The Cycle of Customer Interaction

Regardless of the type of business, or your lack of experience in that industry, you can confidently walk into any business and begin to identify critical measures. This is possible through the facilitation of **The Cycle of Customer Interaction** (CCI). In simple terms, the CCI process maps the flow of a customer transaction from start to finish throughout the business.

As you facilitate this process with owners and key personnel, there is often disagreement about the actual timing and flow of activities as well as the expectations (or performance standards) associated with each of these customer contact points. This opens up a powerful discussion about the need for better-documented systems and training to ensure that all employees are performing their jobs according to the set standards. If there are no clear standards established for each point of contact with a customer, this needs to be done. The process of establishing performance standards can take some time, since you'll want to include every department and team member in the process. By setting performance expectations for each point of customer contact with the team members, you'll find greater ownership of the performance measurement process overall.

In very small businesses you may find the CCI process is more than adequate to begin a performance measurement engagement. Starting off with the simple distinction of Customer and Operational measures may be appropriate. In many cases, selecting just two or three measures associated with key points of customer contact, if paid attention to, could have a profound effect on the management and profits generated from that company. Once the company is doing well with those two to three measures, you can begin to expand the process by adding more measures and finally by pursuing a more formal hierarchy of measures.

In some ways it is better if you don't know very much (or anything) about the business before beginning a CCI process. You won't have any preconceived notions as you facilitate the development of the cycle. Your job is to "capture" and learn about the business cycle by asking questions – not by giving them the answers. This process generally yields a much better understanding of the entire company for EVERYONE involved, not just you. In essence, THE PROCESS IS THE PRODUCT!

Once you have mapped out the customer points of contact and set standards for each of these points, there is a logical impact on the operational side of the business. In other words, your client won't be able to improve their interface with the customer without having it create greater demands from the operational side of things. In many cases, by focusing on improving just two or three key points of contact, like ripples in a pond, it will send performance improvement shock waves throughout the organization. Additionally, by focusing first on front-line team member activities, your client can begin to implement some very simple bonus programs to stimulate the performance they are looking for. This is a good first step toward introducing a performance based compensation program.

How to Facilitate a
Customer Cycle of Interaction Process (CCI)

Prep list:

- Large paper (approximately 4x6 ft.)
- Masking tape, thumbtacks, or pins
- Marking pens

Purpose:
Capturing a Cycle of Customer Interaction is much like any other process mapping activity except that it speaks to the cyclical/repeat nature of a customer relationship. It can be applied to any number of customer types as well as products and services. This exercise accomplishes several goals:

a) Brings a group to consensus on what their process steps actually are. Often times there is great debate over what is really happening in the organization.
b) Highlights the need for better systems and streamlined operations.
c) Illuminates the delicate balance between internal and external customer needs.
d) Evaluates the company from the customer's point of view.
e) Helps owners and managers determine critical areas to focus on and measure.

Conducting the Exercise:

1. Attach the large paper to a wall with pins or tape. (Be sure to double up the paper so your markers don't bleed through.)

2. Draw a large circle on the paper, leaving room around the circle for noting the various points of contact. (see below)

3. You begin by asking the question, "What is the first point of contact a customer has with this organization?" From there it is a matter of asking, "What comes next?" over and over again until the Cycle is complete. Be as linear as possible. In other words, put yourself in the role of the customer and see the business from their perspective. It is critically important that any part of the business the customer has direct interaction with be evaluated. For example, don't forget about the bathroom, waiting area, or parking lot. Ask the question, "What would a customer perceive about this organization when using the restroom, waiting in our office, or walking across the parking lot?" "Is their perception consistent with the image we are trying to portray?"

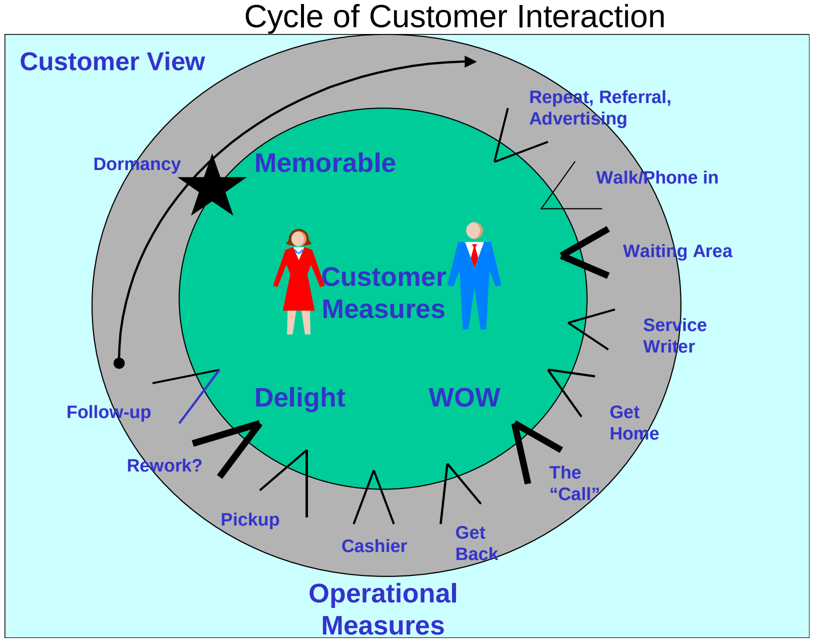
Continue to capture each point of contact. In this first go round, it's best to stay at the macro level; noting the sequence of events that make up a customer experience. If there is a particular area of concern or weakness it may be appropriate to do a more detailed process map for that activity at a later time.

1. Be sure the group is focused on capturing current behavior. Once you have mapped the points of contact, you can re-work the cycle from a "Future State" perspective. The contrast of these two diagrams often serves as a starting point for a basic flash report.

Potential Outcomes:

1. Map customer experience
    a. Articulate questions for a customer survey or focus group based on the various points of contact.
2. Identify gaps and redundancies to be streamlined.
3. Plan re-engineering of processes.
4. Identify champions for various re-engineering activities based on who has a direct impact of a given activity.
5. Establish Performance Standards for critical points of contact.
6. Document Systems, Processes, and Procedures
    a. For training purposes
    b. For new employee orientation programs

Cycle of Customer Interaction



On the next few pages you'll find examples of two businesses and their corresponding CCI measures.

Plumber (Service) Cycle of Interaction
Points of Contact and Associated Measures

#1 Awareness

- Repeat
  -recency, frequency
- Referral
  -source/type
  -source/average sale
- Advertising
  -source/type
  -source/average sale

#2 Walk-in / Phone-in

- Time to respond to call
- Time from call to arrival on-site
- # of people who cancel

#3 On-site Estimates

- On-time arrival
- Conversion Rate on Estimates
- Accuracy on Estimates
- % of jobs started immediately vs. schedule for later date

#4 Service Delivery

- Dispatcher Efficiency
  -average travel time
  -average wait time
  -% on-time arrival
  -%customer not there or back out
- Average time of service by type of service
- Estimate to Actual
- Opportunity to Upsell vs. Actual Upsell
- Cost of Time and Materials by type of service and by technician
- Inventory
  -damage
  -quality, returns, credit memos, etc.

-turnover

#5 Call Backs

- Rework by:
  -technician
  -type of job
  -customer
  -average value

#6 Billing

- Cash, credit, check, invoice
- A/R days

#7 Dormancy

- Referrals
- Casual contacts

Dentist (Professional Services) Cycle of Interaction
Points of Contact and Associated Measures

#1 Awareness

- Repeat
  -recency, frequency
- Referral
  -source/type
  -source/average sale
- Advertising
  -source/type
  -source/average sale

#2 Walk-in / Phone-in

- On-time arrival
- Ease of directions
- Appointment vs. drop-in
- Appointment Book fill rate

#3 Check-in Protocol

- Time to complete information
- Ease of completion
- Chart accuracy
- Patient expectation vs. Scheduled treatment

#4 Waiting Room

- Duration of Wait
- Accessibility and usage of refreshments
- Age of Magazines

#5 Operatory Waiting

- Duration of Wait
- Walk-outs
- Comfort-feedback

#6 Exam

- Completeness of exam
- Opportunities for Upsell vs. Actual Upsell

#7 Treatment-Back office

- Actual treatment vs. scheduled treatment
- Pain/comfort of patient
- Average time in chair
- Ratio of assistants to patients/dentists
- Use. Of T.V., radio, walk-man, etc.
- Lifetime of instruments
- Inventory
  -appropriate to needs
    age of product
    turnover
    returns, breakage, damage
- Lab – Supplier Quality
  -fit of dentures, partials, crowns, bridges, etc.
  -on-time arrival
  -overall quality of product

#8 Release

- Time at front desk post-appt.
- Compliments, Complaints
- Pre-schedule next phase of treatment
- Billing intake

#9 Follow-up

- Based on a criteria for follow-up
- How many patients each day vs. actual contact
- Problems post treatment
- Re-work
- After hours emergencies
  -due to dentist
  -due to assistant
  -natural causes

#10 Re-call

- % Appointment kept without change
- % reached 72 hours prior
- % no show
- Additional services sold at time of prophylaxis

#11 Billing

- Time from treatment to billing
- Accuracy of billing
- Average time to pre-authorize insurance work
- A/R outstanding
- # of files waiting for information

#12 Dormancy

- # of casual contacts during appointments
- Social, newsletter, etc.

How to Facilitate the Development of Performance Standards

Preparation:
- ❑ Large paper (approximately 4x6 ft.)
- ❑ Masking tape, thumbtacks, or pins
- ❑ Marking pens
- ❑ Recording equipment (if desired)
- ❑ Copies of Business Wellness Questionnaire(s)

Objective:
The process of capturing the Cycle of Customer Interaction is all about seeing the business from the customer's perspective. The natural extension of that process is to articulate a goal and accompanying performance standard for each point of contact you have with a customer.

Simply put, Performance Standards are the articulation of performance expectations for those activities that are most critical to your business success.

Conducting the Exercise:
1. Prior to the meeting have everyone complete the attached worksheet. (please note: you need to customize it for your client scenario)
2. Bring the group together to review their contributions. Have the group vote on the standards they think are most appropriate.
3. When completed, the group should decide how and where these standards will be published, how they will be monitored, and what the consequences are for achieving and/or not achieving the goals.
4. Here are some guidelines for this process you may find helpful.

Guidelines for Developing Performance Standards
1) Are they stated clearly and completely in writing? *(When you state your standards in writing, it shows you are serious about their implementation.)*
2) Do you have a method to keep the service standards constantly in front of the employees whose job it is to deliver those standards? *(This is a good place to have lots of posters, signs, coffee mugs, and buttons to remind everyone of the standards, especially at the moment of customer contact.)*
3) Are they observable and measurable? *(Only what you can see, hear or measure can be stated as behavioral standards.)*
4) Are they able to be attained by the majority of the employees? *(Impossible goals will just decrease morale.)*
5) Were the performance standards developed by a team of employees, management and customers?

(If you do not include the front-line employees, you run the risk of not getting "buy in" from them because goals are unrealistic. It is also a good idea to include customers so that you can be sure the standards satisfy your customers' expectations.)

6) Do they come as close to perfect as is possible in your environment?
7) Do they have the unequivocal support of top management and contribute to your organization's goals and mission statement?
8) Do you have a feedback system to help judge when a standard is found to be unrealistic or unworkable? *(In cases like this, the standard should be changed and all employees notified of the change. Again, it is best to take a team-decision approach when adding to or changing the standards.)*
9) Do you have some kind of disciplinary action for when the standards are not met? *(You need to let employees know that meeting and exceeding these standards is an important part of their job.)*

Performance Standards Worksheet

Please complete the following questions for each point of contact.

Point of Contact #1: (enter)

What is most important to the customer?
How can we measure our performance?
What is the ideal goal?
What is the associated Performance Standard?
Is this procedure/process for this performance expectation adequately documented?
Does everyone have the training needed to live up to the Performance Standards?

Point of Contact #2: (enter)

What is most important to the customer?
How can we measure our performance?
What is the ideal goal?
What is the associated Performance Standard?
Is this procedure/process for this performance expectation adequately documented?
Does everyone have the training needed to live up to the Performance Standards?

Point of Contact #3: (enter)

What is most important to the customer?
How can we measure our performance?
What is the ideal goal?
What is the associated Performance Standard?
Is this procedure/process for this performance expectation adequately documented?
Does everyone have the training needed to live up to the Performance Standards?

Continue developing this worksheet based on the number of points of contact specific to your client. Be sure to leave space between each question when you customize this document for your client’s scenario.

Painting Contractor's
"List of Permissions"

1. May we use the telephone - if so which one?

2. Which restroom would you prefer we use?

3. How would you like us to address you - Mr./Mrs./Ms.?

4. May we play a radio / "boom-box" while we work?

5. Where would you like us to park?

6. May we take "before and after" pictures?

7. Which entrance should we use?

8. Is there a sprinkler schedule we should be aware of?

9. Are there any pictures or artwork we need to be especially careful around?

10. Is there an Alarm System?

11. Are there special wires for Appliances/T.V./Stereo?

12. Where would you like us to start?

13. Are there any pets? Are they indoor/outdoor?

14. What are their names and would you introduce them to us?

Accounting Firm

Audit "List of Permissions"

So that we may conduct your audit with the least amount of disruption to your company and optimize our efforts while on-site we need to know the following:

1. Where would you like us to work?
2. What phones/fax machines/copiers may we use?
3. What phone number may we receive necessary calls on?
4. Where may we lock-up/secure our work papers at the end of each day?
5. How early and/or late may we work?
6. If we need to access information through the computer, which one may we use and are there any special passwords we'll need?
7. Are the working papers you supply us copies we can keep or do we need to make copies?
8. Where should we park?
9. What dress code would you like us to observe while on-site?
10. If we need any office supplies, where/how should we get them?
11. Which bathroom would you prefer we use?
12. Are there security measures we need to be aware of for entering/exiting the building?
13. What would be the best way for us to get answers to our questions? (person, time, etc.)
14. Are there any areas of the building that are off-limits to our personnel?
15. May we use your lunchroom and access coffee/refreshments while on-site?
16. Are there any deadlines or other business fluctuations that might impact our efforts that we should be aware of?
17. Which personnel should we call upon to help us pull documents for the audit?
18. When would be a good time for us to meet your personnel and hold a pre-audit conference?
19. Are there any limitations on who we can/can not discuss audit issues with?

Example: Accounting Firm

Translating Values and Goals Into Standards of Performance

<u>We value Quality Relationships</u>. Quality Relationships are defined as "mutually rewarding" for partners, team, and clients. It also includes how well we communicate and cooperate with each other. Ultimately this value revolves around respecting and trusting *people*.

<table>
<tr><th>Partner level</th><th>Team level</th><th>Client level</th></tr>
<tr>
<td>Communication needs to be Open, Honest and Timely.

We need to feel like we are not imposing and are available to each other. We need to feel comfortable asking for help. We seek to develop and maintain a cooperative spirit at all times.

We need to value our common ground and respect our differences.

We need to trust and respect the qualifications of each partner.

We must keep each other informed of any issue that might impact the firm within 18 months (positive or negative).

We must work towards positive, timely conflict resolution. To that end, we will review the culture of our firm and people on a regular (monthly) basis.</td>
<td>Same as Partners plus…

Partners make themselves accessible to staff by doing the following:

• Open-door policy at all times

• Sponsoring Progressive Luncheons

• Hosting regular social events:
BBQ's, Baseball games, Mystery day, Birthday celebrations, etc.

• Casual Mentoring Program
3 month rotation</td>
<td>For the client our dedication to quality relationships manifests itself in the following ways:

• 24 hour response to client calls – if not by principal than by his/her agent.

• Update voice mail to reflect absences from the office or availability.

• Set up e-mail to send automatic reply if you will be out of the office for more than a day.

• Timely confirmation of client correspondence – tracking system needed

• "No Surprises" billing or work flow - this will require a better effort towards planning and communicating the scope of an engagement up front.

• Meet with top clients on a quarterly basis – each partner will include this in their annual plan.</td>
</tr>
</table>

• = action items – performance

<u>We are dedicated to Excellence.</u> Excellence is defined as the unqualified commitment to client needs. This value revolves around continuous growth and attention to client service.

<table>
<tr><th>Partner</th><th>Team</th><th>Client</th></tr>
<tr>
<td>We want to be known as “the best” for identifying and responding to the overall needs of our clients.

We want to continue to build our reputation for being resourceful and relationship oriented. We acknowledge we are selling a “total package” of services to our clients - not just our technical abilities.

We need to be able to acknowledge our limitations and reach out to find the answers our clients need.

We believe Continuous Learning is a cornerstone of our pursuit of excellence, including:

• Average of 40 hours per year CPE.

• Partners will submit an annual education plan/budget to further their skills above and beyond minimum standards.</td>
<td>Same as Partners plus…

• Each team member will submit a plan for furthering their skills above and beyond professional minimum standards. This includes admin staff as well.

• Meaningful performance reviews – career planning

For each Service Line we have:

• Internal Peer Review – Programmed “Teaching Moments.”

• Job Closing Evaluations

• Written procedures manuals for each service line.

• Quality Control Diary to “capture” issues for review and revision.

• Better Systems development and adherence to standardized procedures.</td>
<td>Benefits to the client:

Our team approach to client service guarantees a better solution for clients.

We work hard to communicate the technical aspects of our work in practical terms that are meaningful to the client.

We “own” the result of our advice by working with clients through implementation.

• The firm stands behind its work with a guarantee of satisfaction for clients. Additionally the firm will cover any penalties associated with errors made by the firm.

• The firm carries Errors and Omissions insurance to protect the client and the firm from a significant loss.

• The firm strives to minimize business disruption for their clients by following the performance standards outlined in the firm’s “List of Permissions.”</td>
</tr>
</table>

• = action items – performance

We respect and encourage a balance between one's personal and professional life. This also includes a commitment to supporting each other and the community at large. This value honors each person as an individual and supports their greater needs.		
Partner	**Team**	**Client**
We believe strongly that in order to get the "best" out of each of us, we must have balance in our lives. Recognizing that it is sometimes difficult to achieve balance and that each person's definition of balance is different, partners will hold each other accountable (in positive terms) to their plan. • Partners will submit their plan for community involvement.	The firm encourages every employee to define and maintain their own sense of balance. Whenever possible the firm supports the personal or family need of each employee. Each employee will outline their needs in their annual plan. Team members are encouraged to participate in community events and activities. • The firm supports participation on Non-Profit boards. (i.e. up to ? hours per month on firm time). • The firm sponsors community involvement through their participation in the Adopt a Family program and Baseball Day.	• The firm has a strong history and will continue to support the charitable efforts of their client base. (annual budget) • The firm is also willing to commit firm resources (time and service) towards the needs of organizations that share the firm's values.

• = action items – performance

<table>
<tr><td colspan="3"><u>We strive for an effective, competitive business.</u> This encompasses our firm’s business model including client mix, service mix, production, marketing, and personnel. This value speaks to prosperity and happiness for all those associated with the firm.</td></tr>
<tr><th>Partner</th><th>Team</th><th>Client</th></tr>
<tr>
<td>• Each partner will submit an annual plan outlining their goals for the following:

Annual Billings
Personal
Under management
Average realization rate
New client acquisition
client attrition rate
Existing client growth and /or expansion
Marketing

• Each partner will be compensated based on the achievement of the goals stated in their personal plan.

• Each partner must be willing to be “managed” within the context of the firm’s overall strategy.</td>
<td>• Continually mentor and develop the skills of existing team members.

• Institute a niche oriented, high-end hiring strategy to support the development of a “boutique” type firm. To do this, the firm will be focusing on hiring personnel with deeper knowledge in specific niche areas.

• Develop and maintain a competitive compensation package with a focus towards long-term loyalty.

• Hire to maintain at least one-person excess capacity at all times.

• Develop an automated people and project management system to maximize firm productivity and minimize backlog and conflicts.

We must continually increase our knowledge and use of leading edge technology to better interface with clients and streamline our operating efforts.</td>
<td>Benefits to clients:

• By eliminating inappropriate clients from the firm it will free up more capacity for “A” clients and future prospects.

• Institute and ongoing feedback process with clients including:

Exit interviews
Satisfaction Surveys
Advisory Boards

Our being competitive provides better value for the client.

We are able to grow with the needs of our clients.

We are able to provide long-term continuity of relationship with our clients.</td>
</tr>
</table>

• = action items – performance