

Moments of Reality & Continuous Improvement

Using Moments of Reality & Continuous Improvement to improve quality & retain Supply Chain contracts

Peter Lever

Understanding Moments of Reality

It's sobering to note that every time a customer interacts with your business, they are provided with an opportunity to evaluate your company and pass judgement.

Over the course of repeated interactions, customers are inclined to form an opinion of your company, either positive or negative. The longer the time frame, the more interactions and the more entrenched these opinions will be.

If a negative opinion is sustained for long enough, customers are inclined to jump ship and move their business to your competitors. Further, should a negative opinion be formed, customers will engage in negative "Word of Mouth", which will slowly erode your customer base and profitability.

Alternatively, should a positive opinion take root, you are likely to be on the receiving end of positive "Word of Mouth" publicity.

What follows is an overview of a powerful strategic tool, Moments of Reality.

The Moments of Reality methodology is ideally suited to guide the development of a tactical level Customer Services strategy.

What's the big deal?

It's a known fact, but worth mentioning none the less. It costs a great deal more to establish a new customer relationship than it does to retain an existing one.

One thing is certain, no customer relationship lasts forever. They all leave us eventually, it's just a matter of time. Therefore, it is essential that we hang on to our customers for as long as possible, which is where Moments of Reality come into play.

To explain by means of a metaphor, consider your business to be a house. It has a front door through which we bring new customers and a back door through which existing customers are trickling out. Businesses tend to be more attentive to the front door (acquiring new customers) than they are the back door (the loss of existing customers). We decide that it's time to improve the customer experience and implement a Moments of Reality exercise. The outcome is detailed below:

1. We begin to delight our customers in such a manner that they dwell for longer in our metaphorical home.
2. Our customers are now having such a great time while interacting with us that they do more business with us than had previously been the case.

3. What's more, our customers are so enthusiastic about what a great company we are that they tell their friends! Now we have positive word of mouth helping to bring new customers in through the front door!
4. Because our customers are staying longer with us and the rate at which we are welcoming new customers into our home is ticking up, the size of our customer base is starting to grow.

In short, a well-executed Moments of Reality exercise will see us retain our customers for longer, will result in increased customer sales and will drive positive word of mouth, thereby making it easier for us to attract new customers.

Touch points

The first step in doing a Moments of Reality review is to identify your customer touch points.

A touch point is a point at which you interact with a customer, even if it's just in a small way. It's at these touch points that your customers have their "Moments of Reality" and are inclined to form an opinion, either positive or negative, about your organisation.

Provided below are some example touch points:

1. A customer visits your website.
2. A customer visits your Facebook, Twitter, Instagram or LinkedIn page.
3. A prospective customer wants to open an account.
4. A customer calls into your switchboard.
5. A customer calls in for a quotation.
6. A customer phones in to order goods.
7. A customer takes delivery of your goods.
8. A customer unpacks your goods.
9. A customer signs your delivery note.
10. A customer receives your invoice.
11. A customer receives your statement.
12. A customer phones in with a query.
13. A customer has a problem with an invoice or a statement.
14. A customer has quality problems with your goods.
15. A customer requires technical detail regarding your goods.
16. A Sales Representative calls on a customer.
17. A customer wants you to increase their credit limit.
18. A customer wants to close an account.

It's critical to dig deep when drafting a list of touch points. Even the smallest touch point provides an opportunity to form an opinion, so items should never be written off as trivial.

Key to success is pulling together the right people to help in touch point identification. Typically, you would draw in your Customer Services Team, your Sales Team, senior staff, perhaps the Executive and their direct reports, as well as thought leaders, across all levels, that exist within your business.

The Customer Life Cycle

When identifying touch points, it is useful to consider the customer life cycle.

Provided below is a high-level overview of the customer life cycle.

Acquire

It is during the "Acquire" phase that new customers are brought on board.

Common touch points include the customer applying for an account, the customer requesting a quotation and the communication of your Rules of Engagement to the customer.

Serve

During the "Serve" phase, the needs of the customer are serviced, by the provision of goods and / or services.

Common touch points are the receipt of goods, the receipt of invoices and statements, the placing of orders and the resolution of queries.

Grow

The "Grow" phase sees one attempting to up-sell / cross-sell to the customer to add additional value to the relationship and derive incremental revenue.

Examples of common touch points include Sales Representative visits, marketing campaigns and the provision of quotations.

Retain

It is during the "Retain" phase that a customer either becomes an advocate for your company, in which case you can expect to retain them, or becomes a detractor, in which case you will more than likely see them leave.

Key to this phase is the provision of after sales service, the continual emphasis on adding value as well as relationship management.

Evaluating performance

Once you have identified your touch points, it is imperative that you optimise them to ensure that your customers will judge each touch point interaction positively, thereby resulting in positive Moments of Reality.

By way of example, let's assume that the receipt of an invoice document is one of your key touch points. Do your customers like your invoice? Is it easily read? Does it look professional? Is it accurate?

Does it provide the detail that they require? Is it easily processed by the customer's Accounts Department? Is it received by the customer in good time?

Perhaps your customers phone in to place orders. Is the call answered within a reasonable time frame? Do you provide an order by email or fax service? Do your customers want to fax or email orders? Are you able to give your customers an order number while they are on the phone? How do you provide customers with their order number if they fax or email you their orders? Are your Call Centre Agents polite, accurate and quick? Do your Call Centre Agents have the appropriate degree of product knowledge? If the customer can't recall his / her account number, how friendly is the process to establish their authenticity and give them their account number? Are the operating hours of your Call Centre suited to the operating hours of your customers? Is the voice quality of the telephone call acceptable to your customer?

In short, all touch point failings are identified, a correction plan is developed and then implemented. A Moments of Reality exercise results in a task level plan. The trick of course is to manage the plan to a close, which, as always, is more easily said than done.

Putting the customer centre stage

As companies grow, it becomes necessary for them to introduce distinct functional areas to make control possible. In the absence of silo breaking leadership, departments are inclined to cease sharing and cooperating with each other. Enter silo mentality. You start noticing that your Sales and Marketing Departments aren't working together as they used to. In fact, it sometimes feels as if they are pulling in different directions. Your Debtors Department isn't working as closely with your Sales Department, which means that credit limit management has become sluggish and orders are being delayed as a consequence. Your Supply Chain Department start structuring their routing with an eye on cost reduction and they lose sight of the delivery lead times that the Sales Department have been promising. I am sure that you get the gist of it. All told, silo mentality doesn't paint a pretty picture.

Unfortunately, silo mentality forces a shift in focus. The customer is no longer centre stage. Customer centricity is, to a degree, replaced by a low key "turf war" between functional areas. If left unchecked, the lack of customer centricity will erode the company's ability to add value to the customer, which will place it in a weaker position relative to its more customer centric competitors.

Successful companies are customer centric. They continually focus their efforts on optimising the value that they offer their customers and thereby prosper. The customer becomes the single point of focus around which all functional areas unite.

Staying connected with, and responsive to, how your customers view your company, its products and / or services is crucial to maintaining high levels of customer retention and growth. There is no long-term alternative to customer centricity.

For your Moments of Reality exercise to be a success you need to place the customer centre stage, which is where they belong.

Ask your customers

The most logical way of finding out how your customer feels about your company's performance, is simply to ask them. It stands to reason that your customers themselves are best equipped to guide the "Evaluating Performance" step outlined previously.

If your budget allows, it is ideal that you interact directly with your customers to obtain their input.

A couple of options available for deriving customer feedback follow:

Sales Representatives / Customer Services Management

Sales Representatives / Customer Services Management personally call on key customers and interview them regarding their touch point needs.

Should you decide to go this route, it is advised that you clearly brief the team that will be interacting with your customers so that they have clarity as to what the objective of the exercise is and what is expected of them.

Remember that customer visits are touch points, so it's important that they constitute a positive Moment of Reality.

Surveys

If you wish to do a survey, it is advisable to engage with a suitably skilled independent third party. Brief them carefully regarding what you are trying to achieve and make sure that they fully understand the concept of Moments of Reality.

Your identified touch points should be used as a starting point for drafting the survey questionnaire.

Anonymous surveys run by independent third parties carry two important benefits:

1. They create no customer expectation that can be tied back to your company. As a result, you stand no risk of introducing a failed Moment of Reality, which would be a rather embarrassing "own goal".
2. They provide an ideal opportunity to benchmark your performance relative to that of your competitors. Areas where your performance falls short to that of your competitors would logically be prioritised for corrective action. On the other hand, you could use the areas where you have the upper hand to entrench a competitive advantage.

Mystery shopping

Mystery shopping is an extremely useful tool. What's more, it costs virtually nothing.

When last did you phone into your Call Centre? How long did the call take to be answered? I am sure that you get the idea. Draw up a mystery shopping script that touches as many touch points as possible and evaluate the resultant Moments of Reality.

Regular mystery shopping exercises are critical to ensuring that service standards are both appropriately pitched and consistently met.

Customer queries

Customer queries provide a low-cost opportunity for evaluating touch point failures on an ongoing basis.

To effectively use queries to drive the identification of touch points that are failure prone, it is critical that queries are categorized so that you can identify groupings.

Logically, one would prioritise the touch points that most frequently result in queries.

Customer Forum

Establish a Customer Forum which meets periodically and use the opportunity to acquire feedback.

It is recommended that you establish a Customer Forum at the point in time that you feel that your touch points are taking shape. Establishing a Customer Forum before you have found your feet may well result in the Forum members taking the opportunity to vent, and the session may not be as constructive as you had hoped for.

Further, ensure that you are truly committed to listening to what your customers have to say, as failure to act on feedback provided by a Customer Forum will constitute a negative Moment of Reality.

Focus Groups

Should you be servicing the mass / consumer market, Focus Groups are an invaluable tool for identifying touch points and ensuring that your business is correctly managing them.

It is recommended that focus groups be run by independent / professional third parties so that they deliver their maximum value.

Focus groups are similar to Surveys in that, if they are run anonymously by an independent third party, you avoid the risk of introducing a failed Moment of Reality. What's more, independently run focus groups allow you to delve into the touch point / Moment of Reality performance of your competitors.

Sanity checking

When aligning your touch points to the needs of your customer, there are a number of questions that need to be answered in the affirmative as a "sanity check" before you implement your touch point refinements. Details follow:

1. Have I simplified the process as much as possible?
2. Have I cut out as much red tape as possible?
3. Will it leave a positive impression?
4. Am I minimizing customer inconvenience?
5. Am I maximizing customer value?
6. Is it customer centric?

7. Is this what the customer expects from the touch point?
8. Will the customer intuitively understand the process?
9. Is my touch point design better than that of my competitors?

The sanity check questions that I have provided are merely examples. Every environment is different, so feel free to add and subtract questions as dictated by your context.

If a touch point has been structured such that each of your sanity check questions gets a “Yes”, you are on the right track! Implement!

One or more sanity checks that score a “No” will indicate that you may still have work to do, in which case its “back to the drawing board”!

As a guiding principle, the objective of a Moments of Reality exercise is to ensure that it is *easy* for customers to do business with you. If your customers feel that they are having to jump through unnecessary hoops when transacting with you, you will find that they become less inclined to do so.

It's not a once off exercise

The competitive environment is continually shifting, as are the needs of your customers.

It is imperative that you regularly review the effectiveness of your Moments of Reality to ensure that you continue to delight your customers. Touch points should be in a state of continual refinement and a formal review should be done at least annually.

It's a time game

It takes time for people to change their impressions.

If you historically had Moments of Reality that were poorly aligned to the needs of your customer, you can expect your customer's mind-set to shift far more slowly than you would hope for. Remember that the negative impression that your customers have, was reinforced over a long period of time.

A Moments of Reality strategy requires a long-term vision. Give it time. The end point is worth the application of patience. The sooner you start, the sooner you reach your goal.

Rules of Engagement

Some time ago, I worked on a project with a Client who I will refer to as Acme Incorporated. Acme sells a fairly complex set of intangible services to its customers. They had an eCommerce web site that had been underperforming relative to their expectations and they wanted to know why their customers were disinclined to use it. One evening, the Acme Team and I were sitting behind a one-way mirror while a focus group of their customers was being led through a discussion relating to Acme's service offering.

One of the participants of the focus group was an absolute fan. The Acme Team loved him! There were lots of comments like, “If only all our customers were like that!” Let's call Acme's model customer Mr Smith. What made Mr Smith so different? In short, he was well versed in how to do business with Acme. He seemed to know all the “Rules of Engagement”. He also knew a couple of unpublicised “tricks” that he could use to make the process a little easier. Many of the other participants,

particularly the ones that took the opportunity to vent, didn't appear to be well versed in the Rules of Engagement.

The bottom line is that the better the customer is versed with respect to your Rules of Engagement, the easier it is for him or her to do business with you, and, as a consequence the more profitable the relationship. Sadly, companies seldom place much emphasis on communicating the Rules of Engagement to their customers.

When reviewing query volumes in the Distribution space, one typically finds that approximately 50 percent of queries are the consequence of errors made by customers. Why would this be the case? Perhaps half of these customer led errors are unavoidable. The balance of the customer led errors are typically a consequence of the customers simply not knowing the Rules of Engagement. The resolution of queries is an expensive exercise, albeit often difficult to quantify. The more your customers know your Rules of Engagement, the less likely they will be to make errors in their dealings with you. Consequently, less of your resource will be tied up in query resolution. Perhaps more importantly, you will be saving your customers a great deal of frustration, thereby making it more attractive for them to do business with you.

New customers need to be "on boarded" in much the same way that new staff are inducted into the organisation. Ensure that the communication of your Rules of Engagement to new customers is centre stage in your "new customer on boarding" process. Surprisingly, I know many companies that in fact have no "new customer on boarding" process. New customers are left to figure things out on their own. This practice tends to result in relatively few "Mr Smiths" and a lot of customer frustration.

Don't just accept the status quo. If your customers don't find your Rules of Engagement user friendly, it's time to start doing some touch point / process re-engineering.

Given that your processes and touch points are continually being reviewed and refined, it is imperative that your Rules of Engagement are likewise continually updated.

Communicating your Rules of Engagement is not a once off exercise. You need to continually be on the search for new mechanisms that you can use to make sure that your Rules of Engagement are communicated to your customer. Customers are only human; they tend to forget.

The tip of an iceberg

Businesses exist to perform a narrowly defined set of activities that result in them delivering value added products and services to their customers, with the eventual aim of generating a sustained profit. Your customers don't have line of sight of these activities, they only see the Moments of Reality that are exposed to them and the products / services that they buy from you.

Those businesses that consistently perform their core activities more effectively than their competitors tend to prosper, provide customers with more value, have higher levels of customer satisfaction, retain their customers for longer, are less wasteful of resources and, over a period of time, gain market share to the detriment of their competitors. The recipes that businesses use to guide the performance of their core activities are referred to as "processes".

It stands to reason that a business' core processes constitute one of its most valuable assets, as they are the embodiment of all past learning pertaining to the manner in which products and services are

most profitably taken to market. The more efficient and effective these processes are, the greater their ability to translate into customer value, profit and ultimately, the greater their asset value.

Best business practice dictates that all service outages are recorded, resolved and then analysed to allow for the identification of areas of repeat process failure. Once identified, processes that tend to result in repeat process failure need to be subjected to detailed study and redesign. This discipline is referred to as “Continuous Improvement”.

Businesses that do not embrace Continuous Improvement tend to market products and services that are not adequately aligned to the needs of their customers. This invariably results in them losing market share to their competitors and will eventually lead to their extinction.

When a business process is exposed to customers, a touch point is created. It is a commonly used analogy that only a small portion of an iceberg is visible. The vast bulk of an iceberg is below the waterline and therefore hidden. Consider the iceberg in its totality to represent a business process whereas the touch point is the relatively small exposed portion. The reality is that the touch point is connected to and is a part of an underlying business process.

Any revision made to a business process would require that a revision be made to the associated touch points. The reverse also applies.

Standard Operating Procedures (SOPs) are typically drafted to outline the “human facing” aspect of business processes. SOPs should clearly indicate where touch points occur and should provide instruction aimed at resulting in positive Moments of Reality.

The fewer the better

The next logical question, when designing business processes, is how many Moments of Reality should I leave exposed? The typical answer is, as few as possible.

Your customers don’t exist solely to interact with you. They have a myriad of things on the go that are competing for their attention. Your touch points need to be designed to ensure that your customers remain adequately informed, but don’t swamp them with superfluous interaction.

If a Touch Point doesn’t add value, it goes. If you are struggling to get the balance right, ask your customer.

The internal customer

Thus far, we have looked at *customer* facing Moments of Reality. There is no doubt that the most successful companies are, for good reason, aggressively customer centric, so focusing on the customer is certainly the right place to start when it comes to a Moments of Reality exercise.

It must, however, be noted that you can perform a Moments of Reality exercise on *any* stakeholder. Other stakeholders that may be worthy of such treatment are staff, shareholders, the broader community, the government and the like.

Perhaps most importantly, a Moments of Reality exercise can also unlock value *within* your organisation.

What, for example, are the touch points that are in play when your staff members interact with internal departments such as Human Resources and Information Technology? Are these internal touch points experienced in a positive or negative manner?

Departments such as Information Technology and Human Resources are often seen as “land locked”, given that they don’t interact directly with the external customer. The reality stands that they play a critical “supporting role” in enabling the delivery of service to the customer, albeit on an indirect basis.

Optimising interdepartmental touch points can help to break any “departmental silos” that may have crept into your organisation and can have a positive impact on efficiency. What’s more, sensitising “land locked” departments to the fact that they too have customers, albeit internal ones, and that the quality of service that they provide indirectly impacts on the organisation’s ability to service its customers, sends an important “cultural” message.

Critical Success Factors

There are a number of critical success factors that one would need to keep an eye on when undertaking a Moments of Reality intervention.

Manage it like a project

As has already been mentioned, a Moments of Reality exercise results in a task level plan that needs to be implemented if it is to add value.

In many ways, implementing a Moments of Reality Plan comes with all the complexities and pitfalls that one would expect when implementing a Strategy Plan. It is commonly known that organisations often fail in the execution of strategy. Similarly, the implementation of a Moments of Reality intervention is likely to fail if not carefully managed.

It is proposed that you appoint a highly competent Programme Manager to oversee the implementation of your Moments of Reality Plan. Progress made in the execution of the plan needs to be reported to the Executive and the appropriate interventions need to be driven from the highest levels should log jams be encountered.

Sponsorship

The successful implementation of a Moments of Reality initiative needs to be driven from the top.

As with any other critical project, it’s important to select a suitably empowered Project Sponsor and to ensure that the sponsor is held accountable for the successful delivery of your Moments of Reality initiative.

It may well be beneficial to establish a Moments of Reality Steering Committee that monitors the implementation and ongoing refinement of your Moments of Reality drive.

Communication

It stands to reason that your staff need to be briefed regarding your Moments of Reality implementation to achieve their buy in and commitment.

Further, communicating your plan to your staff opens up the opportunity for them to come forward with suggestions for fine tuning touch points that you may have missed.

The implementation of a Moments of Reality Plan provides you with the perfect opportunity to shift the customer to centre stage within your organisation's culture.

In closing

At its heart, implementing Moments of Reality constitutes a Customer Services oriented intervention.

Customer service is an intangible concept, which makes it notoriously difficult to implement. Using a Moments of Reality framework renders the provision of great customer service tangible and it provides you with a concrete task level plan for success.

To be an organisation that truly provides great customer service is no small feat, but it is an attainable goal. What's more, can you think of a more easily defended competitive advantage than truly great customer service? I thought not!

Great customer service is the MOST defensible competitive advantage and it places the customer exactly where they should be, centre stage.

[End]

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SPEAKER PROFILE



Peter Lever founded Therefore Strategic Technology Services (Pty) Ltd in 2006. Therefore's core area of focus is assisting its Clients to implement Business Process Management oriented solutions that focus on enhancing quality and improving the customer experience.

Therefore has written a Business Process Management Suite (BPMS) which it deploys into the South African market.

Peter has worked across a multitude of industries, including the CFTA, Banking, Information Technology, eCommerce, Logistics / Supply Chain / Distribution, Consulting, Tourism, Pharmaceutical, Public Health and Telecommunications Industries.

Please feel free to be in touch with Peter.

Email: peter@therefore.co.za

Website: www.therefore.co.za

Telephone: +27 83 447 4883