Measuring Customer Satisfaction

By Tom Bradbury and Doug Coons

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Executive Summary

As a builder, you have plenty to worry about. Why should you measure customer satisfaction? Consider some interesting information:

- Only 4% of customers with problems complain
- The average person with a problem eventually tells 9 other people
- Satisfied customers tell 5 other people about their good treatment

This provides a compelling case for ensuring you know where you stand with your customers. In the case of builders, the Holy Grail is willingness to refer—a homebuyer's tendency to refer the builder to friends and family. Visibility into the homebuyer's satisfaction is critical since it provides insight into three key areas:

- The customer's satisfaction at a particular point in the home ownership experience: What kind of job is the builder doing?
- Ability to determine trends that require immediate attention: Where can the builder improve?
- Likeliness to refer: Is the homeowner willing to recommend the builder?

Collectively, these three questions paint a clear picture of the builder's overall performance and ability to delight the homebuyer.

Where Do I Start?

Where does a builder begin measuring customer satisfaction? The answer is basic: keep it simple and use what you already have. Many builders are already gathering information on their customers via surveys. This is a simple and effective technique that is used to obtain a sense of the customer's satisfaction. Unfortunately, many surveys are qualitative: they ask questions that are not easily turned into quantitative (numerical) results.

Quantitative results allow you to compare survey results from customer to customer. Lack of numerical results can be remedied by developing a scale around the answer. Additionally, in order to be effective, the survey should be completed on a consistent basis at a specific point in the customer experience. Simply stated, the data should be able to:

- Compare one customer to the next
- Highlight an issue or trend that affects more than one customer
- Isolate a specific cause with high probability—thus making it easy to implement a corrective action

The survey is essentially a diagnostic measurement tool that is used much like a carpenter uses a tape measure. The user, in this case the builder, must know how to use the survey to give good results. Simple “gut feel” is not enough since it is not a consistent or repeatable approach.

Why Am I Measuring Desired Outcomes?

Assuming you have a mechanism for obtaining consistent measurements, you then need to ensure you are asking the right questions. Many builders have a tendency to get very granular or specific with their questions. Remember, you are measuring customer satisfaction, not whether or not the customer received a thank you card in the mail. In essence, you are measuring the result of the actions your team takes, not the actions themselves. This distinction deserves further clarification.

For example, a builder has set a goal of ensuring all customers signing purchase contracts receive a thank you card within 24 hours. To help frame the situation, it helps to clarify that the purpose for the thank you card is to *drive* customer satisfaction. The thank you card *per se* does not <u>ensure</u> customer satisfaction—the builder could have done everything else poorly and the thank you card would not undo this. Thus, the builder should not be asking the homebuyer if they received a thank you card. The builder should be measuring the <u>result</u> of the experience—i.e., whether or not the homebuyer would be willing to refer the builder to friends/family. The thank you card is merely an enabler to a good customer experience.

Again, the builder is measuring the outcome of the activities, not the activities themselves. Merely going through the motions is not enough to ensure success.

What Now?

After obtaining consistent measurements of desired outcomes, you should be able to analyze the data. This means that the responses must somehow be quantified or measured in order to be of value. The best way to ensure this is to provide questions that can be answered in a measurable manner. For example, a simple fill-in-the-blank measurement is tough to measure. A better way to ensure measurable responses is ensure answers can be easily converted to a measurable scale or score. For example, the answers below provide a continuum of answers that can easily be converted to a scale (shown in parentheses after the response):

- Strongly Agree (5)
- Somewhat Agree (4)
- Neutral (3)
- Somewhat Disagree (2)
- Strongly Disagree (1)

In this case, the higher the score, the better the response result. For example, a question might be phrased as follows:

1. I would recommend Acme Brothers Homes to my friends and family:

   Strongly Agree
   Somewhat Agree
   Neither Agree nor Disagree
   Somewhat Disagree
   Strongly Agree

This question allows the customer to consider various alternatives—all reasonable choices that cover a broad continuum of responses.

In addition to readily quantifiable questions, it is also helpful to include blank or free text responses on a survey. This allows the respondent to comment on specific employees, experiences, etc. Blanks should be used only with the understanding that the response is very subjective.

Tying It All Together

Once a survey is drafted, reviewed, implemented and results are collected, the builder needs to ensure survey results are actionable. In other words, there must be a mechanism to review the survey results. The mechanism can include several items:

- Periodic review—taking time out to sit down and review survey results; this can be done weekly, biweekly, monthly, etc.
- Analysis of cause and effect—survey results should be seen

as effects; the cause(s) of the effect should be the focus of the periodic reviews

- Influencing factors—the true cause or source of the issue should be addressed via continuous improvement activities
- Corrective action—should be developed and implemented
- Focus on the root cause—as much as practical, focus on the process, not the individual

For example, when looking at survey results, many companies make the mistake of focusing on an individual employee. The employee can receive a halo or be demonized. Over time, it becomes clear that the results may not be tied to the individual. In other words, another employee might be doing the same thing. This indicates that the true cause of an issue may not be the individual, but something else, such as training, procedures, etc. True root cause analysis requires solid judgment and a focus on the real issue at hand, which is frequently independent of the people involved.

Next Steps

After setting up a process for collecting your survey, designing the survey, and developing a systematic method for analyzing the survey results, you should be able to determine where you need to improve your customer experience. Ensure your associates understand that measuring customer satisfaction is not a witch-hunt. The purpose is to ensure that customers continue to feel good about their purchases and remain willing to refer. A periodic review of the survey, collection method, and improvement efforts is also a good idea. Annual or semi-annual review of the overall customer satisfaction effort can be an effective means of ensuring the system is still working as planned.

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