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Resource Journal

Resource Solutions of the Carolinas, LLC

Congratulations! You have a 95% Customer Satisfaction Rating. Are you safe? Maybe, but probably not!

Foremost, you must truly understand the most significant aspect of what is being reported. The 95% approval is great, but is this really where new opportunity lies for you? You must understand that this is not the equivalent of a 6 σ '"Customer Voice"! So even if there were no other problems associated with 95%, this would be (at least) an *impediment* to your next level business goal. Hopefully you are starting to realize that your primary focus should be the fact that you have 5% UN-satisfied customers. Unfortunately it's more than likely not the only problem.

In our business, it's not hard to find people who tout the customer satisfaction survey as though it were from the 'Burning Bush', only to find themselves a short time later in dire straits – WHY?

It's easy to identify that the survey was faulty, it's true- many surveys are poorly constructed {In fact, poorly constructed surveys are a major source of dis-information and cost business million of dollars a year…But that's the subject of another article}. But more important, even a well done survey won't tell you the vital information you need to avoid catastrophe. The reason is that even a simple business is a complicated undertaking...And to properly access options you need multiple information streams to accurately assay your surroundings.

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Points of Interest:

- **False Positive**
- **Dis-Information**
- **Law of Numbers**
- **Pareto Analysis**
- **Key Elements**

Events:

The Nexus Partnership **TBA**

Events:

Look for upcoming information regarding The Nexus Partnership. A new approach to network marketing.

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Ford Introduces the Edsel

Let's say you're a small ($1M) business with 20 customers - following Pareto Theory, 20% account for 80% sales, so in this example 4 accounts would constitute $800,000…Could one of these be the dissatisfied 5%? Let's take a moment to reflect - Would losing 5% of your sales materially damage your business? Maybe, maybe not. It depends on the relationship to your contribution hurdle (is there enough revenue to justify activities) and more important - net margin. . .
An additional and maybe greater consideration, There is often a Pareto within a Pareto: Does one customer account for 10, 20, 30% or more of your sales? If yes, that's an existential threat to your organization. If (s)he's the unsatisfied 5% - you're dead!). Understand that if the contribution level of the unsatisfied client is high; and it were to be altered significantly the result will deal such body blow your business that it probably will not recover. The importance is that it impacts cash flow to the extent that it's difficult to purchase additional resources, which will diminish your ability to take on new projects or even service current ones
If you think the $1M dollar figure was so small it doesn't affect you, note that the negative impact increases exponentially as the organization becomes larger (in addition to finances, there are quality image, market position, business reputation, sales force morale and other concerns…Especially in the age of Face book, Twitter, etc.). If you think that you're so small it doesn't apply to you, remember the smaller you are the less margin of error you have to survive a storm.
So Customer Surveys must be reviewed in concert with other vital data and information. So what is most vital?

KEY ELEMENTS:

1) True Cost - not standard

2) Net margin - in total

3) Contribution – in total

4) Customer Segmentation - contribution from each account

5) Customer Segmentation - net margin from each account

6) Customer Survey -correctly constructed to assess how customer/ clients REALLY feel

Properly understanding this information you'll never be surprised, experience cash flow problems such that you're late and have to pay penalties rather than take discounts. Or unable to complete current projects or finance new ones. It'll also tell you which projects to add and some that may need adjusting or even pruned.

Mercedes Purchases Chrysler