National Quality Research Center at The Ross School of Business at the University of Michigan. It was developed to provide a new economic indicator tracking the quality of products and services from the perspective of the customer. The traditional ACSI telephone survey is typically conducted by CFI Group (referred to in this report as "ACSI"), and the ACSI Web survey, specifically for Web sites, is conducted by ForeSee Results (referred to in this report as "ACSI/ForeSee Results").

"While slight differences between questionnaires administered to respondents across industries and sectors do exist, the three satisfaction questions used to create the ACSI score for each company are identical. Coupled with the standardized 0-100 index scale, these methods permit comparisons between companies and organizations." (http://en.wikipedia.org/wiki/American_Customer_Satisfaction_Index)

Many companies and agencies use ACSI for benchmarking their customer satisfaction performance. In addition, nearly 100 Web sites of the departments and agencies of the U.S. Federal Government are measured using the ACSI/ForeSee Results online methodology on an annual basis. The results from all ACSI surveys are published quarterly in various media and on the ACSI Web site at www.theacsi.org.

Federal Consulting Group (FCG), www.fcg.gov, is the gateway for federal agencies to use ACSI. FCG works with the University of Michigan, CFI Group, and ForeSee Results (for Web surveys) to make the ACSI methodology available to measure employee and customer satisfaction with federal agencies. The most recent ACSI scores for 100 U.S. government agency Web sites are available at: http://www.theacsi.org/images/stories/images/govsatscores/e-gov_Q4_2007.xls.

The Gallup Organization: CE11 Survey
www.gallup.com/consulting

The Gallup Organization, while best known nationally for the Gallup Poll, has a presence in the customer service consulting business in both the private and public sectors. Gallup Consulting has dozens of clients in the corporate sector and is currently working with 28 federal government agencies to measure and improve customer service. 2,000 professional employees deliver client services via the Web, Gallup University, and 40 offices worldwide.

The cornerstone of Gallup's approach to building superior customer service is the concept of "engagement," Gallup's term for loyalty. Engagement differs from traditional measures of customer satisfaction, with loyalty being the key metric for success by any service organization, private or public. In addition, to be successful in delivering superior service, both customers and employees must be engaged.

Gallup measures engagement with two standardized batteries of questions: the Q12 for employees and the CE11 for customers. These batteries comprise 12 and 11 specific items, respectively. While satisfaction is a part of both scales, it is not the same for employees and customers. For an organization to realize its maximum service delivery potential, it must recognize that customer and employee engagement are interwoven and cannot be separated. This concept is governed by five rules of engagement as set forth in the 2007 book, *Human Sigma,* written by two Gallup research scientists, John Fleming and Jim Asplund. The five rules that "bring excellence to the way employees engage and interact with customers" are:

- Employee and customer experiences must be managed together—not as separate entities.
- Emotions drive and shape the employee–customer encounter.
- Employee-customer encounters must be measured and managed at the local level.
- Employee and customer engagement drive financial performance and can be captured with a single combined metric.
- Continuing service improvement requires both local action and an organization-wide commitment to how employees are recruited, trained, and managed.

Gallup believes that most government agencies recognize that the private sector already embraces the lessons of engagement and that direct comparisons with the private sector will tell agencies whether or not their service delivery systems measure up to what could be done if they were privatized. Thus, agencies are benchmarked against organizations delivering similar services in the private sector rather than against each other.

Gallup administers its standardized surveys using a variety of data collection techniques—Web-based, telephone, and paper—customizing each survey to the needs of each client. In

the private sector, most surveys are now Web-based. While fewer government agencies use Web-based surveys due to database limitations, Web-based surveys are increasing, especially on the employee side.

JD Power and Associates
www.jdpower.com

http://en.wikipedia.org/wiki/Jd_power

JD Power and Associates (JDPA) is a global marketing information firm that conducts surveys of customer satisfaction, product quality, and buyer behavior. The firm was established in 1968, and since 2005, has been a business unit of the McGraw Hill Companies. JDPA contributed over $144 million to McGraw Hill revenues in 2006. JDPA is best known for its work in the automotive industry. In recent years, the firm has expanded into measuring customer satisfaction in a number of other industries, including airlines, hotels, cell phone providers, health care, utilities, home builders, consumer electronics, retail, office products, professional services, sports and entertainment, and financial services. The firm has also expanded regionally to serve several countries in Asia, as well as South Africa, Canada, Mexico, United Kingdom, Australia, New Zealand, France, and Germany.

JDPA's customer satisfaction work includes syndicated as well as custom studies. For its syndicated studies, consumers of select products/services are contacted to answer a series of rating questions about the level of service received. Sample sizes for these studies range between several hundred to over 100,000 respondents. The analysis includes conducting factor analysis to identify the service groupings and regression analysis to analyze customer ratings against the overall satisfaction question. JDPA uses industry standard statistical packages (SAS and SPSS) to conducts its analysis. Customer scores are segmented by service provider, and index scores are created. While JDPA directly funds the research for its syndicated studies, the company also earns revenue for endorsing key awards. To be able to use the JD Power logo and to quote survey results in advertising, companies must pay a licensing fee to JD Power. Press releases of the announcements are available on the JD Power Web site (www.jdpower.com).

In addition to conducting customer satisfaction research, JD Power and Associates also offers consulting and performance improvement services to a variety of industries to improve product quality and customer satisfaction. The performance improvement process reviews performance gaps between customer expectations and actual performance. JDPA assists firms with developing and tracking performance metrics to help monitor improvement actions.

The customers for the syndicated studies, consulting, and performance improvement services are product and service manufacturers. In 2004, JD Power created a consumer magazine. The firm also developed a consumer Internet panel in 2004, recruiting over 300,000 Americans for its PowerPanel to periodically fill out Internet questionnaires.

Multiple Firms: Net Promoter

www.netpromoter.com

http://en.wikipedia.org/wiki/Net_promoter_score

Net Promoter is a customer loyalty approach created by Fred Reichheld, noted loyalty expert and Bain & Company Fellow. This approach is based on a single question: "Would you recommend us to a friend or colleague?" To calculate a department or company's Net Promoter Score (NPS), the percentage of customers who are detractors (those who are *less* likely to recommend the company or products) is subtracted from the percentage who are promoters (those who are *highly* likely to recommend the company or products).

The following equation shows how to calculate a company's NPS:

Net Promoter Score (NPS) = percent of Promoters – percent of Detractors

The Net Promoter methodology is simpler than many other CSM methods, and many users believe that Net Promoter is easier to understand and more actionable in terms of identifying how and where to improve customer satisfaction. These companies include Charles Schwab, eBay, and Costco. Grouping customers into three clusters—promoters, passives, and detractors—provides a simple, intuitive scheme that accurately predicts customer behavior. Most important, it is a scheme that can be acted upon. Frontline managers can grasp the idea of increasing the number of promoters and reducing the number of detractors a lot more readily than the idea of raising the customer satisfaction index by one standard deviation.

The Net Promoter methodology can be implemented by companies or agencies on their own or by a range of CSM companies. The Net Promoter Web site, www.netpromoter.com, features online and offline forums for sharing of best practices among companies using Net Promoter in their business.

Pacific Consulting Group: Net Impression® for Market Measurement

www.pcgfirm.com

Pacific Consulting Group's Net Impression® is an integrated market measurement improvement process that uses quantitative customer priorities to help organizations develop breakthrough improvements in customer experience, employee satisfaction, and business results. The approach has been used across a broad range of product and service situations in the private sector and within the federal departments of Agriculture, Education, Interior, Commerce, Treasury, EPA, Transportation, HHS, Defense, SSA, and CMS. The market measurement component of Net Impression® is a two-step process.

Step 1: Net Impression® Qualitative Research: The Customer Scorecard

Qualitative research (usually focus groups and personal interviews) is used to identify the factors customers use in assessing how satisfied they are with the service they receive (and the terms they use to describe their experience).[53] Net Impression® organizes these factors into a Customer Scorecard. The Customer Scorecard is a list of factors that compose the customer experience. Each item on the Customer Scorecard becomes a scaled rating question on the questionnaire.

For a more involved customer experience, such as the check-in process for an airline flight or applying for veterans' benefits, the Net Impression® qualitative research process breaks down the customers' service expectations into broad categories called *customer service arenas*, often relating to various parts of the service delivery system.[54] Within arenas, subordinate items called *customer value criteria* describe factors customers use to determine the quality of service they received within the context of an arena. For a less complicated customer experience, there is only one arena with five to 15 customer value criteria.

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[53] It turns out that customer experiences and related expectations (and the terms they use to describe them) vary enormously from service to service. A citizen making a simple information request—say calling a toll-free number to find the location of an office—will have a different experience from someone filling out an application for a student loan, and that experience will be different from someone dealing with a regulator. While customers do have generic concerns that are common across service experiences, such as courtesy and responsiveness, limiting survey questions to those generic concerns short changes both the survey respondent (they can tell you much more) and the eventual user of the survey information. The detail and specificity of the customer feedback is what makes the Net Impression® survey results actionable.

[54] For example, the customer service arenas for the airport check-in experience include: parking (if any), the curbside experience (if any), ticketing, security, getting to the gate, airport facilities and shops, boarding, and how the airline responds to problems (if any). Performance of the airport, airline, or TSA in any of these customer service arenas affects the overall customer experience with check-in.

The final component of the Net Impression® Customer Scorecard is the capstone summary question. Capstone questions vary depending on the goal of the study and can include customer satisfaction, loyalty, or referral intent—or sometimes a combination of all three.

Step 2: Net Impression® Quantitative Research: Leverage Analysis

Net Impression® leverage analysis quantifies improvement potential. When used to analyze survey responses, it tells the client in priority order where to concentrate efforts in order to have the greatest impact on key goals—customer satisfaction, customer loyalty, and/or referral intent. Leverage analysis combines importance and dissatisfaction into a single summary measure. A ranking of "10" on the leverage index means highest improvement potential, and a "1" means lowest improvement potential.

Especially for private sector situations, a separate *image leverage* analysis tells clients what aspects of the customer experience are both high performance and high importance. High *image leverage* items can be used in promotional campaigns to increase market acceptance or encourage purchase of a product or service.

Net Impression® provides the client with a detailed, prioritized listing of what to do to maximize customer satisfaction (or loyalty or referrals). The qualitative research step develops a complete listing, in customer terms, of the factors they use to evaluate the service they receive. The quantitative leverage analysis ranks improvement areas according to which ones will make the most difference in improving the customer experience.

Appendix E: Interview Guide for Private Companies and Government Agencies

Organization: _____

Date: _____   **Interviewer:** _____

Persons Interviewed:

Name/Title	Phone	E-mail

Introduction

Explain the purpose of the project --- To identify best practices for measuring customer satisfaction that are already in use in the private and public sectors; and collection techniques, tools, and metric types, either existing or new, that agencies could use to better understand and use customer perspectives.

Interview Categories

A. Customers

1. What services or products do you provide?
2. Who are the organization's external customers?
3. Are they direct or indirect customers? (e.g. wholesalers vs. retailers)
4. Are there different customer segments?
5. What is the size of each customer segment and what are the other characteristics?
6. Are some customers more important than others?

B. Services Offered

1. What is the cycle of interactions a customer has with you? Are some points of interaction more critical than others?
2. Does the company track and store a history of interactions with the same customer?
3. What channels do you use to deliver your services?
4. What are your service volumes? (e.g. number of annual contacts, products shipped, etc.)
5. What are your customers' wants and needs? (learn how they know what these are)

C. External Customer Satisfaction Measurement

1. What measures do you use to determine customer satisfaction? (direct and indirect (meaning the assessment of customer satisfaction is done by someone or some means other than the asking the customer)
2. What types of qualitative and/or quantitative customer research do you do?
3. Do you use qualitative research such as focus groups to develop survey questions?
4. Do you use any customer panels as part of your research?
5. If you do surveys, what is the purpose of the surveys? (Tracking for individual transactions or customer-wide for planning or something else, e.g. was problem resolved?)
6. What types of customer surveys do you do? Do you do different surveys for different channels?
7. Who is responsible for the getting the surveys done? What is the cost in dollars and resources?
8. Are the surveys outsourced; if so, which ones and which parts are outsourced?

For each survey mentioned ask:

1. What data collection method is used:
2. Is there sampling or are all customers surveyed?
3. How was the questionnaire developed? Was there any direct customer input to the questionnaire development? (request a copy of the survey(s))
4. What is the questionnaire length?
5. How often is the survey conducted?
6. What is the response rate?

D. Analysis and Reporting

1. Do you have a structured model that drives your analysis?
2. What types of analysis are done for each of the surveys mentioned? (univariate, multivariate, regression, proprietary, etc.)
3. How often is the analysis done?
4. What types of survey analysis reports are developed?
5. How often are the reports done?
6. Who do the reports go to?
7. Are there particular reports that are more actionable than others?
8. Are the survey results prioritized to understand the most important issues or strengths?
9. Who owns the results in terms of acting on them?
10. Is the customer satisfaction assessment tied in with any other reporting?

E. Use of Survey Results/Improvement Planning

1. How are the survey results used? (scoring, required reporting, benchmarking, improvement planning, performance measures for individuals or groups, linkage to other measures, etc.). What departments and staff use customer satisfaction data?

2. Are the survey results used for any market research, product development, PR, or budgeting purposes?

3. What improvements or other actions have been takes as a result of the surveys?

4. How have the improvements benefited the customers? Has there been follow up measurement?

5. How have the improvements benefited the employees, other groups, or other measures such as quality or productivity?

6. Are any employee rewards based on the survey results?

7. Do you reference the American Customer Satisfaction Index or any other benchmarking indices as part of your customer satisfaction program? Why or why not?

F. Other

1. Is there information you'd like to have from customers that you're not getting?

2. What other types of surveys or research would you like to do that you're not doing?

3. Any other suggestions?

Conclusion

Thank you for participating. This information will be included in a final report for GSA and an advisory panel of federal agency managers. We appreciate the information you've shared, thanks again.

(Determine if we will send a copy of the report and let them know that.)