



KNOWLEDGE ARTICLE

BEST PRACTICE: WHEN APPROACHING PERFECTION

BACKGROUND

Companies with a relentless focus on customer satisfaction can achieve extraordinary results. However, as they near perfection, the question is what to do next? There comes a point where the cost and effort to eek out the last points may not be justified by the associated benefits.

This paper encapsulates best practice from numerous companies, capitalising on hundreds of years of experience, and documents the best.

VALIDATION

Achieving customer satisfaction average scores of over 9/10 on the surface may appear excellent. However, it is important to continually validate that the measure truly reflects the view of customers

- Customers' drivers of satisfaction change over time, and the criticality of some aspects of their experience may increase or decrease. Running customer focus groups on a semi-regular basis can help companies assess customer satisfaction drivers. As these evolve, satisfaction measures can be adjusted to ensure they accurately reflect the drivers.
- Using averages can be misleading as they may not truly reflect all customers and/or customer segments. Companies will break the overall average into scores for various segments and demographics, correlate satisfaction measures with other forms of customer insight, and OPIs/KPIs, and will use broader statistical methods (e.g. standard deviation) to ensure the scores are fully representative.
- The reason companies pursue customer satisfaction may vary. Some simply want to ensure they have absolute focus on improving customer satisfaction, whereas for others, it may be growth, reducing costs/waste, or competitive position, etc. Businesses should ensure that their customer satisfaction measures reflect their business strategy/aims.

.../2



EXPANSION – BROADER AND DEEPER

Leading companies use a variety of measures to assess customer satisfaction

- An overall average may not reflect the customer experience at various points of the journey, or may differ based on the touchpoints encountered. It is crucial to measure all moments-of-truth.
- Use a mix of qualitative and quantitative insight to detail aspects of the experience.
- Tighten existing surveys through the use of superlatives, or more specific questions, to create a broader range of response, and therefore greater insight.
- Re-use measurement on competitors or companies offering similar services. You might be scoring 8.5/10 but if all the competition is scoring 9.5/10 then there will be opportunity to improve.

CORRELATION

Correlation of measurement can significantly improve insight

- Correlating internal OPIs and KPIs will improve confidence in the insight. It may lead to predicting customer satisfaction and, in some instances, the ability to pre-empt concerns. Therefore act prior to customer impact, or communicate in a more timely manner.
- Understanding how customer satisfaction measures create business value underpins the ability to justify investment decisions in further improvements. For example, value may be a mix of reduced waste/cost, increased recommendation, increased loyalty or increased share of wallet.

ENGAGEMENT

The greater the internal communication and, preferably, direct involvement of customer satisfaction activities, the greater the impact.

- Invite people from across the business enterprise, at all levels of seniority, to attend (or listen into) customer focus groups. Everyone will benefit from this first hand insight - front end customer services, back-office enabling functions, CXOs ...
- Effective communication of results reinforces the importance of customer satisfaction and builds pride in the organisation.
- It is often through ignorance that people do not understand the consequences of their actions, either directly or indirectly, on customers. The greater they themselves make the connections to cause and effect, the more likely they will change the processes or behaviours.

.../3



CHANGE

A company's customer satisfaction scores today reflect the product/service received at that point in time. Whether planned or unplanned, change is inevitable.

- Internal planned changes will encompass
 - Updating products and services
 - Changes to systems, processes and procedures
 - Changes to digital experience
 - Changes in price
- External planned changes will encompass
 - Changes in regulation
 - Changes in third party connect services (eg. updates to Apple, iOS)
- Unplanned changes may encompass
 - Changes in competitive products and services
 - Changes in experience that shape the view customers may have of the experience
 - Service failures by competitors in the same domain where customers' trust across the domain is impacted.

These changes may impact customer satisfaction scores. Even if absolutely everything remains the same, a customer's view of services/products will deteriorate over time, as expectations typically increase over time.

Understanding these planned and unplanned changes, and the opportunities or threats they create, may be critical to the ability to maintain customer satisfaction.

DIMINISHING RETURNS

When maintaining exceptional levels of customer satisfaction, any further improvements may not be financially justifiable. The higher the achievement, typically the lower the returns.

If there is little else to go at, it might be appropriate to pivot, look at how the same customer satisfaction levels can be maintained through incurring lower costs. Maintaining measurement throughout is critical to ensure any changes made do not have a negative impact.



LEVERAGING EXCEPTIONAL LEVELS OF CUSTOMER SATISFACTION

When consistently delivering unparalleled levels of customer satisfaction, a brand will establish a reputation. People will trust the brand and feel confident to share their stories. Customers may forgive minor discrepancies because they 'know' the brand had good intent.

The importance of brand reputation is further heightened when the actual touch points with customers is typically low

- Where touchpoints are volumetrically high, customers will make their own mind up about how they personally see their own experiences
- Where touchpoints are volumetrically low, customers views will be heavily influenced by stories heard from other customers' experiences.

Creating brand trust also enables innovation. When creating anything new there will often be an element of failure. If a brand has low trust, this failure gives more reason to be critical. Conversely if there is high brand trust, customers admire the experimentation and will actively give insight to help turn any failures into successes.

IN SUMMARY

Perfection is not an end point, it's a journey. Nothing stands still and complacency is not an option. It's a journey that can become an organisation's calling, inspiring employees and creating a brand reputation that is based on trust.

Stewart Bromley
Partner
The Fellowship of Responsible Business