



Customer Perception Survey & Report

ABC Steel Ltd

January 2000

The gap analysis charts referred to in the report can be downloaded from the website and you may find it helpful to refer to both documents together.

ABC Steel Ltd – Customer perception Survey

The Survey was completed during December 1999 and the top twenty customers were sampled. Completed surveys were returned by 50% of the respondents, in line with normal parameters for this exercise.

The survey questionnaire was custom designed for the business and probed unique areas of this industry as well as the more normal business and customer care aspects. The questionnaire asks the customer base to consider a number of issues from three different perspectives;

- How important are the various aspects of the product or service in relationship to each other.
- How good does the customer consider the client to be in the delivery of these products or services.
- How good does the customer consider alternative suppliers to be in the delivery of these products or services.

Four key members of ABC STEEL LTD also completed the questionnaire, in order to compare priorities and perceptions internally. Space was provided for the customer base to comment on any other aspects of the product or service that they wished to highlight. Two respondents did so.

It is important to remember that the survey deals in perception and expectation and not in reality. However, it should be noted that customer perception is actually more relevant in terms of action plans and addressing the various issues raised by the survey.

The results from the questionnaire are used to produce a series of gap analysis charts for interpretation and recommendations. These show the following;

- The relative importance of various aspects by the customer compared to the perception of the deliverer
- The relative strength of the client in delivering these different aspects as compared to the internal perception
- The differing opinions on the service delivery by the competition between the customer and the deliverer
- Customer scores of importance Vs client strength Vs competitor strength

Analysis and Action Points

Importance to Customer

The most striking thing about the first of the gap analysis charts is that almost every aspect of the product or service delivery is considered to be more important by the customer than by the client.

The only exception to this was item 18 (visits on a regular basis), where both parties scored on the low side.

Three items were scored equally, these being 7 (regular progress reports), 17 (facility to produce sub assys/assys) and 23 (provision of support after project complete).

The main conclusion from this is a concern that the client may not appreciate the dramatic increases in customer expectations in the last few years. This has been fuelled to a large degree by improvements in service delivery generally in both the consumer and business environments and may mean that ABC Steel Ltd have stood still for a while rather than seeking to constantly improve. The danger here is that the company is trading on old relationships and may not be able to compete for new customers. The current site conditions may also have a bearing on this issue.

The top six items in order of priority from the viewpoint of the customer base were;

1. 1 (meets delivery dates)
2. 5 (corrects problems quickly)
3. 3 (understands technical requirements)
4. 10 (competitive price)
5. 24 (responds quickly to spec changes)
6. 14 (produces high quality product)

In all of these issues, the client scores considerably lower in terms of importance of these items compared to the scores from ABC Steel Ltd. Communication of the results to all members of staff and the management team is required to discuss this issue. Whilst the top six items have been highlighted, I would repeat the observation that this is an issue across almost every aspect of the service delivery.

An interesting point which is consistent with similar industries, whilst the issue of price is important, it is only at number four in the order of priority. It is also noteworthy that ABC Steel Ltd places this item at number 10 in the order of priority.

The two least important aspects of the product and service delivery from the customer viewpoint were;

1. 18 (regular visits from the client)
2. 13 (opening after 1.00pm on Saturdays)

Strength of Client

On this chart, the spread of perception between ABC Steel Ltd and the customer is narrower but there are still some significant areas on which comment is valid.

There are six areas in which ABC Steel Ltd feel that they perform better than the customer perception of the service, these are as follows;

1. 3 (response time to quotes)
2. 4 (understanding customer/business requirements)
3. 21 (putting customer through to the correct person)
4. 24 (responding to changes in spec)
5. 23 (support after project completion)
6. 19 (answering the telephone promptly)

It should be pointed out however that whilst there is room for improvement in all these areas, all items still scored highly.

There are three areas in which ABC Steel underestimate their performance, namely;

1. 1 (meeting delivery dates)
2. 2 (understanding technical requirements)
3. 14 (producing high quality components)

The last of these points is significantly underestimated by ABC Steel Ltd although the customer base has some concerns in this area.

Strength of Competitors

This is an important chart because it indicates that the customer base consider the competitors to the client to probably be better than ABC Steel Ltd in a number of areas, the top six being;

1. 22 (provision of technical help)
2. 21 (putting you through to the correct person)
3. 19 (answering the telephone quickly)
4. 18 (visiting at regular intervals)
5. 5 (meeting agreed delivery dates)
6. 14 (producing high quality components)

The first four of these points may well be down to the fact that ABC Steel Ltd is a small company compared to some of the perceived competitors. As a result of this, it may well suffer from the assumption that it cannot perform as well in these areas.

Of more concern are the last two items as these are considered to be paramount in terms of importance by the customer.

Three areas in which ABC Steel Ltd perceives a weakness compared to the competition are as follows;

1. 23 (provision of support after project completion)
2. 20 (being ISO9002 registered)
3. 12 (use of IT)

Action Points

Reference to the final chart, showing Customer scores of importance to customer Vs ABC Steel Ltd strength Vs competitor strength, give eight areas in which immediate consideration should be given to action.

In all of the 8 most important aspects highlighted, the customer perceives the client to fall short of expectations. One of the assumed reasons that the customer base does not disappear to the competitors is that in six of these areas, the perception is that the competitor is worse. This is also the trend across most of the other areas of the survey.

This is obviously a major issue as any perceived improvement in the competitive position could result in loss of customers.

The main areas for action are;

1. 1 (meeting agreed delivery dates)

The negotiation of delivery dates and the setting of customer expectations need to be addressed immediately in this area. It may well be that the actual time taken to complete jobs is good but that unrealistic dates are being agreed with the customer. It is also important to make sure that the customer is aware that any “rush jobs” are the exception rather than the rule. If not, false expectations of delivery times can be created.

2. 5 (corrects problems/defects quickly)

The obvious point here is not to have defects in the first place but the chart would indicate that a review of fault procedure should be carried out. Research has shown that customer loyalty to suppliers is stronger for companies who fix errors quickly and courteously than for those who get it right all the time. It is also worth noting that any defects or problems caused by the customer (e.g. Late change of spec etc) are fixed quickly but that steps are taken to point out the cause of the problem in the first place.

3. 2 (understands technical requirements)

This is a perception usually caused by insufficient customer qualification at the time of quote or initial enquiry. It may be that the client has a greater knowledge of the project or likely requirements but that these are hidden. Even if the answer to the question is known, it is useful to demonstrate this to the customer by asking the question. Training will be required in this area.

4. 10 (more competitive price than competitors)

ABC Steel is perceived to be marginally cheaper than the competitors in this area although it falls some way short of the requirements of the customer base. To a large extent, this perception is caused by increased commercial pressures on the customer base,

which they may seek to offset by placing pressure on suppliers. The key here is to ensure that ABC does remain competitive and that the added value principle is applied to the service provision.

Surveys of competitor pricing should be carried out from time to time if possible. It is also important to ensure that the customer base is fully aware of the full job content and that like is compared to like if up against competitors. On the whole, not too bad a result.

5. 24 (responds to change in spec quickly)

This is usually a communication issue and thought should be given to the process followed when this occurs. Frequent updates and progress reports in this instance can alter perception radically. Again, ensure that any out of the ordinary “rush jobs” are highlighted.

6. 14 (produces high quality)

Another major issue and worth considering is the adoption of ISO9002 or similar as a quality control tool. Whilst the customer base do not perceive any competitive advantage in the certification as such, the process and systems review required to achieve such a standard may well produce significant increases in productivity and right first time.

7. 21 (puts you through to the correct person)

Action already taken on the new telephone system may well improve this area without further action being required but awareness training should be considered.

8. 22 (provision of technical help and backup)

Suspect that this is perception being worse than reality and that the qualification process review will assist in this area.

Summary

On the whole, ABC Steel Ltd comes out as a small but reasonably competent and cost effective company in the eyes of the customer base. There would appear to be considerable historical loyalty amongst the mostly local customer base. The big issue though is the ageing of this base and the fact that the company has to get out and compete in the bigger arena of the East Midlands if it is to expand and grow.

The current premises do not help the company image or performance but a significant number of areas could be improved despite this.

Action points are as follows;

- Review of this survey and the results by the Directors with BJW
- Required awareness training to be carried out with staff
- Consideration to be given to ISO9002 or similar review of company procedures and quality control systems
- Training needs analysis of customer facing and productive staff – the big picture issue and awareness of individual impact on customer satisfaction and perception
- Ongoing review of progress

The current enterprise agency mentoring programme being undertaken by the company would be suitable as a vehicle for taking these action points forward.

Two additional comments were made by respondents to the survey, which should be discussed by the management team.

- Customer 1 Ltd

“ABC Steel’s response time is not as quick as previous years and could be improved. The standards of site fixers and supervision have also deteriorated.”

JH – Managing Director

- Customer 2 Ltd

“Always found the management and staff at ABC Steel good to deal with, and have provided us when needed with a good service and a good finished product.”

SR – Building & Maintenance Manager

This survey has been produced from information provided by the customer base of ABC Steel Ltd as well as by the staff and management of the company. The results and interpretation of same are provided in good faith by **executive development ltd** but no responsibility can be taken for any error in the data or report. **executive development ltd** accepts no responsibility for any consequences from any actions howsoever implemented as a result of this report.