THE CUSTOMER DEFINES QUALITY

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The vigorous debate that has gone on in the U.S. Congress over whether or not the government should bail out its ailing auto industry shows just how far the once mighty industry has fallen—not only in terms of market performance, but in terms of the good will of American citizens. There was a time when the president of GM could confidently say, "What's good for the country is good for General Motors, and vice versa." With the first bi-partisan bailout proposal falling dead in the Senate, that sentiment clearly has faded away.

How on Earth could it come to this point? It isn't like automobiles suddenly became an anachronism to superior technology. Most Americans still travel in petroleum fueled, internal combustion engine-powered cars. But a large percentage of Americans no longer travel in cars made by one of the Big 3 automakers: GM, Ford, and Chrysler.

Why is that? It isn't price. U.S. cars for the most part are sold at comparable prices to their non-US counterparts in their category.

The primary reason Americans migrated away from U.S. automobiles rests on one thing: QUALITY. Without question, there was a time when U.S. auto quality was markedly inferior, particularly vis-à-vis Japanese competitors. The difference was so profound that it sparked a management revolution focused on quality improvement. New buzzwords dedicated to quality dotted the management lexicon: TQM, Kaizen, Six Sigma, etc.

The U.S. automotive industry became one of the leading converts to the Church of Quality. The companies refined their manufacturing processes to root out all process variations, the leading cause of defects in manufacturing. And by virtually any standard by which you measure manufacturing quality, US-made automobiles have reached competitive standards with their foreign competitors.

Unfortunately, the one place that U.S. automakers haven't achieved comparable quality with competitors is in the minds and hearts of Americans. Americans consistently believe that Japanese competitors offer a superior quality product. The ultimate judge of quality is the customer. It really doesn't matter if you manufacturer something exactly to specifications if the customer doesn't really want what following those specifications creates. A life vest made of concrete can meet all the company-defined manufacturing standards possible, but it will always be a low quality product in the eyes of the ultimate judges.

Delivering Customer-Defined Quality

1) Know What Your Customers Really Value

One of the fundamental rules of business is this: CUSTOMERS DON'T BUY PRODUCTS! Unfortunately, most of our management training is geared to selling products—so much so that most of us reading this don't really believe it. But the reality is: CUSTOMERS BUY SOLUTIONS TO THEIR PROBLEMS!

This isn't a minor semantic emphasis. It is the very reason for any firm's existence. But too often we get caught up in what we have to sell without emphasizing what problems we can solve. The result is that we let processes in our organizations grow organically to help us be more efficient in creating and distributing our products. At some point, these internally meaningful processes actually make it more difficult for our customers to use our services.

Knowing what your customers' value needs requires actively listening to customers. This means establishing a formal feedback loop between customers and the company. More importantly, it means actually acting on that information.

2) Create a Climate for Service

Every manager recognizes that the customer is king. But few organizations actually do a good job of developing a climate for service. What do we mean by "climate for service?" Benjamin Schneider, professor emeritus at the University of Maryland, defines it as "the shared employee perceptions of the policies, practice, and procedures and the behaviors that get rewarded, supported, and expected with regard to customer service and customer service quality."

In other words, a service climate is the employees' perceptions of 1) how the business actually runs, and 2) the goals that the company appears to be pursuing based upon its policies, practices, and procedures. Those behaviors that are rewarded, supported, and expected tell employees what the company really believes is important. All too often this is vastly different from what is printed in the mission statement and recruiting brochures.

3) Religiously Shop Your Own Stores

Most of the disconnect between company-defined and customer-defined quality would disappear if managers actually experienced their service the way their customers do. Clearly, managers know their system and are biased, so it isn't realistic to expect us to be able to effectively judge the quality of our own stores.

But it is possible to actively mystery shop our own stores. There are companies that even specialize in doing this. The key in using these services, however, is to shift the focus somewhat from the typical "did they do everything in the manual" (like wear their name tag), to "did they make me feel appreciated, and help me solve my problem."

4) Religiously Shop Your Competitors' Stores

In virtually every business sector, customers have viable options. As US automakers discovered, burned customers will defect. And getting them back is extremely hard, particularly if competitors live up to their promise to serve customers right.

So it is not enough to know what we are doing. Everything a customer perceives is relative to what they believe can be offered elsewhere. Therefore, we need to mystery shop our competitors, just as we do our own stores.

5) Link Internal Quality Metrics with Customer Needs

Managers measure things. Why? Because what gets measured gets managed. But too often we measure things that do not positively connect with customers' perceptions of our firms.

For example, one firm with which we worked found that its customers were extremely dissatisfied with the firm's telephone support system. This finding; however, did not make sense to management because based upon their internal quality metric, they were doing an outstanding job. The metric the company used—time to call the customer back—was quite good. The only problem was that customers did not want to be called back. They needed their problem solved right then.

So when we track our metrics, we need to ask ourselves what customer problem this metric is designed to solve. Then we need to find an objective customer metric—typically satisfaction with that issue—and determine if changes in this metric actually result in changes in customers' perceptions of the quality of our service. ■