

LINKING CUSTOMER SATISFACTION, QUALITY, AND STRATEGIC PLANNING

Dayr Reis

Professor and Chair of the Department of Management of the University of Wisconsin – La Crosse.
E-mail: reis@mail.uwlax.edu

Leticia Peña

Assistant Professor of the Department of Management of the University of Wisconsin – La Crosse.
E-mail: pena@mail.uwlax.edu

RESUMO

Ao reconhecer e analisar minuciosamente os papéis interligados da satisfação do cliente, da qualidade e do planejamento estratégico, este artigo fornece uma base analítica para criação de uma cultura e uma organização orientadas para o cliente. Ele mostra como a qualidade começa e termina no cliente. As empresas que estão obtendo melhorias contínuas a longo prazo em qualidade voltada para a satisfação do cliente possuem características persistentes, tais como orientação para o cliente, percepção e participação interativa do cliente. Dessa forma, elas libertam o conceito de qualidade do produto ou do foco no serviço para abranger a total conformidade às exigências do cliente apesar da funcionalização e departamentalização existentes de estruturas complexas modernas. Além desses componentes-chave, uma organização orientada para o cliente requer a edificação e manutenção de um sistema de valor e cultura de satisfação do cliente que torna a melhoria da qualidade e a relação intensificada visando à satisfação do cliente aspectos permanentes da vida organizacional.

ABSTRACT

By acknowledging and dissecting the interconnected roles of customer satisfaction, quality, and strategic planning, this paper provides an analytical framework for creating a customer-driven organization and culture. It shows how quality starts and ends with the customer. Companies that are achieving long-term continuous improvement in quality tailored to customer satisfaction possess lasting characteristics such as customer orientation, customer consciousness, and customer responsiveness. In doing so, they liberate the quality concept from the narrow product or service focus to encompass total conformance to customer requirements in spite of the existing functionalization and departmentalization of modern complex structures. In addition to these key components, a customer-driven organization demands building and nurturing a customer satisfaction culture and value system that makes quality improvement and heightened concern for customer satisfaction a permanent aspect of organizational life.

PALAVRAS-CHAVE

Satisfação do cliente, qualidade, planejamento estratégico, organização voltada para o cliente.

KEY WORDS

Customer satisfaction, quality, strategic planning, customer-oriented organization.

INTRODUCTION

By discussing the interconnected roles of customer satisfaction, quality, and strategic planning, the paper provides an analytical framework for creating a customer-driven organizational culture. Quality starts and ends with the customer. The customer must be the body and soul of the business. Businesses that have attained quality superiority have learned to take care of their customers. A company cannot progress qualitatively unless it has made the customer its driving force. Companies achieving long-term continuous improvement in quality possess lasting characteristics such as customer orientation, customer consciousness and customer responsiveness.

CUSTOMER ORIENTATION

The new thinking that companies are in business to create and satisfy the customer has served to put customer orientation at the core of corporate strategy. It is not enough for the marketing function to be customer oriented. A marketing function that is truly customer oriented understands that the “entire” company must be in the business of creating and retaining the customer. Excellence in quality results from a corporate-wide customer orientation.

A “customer orientation” arises from the policies and practices put into effect by top management. Customer satisfaction through total quality must be placed at the heart of the business mission as defined, communicated, and promoted. In like manner, the functional objectives derived from the business mission must be specified to showcase that customer satisfaction via quality encompasses the core idea. Furthermore, the business mission and its objectives must be thoroughly understood by “all” employees. Thus, everybody – employees and management – must understand that they are in the business of satisfying customers.

This awareness of customer requirements by all employees is crucial for business success. Too many employees are called upon to perform tasks without understanding why and how their contributions relate to the final customer. The factory worker is not just assembling a product. The clerical worker is

not just processing an invoice. Both are serving the customer in a very important way. This reinterpretation of their roles brings meaning to business tasks while at the same time increasing employee self-esteem and motivation to work.

Quality starts and ends with the customer. The customer must be the body and soul of the business. A company cannot progress qualitatively unless it has made the customer its driving force.

Therefore, rather than keeping lower-level employees in the dark about developments in the market, a customer orientation would induce management to make available market information to workers on a regular basis to better understand customer demands.

One way to guarantee system-wide communication is to share information on customer complaints, inquiries, and returned products due to defects in a positive light. Some companies put defective products on display for employees to see and discuss. Other companies display charts showing the number of customer complaints over time. Letters of complaint from customers can also be posted throughout the facility along with employee suggestions for future consideration. To create awareness of the deleterious effect of poor quality, supervisors and employees can be temporarily transferred to the customer service department to learn about customer problems and to participate in a quality feedback system (for 10 weeks in some companies!).

All these policies and practices aim at building customer awareness and creating an organizational culture that empathizes with the customer.

CUSTOMER CONSCIOUSNESS

A company is deeply “customer conscious” when all organizational units and employees are aware of the customers and their needs, preferences and concerns. A company that

pays attention to every detail of the customers' requirements and responds to them is showing profound customer consciousness. Customer consciousness is deliberately created, nurtured and reinforced by companies that set out to excel in the marketplace.

A marketing function that is truly customer oriented understands that the “entire” company must be in the business of creating and retaining the customer.

Whereas many companies still define their business around the products or services they produce, customer-conscious companies define the business around the customer. The good or service provided is viewed as the means by which the company pursues the ultimate end – a completely satisfied customer. The quality concept must be redefined to liberate it from the narrow product focus. Customers receive more than a mere product or service from their suppliers. They also receive information, advice, training, after-sales services, and psychological support that are vital parts of the bundle of attributes referred to as the product. Therefore, quality is not conformance to specifications. Rather, it is the total conformance to customer requirements.

Building and nurturing a truly customer conscious organization requires that top management is committed to designing organizational structures, mechanisms, and processes that place the voice of the customer in all managerial, technical and operating activities carried out by the company.

CUSTOMER RESPONSIVENESS

Responsiveness to customer needs and concerns is basic to any quality improvement effort. Companies exhibit “customer responsiveness” to the extent that they are customer oriented and are characterized by profound customer consciousness. When these two prerequisites are met, the customer is solicited for suggestions, ideas, and concerns. True customer responsiveness is present when customers see measurable

improvements in quality or cost that are the result of feedback that they, as customers, provide to the company.

In the old craftsman system, when companies were small, the company could easily be responsive to the customer. The craftsman was president, marketing manager, chief engineer, purchaser, and worker. At that time there was total and direct contact between the artisan and the customer. It was easy to listen and respond to the voice of the customer. Nowadays, the modern corporation has a much more complex structure than that of the artisan business. Functionalization is necessary to keep large size and specialized, geographically dispersed units together, working towards the same objectives. But departmentalization leads to parochialism, interfunctional conflict, and mistrust. Unfortunately, the customer's voice oftentimes gets lost in the web of turf politics. Management must then intervene to build the organizational processes, communication channels, and coordinating mechanisms that will inspire the company to listen and respond to customer requirements.

Information flow is only one indicator that a business is trying to listen to its customers. More important is what happens to the information that the company receives. Information may be received and transmitted to all functional units like research and development, production, marketing, etc. However, these units may be failing to use the information to improve quality and customer satisfaction. Customer responsiveness means that customers are exercising real influence over quality and other business activities. In sum, although flow of information is important, better quality and increased customer satisfaction will not happen if the information is not digested and acted upon by the entire company.

Building a customer responsive organization involves much more than designing structures to facilitate the flow of information across the business functions, suppliers, and customers, or requiring that customers exercise real influence over quality. It ultimately requires building and nurturing a customer satisfaction culture and value system that makes quality improvement and heightened concern for customer satisfaction a permanent aspect of organizational life.

BUILDING THE CUSTOMER SATISFACTION CULTURE

World-class enterprises know that superior quality and customer satisfaction are the means for achieving survival, growth, and profitability in the marketplace. To attain that goal, top managers, including the CEO, also need to establish a complimentary “corporate culture”, that is, they create a system of shared values, assumptions, beliefs, and norms centered around customer satisfaction. This means that the glue that unites members of an organization together revolves around customer satisfaction, thus making this value germane to survival. A shared value system, in turn, enables behavior to become more predictable and helps to diffuse the anxiety, stress, and fear that can come from social interaction. What is the basis for creating this crucial corporate culture?

The foundation for implementing any strategic change is the value system itself, composed of: customer orientation, customer consciousness, and customer responsiveness already described. Unless the foundation is laid down before there is any attempt to implement total quality management, the long-term mastery of quality and customer satisfaction will not happen. A customer satisfaction culture also contains four important components: (1) business vision, (2) business mission, (3) business ideology, and (4) business attitudes, all supported by the foundation already outlined. Let us take a closer look.

“Business vision” – How a company views its business can exert an enormous influence on its dedication to quality and customer satisfaction. Companies that are working hard to improve quality and maintain product and process superiority adopt a long-term perspective. They develop planning processes imbued with a competitive spirit, viewing globalization as an opportunity to expand and exercise competitive leadership. The business vision is created at the top, by the CEO.

The planning process described above then gets articulated into the “business mission”, highlighting the organization’s purpose or fundamental reason for existence. The mission can only be created to develop a totally satisfied customer base that comes back for the product or service repeatedly. Customer

satisfaction through superior quality is the only corporate mission that makes sense, given the new realities of the global market.

A customer orientation would induce management to make available market information to workers on a regular basis to better understand customer demands.

Related to the mission, the “business ideology” refers the set of ideas that top management is trying to express. Companies that do not make quality and customer satisfaction part of their business ideology will inevitably find it impossible to sustain improvement in the long term. Profit should be regarded as compensation for having accomplished the basic mission – that of creating and serving a customer, and of increasing customer satisfaction.

Notice that employees who have the right “attitudes” produce superior quality and customer satisfaction. Employees have to buy the idea that quality can be mastered, that perfection is a feasible goal, and that defect prevention is the only valid strategy for achieving zero defects. They need to see poor quality as an aberration. Consequently, they need to treat poor quality anywhere within the company or at the supplier chain as a serious crisis.

Employees must acquire the habit of improvement. When the desire to better one’s best becomes an obsession, the company is on the path to achieving quality and customer satisfaction excellence. The customer satisfaction culture and value system must be designed to spread and reinforce the notion that defect correction is a waste as captured in the motto: “If you have time to correct it, you have time to do it right the first time.”

Creating the right attitude for quality and satisfaction takes time and effort. Because attitudes are subconscious mental processes, deeply embedded in the human mind that can trigger quasi-automatic behavior, business attitudes toward quality and customer satisfaction can be inculcated, shaped and re-

shaped by (1) example from the top, (2) personnel selection, (3), training and development and (4) the reward system.

This means that CEOs need to “teach by example”. They need to take the time to provide concrete, genuine examples of concern for quality and customer satisfaction to their subordinates.

Likewise, “personnel selection” practices need to reflect a similar concern by providing the raw material with which the training activities must work. The goal should be to identify and recruit people who have the potential to be changed by the training program.

“Training and development” activities also are crucial for shaping the right attitudes towards excellence in quality and customer satisfaction. Training also creates a favorable climate for work motivation because employees see it as valuable to them personally. It also serves to demonstrate the company’s commitment to continuous improvement.

Similarly, the “reward system” must also reflect the quality and customer satisfaction mission. For example, each employee selected for promotion must reflect and embody the satisfaction mission. Bonuses, pay incentives, and other rewards must be clearly tied to superior quality and customer satisfaction performance.

From all that has been said so far, can we conclude that quality and customer satisfaction are important enough to be considered an indispensable part of the strategic planning process of any world-class enterprise?

CONCLUSION: LINKING CUSTOMER SATISFACTION, QUALITY, AND STRATEGIC PLANNING

The customer satisfaction culture, nourished by the desire to attract, retain, and create value for the customer, builds the organizational impetus to seek superiority in the performance of the crucial competitive requirements of quality, cost, innovation, customer service, and

flexibility. Corporate strategy should link these requirements to define a unique competitive position for the company.

In a global market, the choice of a competitive position is usually limited. The company must then (1) identify and specify the key relationships among the critical competitive requirements; (2) deploy the necessary resources to perform the competitive requirements at an acceptable level, and (3) choose and implement policies, plans, programs, systems, techniques, and tools in order to perform the competitive requirements at an acceptable level.

In world-class companies, quality and customer satisfaction are already considered crucial and decisive components of the strategic planning process. The “basics” of quality and customer satisfaction, which may be reduced to a few principles, can effectively govern much of what is traditionally required in strategic planning and goal settings. High quality and customer satisfaction levels, short cycle times (in design, production, and delivery), are now included in the mission statements of many of the best companies in the world. If we add a few other elements like employee involvement and empowerment, supplier and customer partnership, flexibility, variation reduction, waste elimination, and continuous improvement, we have captured the major tenets of total quality management and customer satisfaction.

As total quality management and customer satisfaction reshape business practices, they tend to nudge common strategic goals already mentioned. Moreover, as TQM and customer satisfaction basics become more influential, executives may be drawn away from their traditional roles of formulating strategies, setting numerical targets, and monitoring performance – the control mentality of the machine theory of management – and embrace their new role as facilitators of the changes necessary to make quality and customer satisfaction everybody’s business. ○

FOR FURTHER READING

BARNARD, Chester J. *The functions of the executive*. Cambridge, MA: Harvard University Press, 1968. Chapter 5.

PETERS, Thomas, WATERMAN JR., Robert H. *In search and excellence: lessons from America's best-run companies*. New York: Harper and Row, 1982.

ETIENNE-HAMILTON, E. C. *Operations strategies for competitive advantage*. Fort Worth: The Dryden Press, 1994. Chapters 2, 9, and 24.

SCHONBERGER, Richard J. Is strategy strategic? Impact of Total Quality Management on strategy. *Academy of Management Executive*, v. 6, n. 3, p. 80-87, 1992.
