

A Simple Way to Measure Customer Satisfaction

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

STACEY BARR

A Simple Way to Measure Customer Satisfaction

LET YOUR CUSTOMERS TELL YOU WHAT YOU SHOULD ASK THEM SO YOU CAN
IMPROVE WHAT MATTERS MOST

Contents

Introduction	Error! Bookmark not defined.
The steps in measuring and managing customer satisfaction	3
And so...	7

Overview

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

A Simple Way to Measure Customer Satisfaction

LET YOUR CUSTOMERS TELL YOU WHAT YOU SHOULD ASK THEM SO YOU CAN IMPROVE WHAT MATTERS MOST

The steps in measuring and managing customer satisfaction.

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

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

Know who your customers are.

Purpose	to set a context in which you can produce reliable and useful measures of service performance
Process	<ol style="list-style-type: none">1. identify all your current customers2. gather all the relevant information you have to describe the relationship of each customer to your business (eg how much business they give you, where they are located, what industry they are in, etc...)3. use this information to define market segments that group similar customers together
Outcomes	<ul style="list-style-type: none">• a clear segmentation of your customer base• a 'customer frame' or list of customers from which to select a representative sample (or census) for research

A Simple Way to Measure Customer Satisfaction

LET YOUR CUSTOMERS TELL YOU WHAT YOU SHOULD ASK THEM SO YOU CAN IMPROVE WHAT MATTERS MOST

Understand your customers' needs.

Purpose	to determine how customers define 'quality of service' and therefore what you should be measuring to monitor your quality of service
Process	<ol style="list-style-type: none">1. enlist the help of qualified researchers (to ensure reliability and validity of the information obtained)2. choose an appropriate¹ method for exploring what customers feel are the most important attributes of the type of service you provide to them3. select a small number of customers from each market segment and invite them to participate in this research4. carry out the research using qualified researchers to maintain objectivity and validity5. summarise the research results to identify the most important attributes of service
Outcomes	<ul style="list-style-type: none">• a list of approximately 10 key service attributes (which together constitute how customers define quality of service)

Measure your customer service performance.

Purpose	to determine what are the priority areas you need to focus on to improve your quality of service (and therefore business performance)
Process	<ol style="list-style-type: none">1. enlist the help of qualified researchers (to ensure reliability and validity of the measures)

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

A Simple Way to Measure Customer Satisfaction

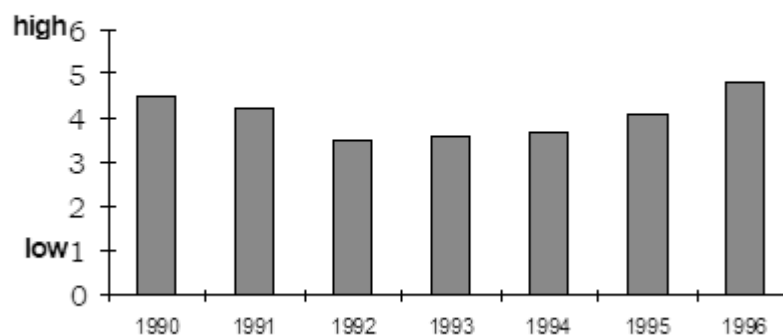
LET YOUR CUSTOMERS TELL YOU WHAT YOU SHOULD ASK THEM SO YOU CAN IMPROVE WHAT MATTERS MOST

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

Outcomes

- overall satisfaction with service, for example:

Overall Customer Satisfaction



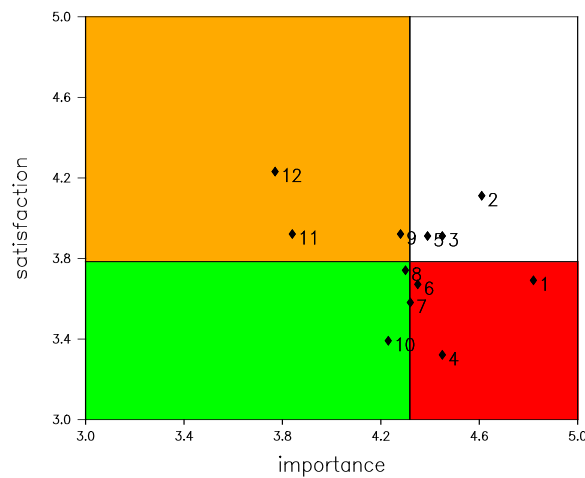
- knowledge of the relative importance of each key service

A Simple Way to Measure Customer Satisfaction

LET YOUR CUSTOMERS TELL YOU WHAT YOU SHOULD ASK THEM SO YOU CAN IMPROVE WHAT MATTERS MOST

attribute (ie what matters most to our customers)

- knowledge of the degree of satisfaction customers have with each key service attribute
- knowledge of the current priorities for improvement of customer service performance, for example by plotting each attribute of service on a performance quadrant chart like this one:



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

Focus on priorities.

Purpose to avoid wasting valuable resources on “oiling every wheel that squeaks”, and instead focus those resources on improvements and changes that will generate the greatest improvement in overall customer satisfaction

A Simple Way to Measure Customer Satisfaction

LET YOUR CUSTOMERS TELL YOU WHAT YOU SHOULD ASK THEM SO YOU CAN IMPROVE WHAT MATTERS MOST

- | | |
|----------|--|
| Process | <ol style="list-style-type: none">1. put your attention on the red quadrant (the lower right hand box in the graph)2. follow up with customers, if necessary, to get a deeper insight into how these red quadrant attributes might best be improved |
| Outcomes | <ul style="list-style-type: none">• clear direction for improvement |

Improve your processes.

- | | |
|----------|---|
| Purpose | to translate the customer satisfaction priorities into action that results in future increases in customer satisfaction |
| Process | <ol style="list-style-type: none">1. identify which of your core processes impact on the customer satisfaction priorities2. establish improvement teams to map and analyse those processes to find out specifically where to make improvements3. allocate resources to the chosen improvements and establish a team to make those improvements4. monitor the effectiveness of the improvements (eg using performance measures as lead indicators of customer satisfaction) |
| Outcomes | <ul style="list-style-type: none">• processes that are better aligned to serving customers• increased customer satisfaction |

And so...

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

A Simple Way to Measure Customer Satisfaction

LET YOUR CUSTOMERS TELL YOU WHAT YOU SHOULD ASK THEM SO YOU CAN
IMPROVE WHAT MATTERS MOST

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

- business plans to align goals and objectives with customers;
- performance measurement through identifying which non-financial performance outcomes are worth tracking;
- employee relations (or human resource) plans to help guide the customer focus of employees;
- marketing plans to retain existing customers and identify opportunities for new customers.

A Simple Way to Measure Customer Satisfaction

LET YOUR CUSTOMERS TELL YOU WHAT YOU SHOULD ASK THEM SO YOU CAN IMPROVE WHAT MATTERS MOST

About the author

Stacey Barr

Stacey Barr is a globally recognised specialist in organisational performance measurement. She discovered that the struggles with measuring business performance are, surprisingly, universal. The biggest include hard-to-measure goals, trivial or meaningless measures, and no buy-in from people to measure and improve what matters. The root cause is a set of bad habits that have become common practice.

Stacey created PuMP®, a deliberate performance measurement methodology to replace the bad habits with techniques that make measuring performance faster, easier, engaging, and meaningful.

Stacey is author of [Practical Performance Measurement](#) and [Prove It!](#), publisher of the [Measure Up](#) blog, and her content appears on [Harvard Business Review's website](#) and in their acclaimed ManageMentor Program.

Discover more about Stacey and practical performance measurement at www.staceybarr.com.



Copyright. Feel welcomed to email or print this white paper to share with anyone you like, so long as you make no changes whatsoever to the content or layout.

Disclaimer. This article is provided for educational purposes only and does not constitute specialist advice. Be responsible and seek specialist advice before implementing the ideas in this white paper. Stacey Barr Pty Ltd accepts no responsibility for the subsequent use or misuse of this information.