



INTERVIEW WITH: Dr Claes Fornell, a leading US guru on customer satisfaction measurement

By Colin Adamson, SOCAP Director – September 2007

Danger! Undervalued People at Work

Customer Service people are in danger of undervaluing themselves by not realising the full importance of the job they do or the customers they work to satisfy. This will be the key message from Claes Fornell, our keynote speaker from the US at our conference. Claes is both a Professor at the University of Michigan's School of Business and Director of the University's National Quality Research Centre. For the last 14 years, the Centre has been publishing the American Customer Satisfaction Index. <http://www.theacsi.org/>

Consumers more powerful and happier in US than Europe

I asked Claes how things had changed in his view in the years that he has been collecting customer satisfaction data. "The consumer has become more powerful and more aware of his/ her power to reward or punish companies and with some exceptions such as airlines, companies are doing a better job of keeping their customers happy". The level of satisfaction in the US remains higher than in Europe with consumers in North America still enjoying the fruits of more competitive markets? (Discuss).

Senior Managements still Ignorant

However there is still a long way to go before senior managements show that they are ready to give the customer relationship its full value and recognise the impact of that on their companies. Their assessments are based all too frequently on ignorance. This lack of knowledge is not helped by their managers' use of primitive and misleading measurement methods.

Value over Time – Fight Short-termism

Well gathered, well analysed and well understood, data on customer satisfaction and value can help businesses understand that the customer is an asset with a considerable impact on share price and hence the value of a company. The value of the customer over time is a way of fighting the short-termism of Wall Street's rush to judgement and also a means of creating better systems of reward linked to customer reputation and behaviour.

Customer Satisfaction at the Heart of Economic Growth

And it is here that the customer service professional's role assumes its true importance. The customer service manager must develop an understanding and a skill in presenting that value and in doing so he or she can draw on arguments that are not just about their

specific company but in the context of the economy at large. Customer satisfaction drives economic growth and this is not a new discovery – Jeremy Bentham the English philosopher and economic sage was making that argument in the 18/19th century. There is no need to be the apologetic bearer of just the bad news. There is a new opportunity to state the necessity of satisfying the customer drawing on a much wider range of arguments.

To do this with full confidence, those of us working with the customer and responsible for finding out what they think, must learn to distinguish between ways of measuring and analysing consumer data in ways that are too primitive, naïve or offer pseudo-sophisticated accounts of the data. This baffles and confuses the very people the information is supposed to convince (the presenter too come to that) and does not prompt effective action. So keep it simple?

Yes but..How customers behave is a very complex topic and the true customer service professional has to avoid the trap of over-simplification. A article on the website of CFI (Claes Fornell International) points out that “satisfaction is a complex bundle of thoughts and emotions that cannot be expressed as an all-or-nothing proposition”. Striking the right balance between over-simplifying and over-complicating the message is emerging as a key competency in the jobs of SOCAP members.

It is a message that is gaining a new audience. Claes has worked with both private and public sector and he told me how it was now interesting to see how politicians are increasingly adopting the language and the findings of customer satisfaction surveys as a means of bringing them closer to their constituents. He does regular surveys of Federal agencies which persuade politicians that being aware of quality and getting more cost-effective service is a way of improving things without raising costs and therefore taxes. Understanding what the customer wants and would be satisfied with is a way of avoiding unnecessary gold-plating of services and spending money on things that are not important.

“Get three things right” says Claes, “and your organisation will be a winner”. The most important factor is what the Prof calls ' the degree of fit between product or service and the customer.” Dell used to do this very well and customised the computer you bought from them while keeping prices down. Unfortunately while they customised the product they did not tailor the service. Remember those 45 minute waits for someone to answer the phone (and that was a good day)? The complete overall 'fit' of the product was not good enough. The other two factors are more familiar and address questions of the appropriate definition of quality and a price that suits.

So perhaps we are not talking so much any more about satisfaction – but more about comfort and ease and consistency as the factors that customers prize most? The central challenge remains for consumer affairs professionals – to develop and deploy the skills and the language to do justice both to themselves and the customers they serve.

I look forward to hearing more on this from Claes – aka the Donald C. Cook Professor of Business Administration at the Stephen M. Ross Business School, University of Michigan and much else besides. http://www.cfigroup.com/about_us/bio_fornellc.htm

or <http://www.bus.umich.edu/FacultyBios/FacultyBio.asp?id=000120079>

If you want to hear from the guru Jeremy Bentham, you will have to use alternative means

of communication – he died in 1832 although his preserved body is still wheeled out on ceremonial occasions at University College, London. He is recorded in the minutes of those meetings as 'being present but not voting'.

As a SOCAPin Europe member, we would like you to do both while hearing from speakers who will give you both the means and the mindset to do your job even better.