



Wysowl Pty Ltd

ACN 010 677 022

10 Jacksonia Drive
WARNER QLD 4500
Ph: Intl+ 61 7 3882 1822
Fax: Intl+ 61 7 3882 1800
www.wysowl.com.au
john@wysowl.com.au

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THE BLIND KING AND HIS QUEEN
(Quality and the Customer)

By John McConnell

It is a popular part of our business folklore that the consumer is king. The consumer creates demand, and satisfies supply. The consumer is judge, jury and executioner in a free marketplace. All this is supposedly well understood in business circles. Perhaps it is, at a logical level; but how many directors, executives and managers have, at a visceral or emotional level, a genuine passion for customers and customer service?

Mr Ken Sasaoka, past President of Yokogawa Hewlett Packard, was being quizzed on this point by the audience at an Australian seminar where he was the principal speaker. He had chastised Western managers for being too remote from their customers; for not taking the time to study personally how their product or service was used by customers and how it might be improved. One member of the audience finally challenged Mr Sasaoka to tell the audience how much of his own time was spent in contact with customers. Several minutes were then spent clarifying the question until a definition of "customer contact" was struck. In this case the chosen definition was: "Either face to face or telephone contact with a customer". The President of Yokogawa Hewlett Packard then responded: "Oh, about 20 to 25% of my time". The audience was struck dumb. Some were staggered that such a high ranking executive spent so much time working with customers. Others could not believe their ears. Still others just could not believe Mr Sasaoka. What they had heard did not fit their mental models. Company presidents simply didn't do that kind of stuff...did they?

Suppose for a moment that you are a sales representative for a paint manufacturing company. Your manager has left you in no doubt that you are expected to increase market share. You call on a factory that purchases from a competitor, only to find that it has scant interest even in investigating the potential benefits your product might bring. You

investigate further and find that your major competitor has for years had technical people working with this customer. Technical and production people from both supplier and customer jointly studied the customer's process and product. Over the years, this supplier has solved many problems for its customer. Some years ago a viscosity problem was found to be caused by an inadequate testing and mixing process in the customer's plant. The paint was fine, the problem was how it was handled and used by the factory staff. Nonetheless, the supplier installed bulk paint holding vessels and automated thinning and blending equipment that ensured that the paint delivered into the spray booths did a good job, at low cost, every time. The customer paid only for the paint used. Paint in the bulk vessel remained the property of the supplier. In addition, the customer no longer ordered paint. The bulk storage vessel contained sensors that the supplier could read from its own premises. The supplier tracked the usage rate and the vessel levels and refilled the vessel as necessary.

So, in summary, the manager of this customer factory had for years enjoyed the benefits of the supplier's technical folk working in his plant, helping to solve his problems. He has nil inventory of paint. His supply staff need not order paint, and the paint quality is uniformly excellent. How do you rate your chances of capturing this business? It might be done, but to take business away from another supplier that has this level of commitment to customer service would be no mean feat. This example is no figment of the imagination. It is real, but such examples are not yet as commonplace as one might hope.

WALK A MILE IN THE CUSTOMER'S SHOES

In the early 1980s an Australian company, W. A. Deutsher Pty. Ltd., produced self drilling and self tapping screws. It had lost much of its business to cheaper imports. Part of its strategy to avoid more losses was improved customer satisfaction. Their

customers had been calling for greater drilling capacity; so the engineers developed a product with the features customers had requested. The result, however, was that customers demanded even more drilling capacity. After much frustration, a ground up analysis of customer needs was undertaken. Instead of relying on customers to tell them what might help improve the product they sent technical and production people to visit construction sites to study how their product was being used. They built frames in their factory and asked contractors to come and show them how their product was used to fasten profiled steel sheets.

The results were as illuminating as they were unexpected. The major issues amongst contractors were speed of installation and damage to the sheet metal being fastened. The contractors reasoned that greater drilling capacity would improve speed of installation. In fact the reverse was true for the type of product involved. When the engineers changed the screw design to increase drilling capacity, a necessary trade-off was to reduce installation speed. How could the customers have known better? The customers were contractors, with no engineers or metallurgists who might have the necessary knowledge to understand both the problem and its solution.

Further investigation revealed that many assumptions about how their product was used were wrong. For instance, W. A. Deutsher thought that screws would be inserted at a right angle to the sheet metal but found that in practice, many were inserted at a wide variety of angles. The introduction of thinner, higher tensile sheet metal together with the existing design of the screw points was causing a high level of "skip" and "wander" that damaged the finish on the sheet metal as operators commenced drilling. Finally, their exhaustive research resulted in a new screw design that required both a new design and a new production process. Not only did this company regain much of its lost market, it was able to export product into the Asia-Pacific region from whence its major competitors came.

W. A. Deutsher's engineers tested the use of their product yet again. Customers were much impressed with the new product, but the engineers discovered that contractors often did not use a depth-set-gauge on the power drill used to drive the screws. This resulted in the over-driving of some screws which in turn damaged the sheet metal. Even if the metal was not visibly damaged, slight over-driving could leave a dimple in the metal, preventing an effective seal and allowing rain water to leak between the fastening and the sheet metal. Once again, the contractors had not mentioned this to the manufacturer; it was caused by operator error. Whilst the contractors struggled with operator education, W. A. Deutsher designed out the problem.

Another new product was designed that had a second thread at the head. This thread not only pulled the sheet metal onto the screw head providing a highly

effective seal, but also it prevented over-driving to the extent that the harder the operator tried to over-drive the screw, the more resistance it provided. The problems all but disappeared. Another benefit provided by the new product was improved performance under cyclonic wind conditions.

Many other improvements not mentioned here were made. They are not necessary to make the salient point. Listening to customer's complaints or wishes is not enough. By itself, it can at times be misleading. What is necessary is to study product and service in the customer's hands. How could the customer have demanded either of the new products mentioned in this case study? They had no way of knowing what was possible.

Another case study often quoted by Dr. R. Ackoff involves a Boston menswear store that decided to use customers to help them to create an ideal design for their store.⁽¹⁾ In this case, the customers knew what they wanted, but had never been asked about their needs and preferences. The store discovered that customers did not want the lowest price for a predetermined level of quality; they wanted the highest possible quality for a predetermined price. Most men walk into a store knowing roughly what they want and about what price they are willing to pay. They then choose the best quality their budget will allow. In addition, because they already have a good idea about what they want, and because they generally do not enjoy shopping, most customers were frustrated by the store layout. Instead of grouping like products, customers preferred like sizes to be grouped. In this way the customer can walk directly to the section that contains his size and rapidly select a new suit as well as a couple of shirts. The study also revealed that most customers wanted female sales attendants, because they were more likely to trust a woman's judgement about how they looked in a certain suit. Finally, whilst customers did want sales assistants present, they did not want to be pestered by them. Instead, they wanted the sales assistants to wait until the customer asked for assistance.

If it is true that the customer is king, it is also true that sometimes, the king is blind.

Amongst professionals who conduct customer or employee surveys it is axiomatic that many surveys fail to indicate what respondents to a survey think or do. All we can be certain about is what the respondents **say**. In too many cases, a chasm exists between the two. It is common for the things about which customers complain to have little or no bearing on their purchasing decision. It is the job of management to undertake the studies that will better determine how product and service can be designed to create delighted customers.

Another excellent case study about how one might improve the performance of product and service involves the Japanese camera company, Konica. Despite high levels of technical excellence and customer satisfaction, Konica searched for ways to

improve the performance of the product in the customer's hands. The company arranged for technical representatives to sit beside the operators who developed the film and produced the prints. With check sheets these people recorded the unsatisfactory prints and the reasons for the imperfections. Two chief causes for poor photographs were underexposure (needed a flash) and out of focus prints. These problems had been highlighted neither by customer surveys nor by requests from distributors because they were considered to be operator errors. In 1975 Konica launched the first 35mm cameras that featured a built-in flash and an auto-focus system, and revolutionised the industry.

It is important to recall that the customer was content with the original camera. The problems that existed were considered to be a function of inadequate operator skill. Before 1975, the customer had no way of knowing that these problems could be designed out. Only the camera companies and technical folk from this and allied fields were in a position to know what was possible.

THE KING IS BLIND

The customer may be king, but all too often the king is blind. His suppliers must see for him; must see how product and service might be improved in the customer's hands; must see how problems with installation and use could be designed out.

All this is a far cry from recording and acting on customer complaints only. Many companies have genuinely responded to customer complaints only to find that their remedial action has little or no impact on the customer's purchasing decision. Customers are people, and people are emotional creatures. What they complain about is not necessarily the same as what will impact on their purchasing decisions. One reason for this is that complaints focus on the negative aspects of a product or service only. Too often the positive aspects are ignored, and yet they may have a greater impact on purchasing decisions. As Mr Bill Scherkenbach has said so often, the lack of a negative does not indicate a strong positive.⁽²⁾ One bank noted that a common complaint from customers was the length of time spent waiting in a queue. They worked hard to greatly reduce the time customers spent in a queue, only to note that it made little impact on the decision customers made about which bank to use as a lender. Another bank focussed on developing lending products tailored for specific market niches, and watched their market share grow as a result.

When VCRs were launched, the Beta units were considered to be technically superior to the VHS version. Yet how did the Beta owners react when they discovered that the video library for Beta was a fraction of the size of the VHS library, and that some of the popular movies were available only on VHS? The technical superiority of the Beta units was overpowered by the superior service (film library size) of the VHS machines and Beta VCRs disappeared from the retail market.

Dr. Walter Shewhart observed that the customer's perception of product and service is nearly always subjective⁽³⁾. It is how the product or service makes the customer feel that is important. Market researchers note that many people tend to rationalise an emotional or subjective response to a product into seemingly more practical or rational terms. Sometimes the loss in translation is profound.

Customer surveys are notoriously inaccurate when conducted by anyone other than an expert; and even experts experience difficulty. A better way is to study not only what customers say, but also that which makes them feel good about a service or product, or how a service of product makes them feel about themselves. What people **do** is a far more reliable indicator as to how they feel than is what they say.

WHO IS THE CUSTOMER?

In many cases the final consumer does not make the purchasing decision, even though it is the consumer who eventually pays the bill. Spark plugs for cars are one example. Very few consumers know what brand is used in their cars because usually the mechanic is the one who installs them. The selenium drum in photocopiers is another example. The company servicing the machines makes the decision as to which brand of drum to use. In these cases the manufacturer may have several customers whose needs and wants must be taken into account. The wholesaler, retailer and mechanics all have needs or problems the manufacturer can address. This is best done by visiting each customer group to see how the product is stored, shipped, installed and used. Often, the supplier's eyes will see things the customer does not

In one bank a newly appointed State Manager noted that whilst great emphasis had been placed on customer service levels, not a great deal had changed. Branch staff had measures of customer service included in their accountabilities, and still little improvement was evident. Pay rises were linked to service performance, and yet the problems refused to go away. The new State Manager addressed his senior staff at a seminar. He left no one in any doubt that the depositors were customers of branch staff, and the remainder of the bank's people, at regional and head office, should view the branches as their customers. He gave them a new job, to help the branch staff provide better quality service.

Subsequent studies of major processes revealed that the Juran rule applied, and that 80% of the issues came from 20% of the causes. Also, the great bulk of the causes of problems were built either into the processes or the products themselves. Not until the managers at regional or head office levels visited the branches and worked alongside branch staff did they realise what could be changed to help these staff to do a better job. In nearly every case the authority to make the necessary changes was vested at regional or head office. The job of management ought to be to help their people to do a better job.⁽⁴⁾

A LOGICAL KING?

Consumers are more directed by their physical and emotional sides than they are by reason. For evidence of this we need only to visit any advertising agency. Advertising agencies survive or perish based on their ability to make service and product attractive to consumers, usually by creating emotional impact. Although advertising generally reflects current social values, there are some deep underlying themes that persist. Advertising agencies are a pragmatic lot. An approach either works or it does not. Over the years, they have largely figured out what works. Whilst some elements of society rankle at many advertisements, there's not much evidence of change. Advertising agencies know that an appeal to the reason of readers or viewers is seldom as potent as a message aimed at a much deeper physical or emotional level.

Building emotional bonds between customers and a company's products and services is central to creating customer loyalty. Harley Davidson knows this. So too do the manufacturers of the so-called "sin products" such as tobacco, alcoholic beverages, fast food and coffee.

THE QUEEN OF THE MARKETPLACE

An interviewer once remarked to the famous military thinker, Von Clausewitz, that every army that had ever gone to war claimed to have God on its side. What did the renown Von Clausewitz think? "God," replied Von Clausewitz, "is on the side of the big battalions." Given that the opinion expressed was in the context of Europe, and that in that arena opposing armies were generally possessed of similar technology, Von Clausewitz probably had a valid point.

However, when the technologies of opposing forces are vastly different, not even huge numerical superiority on the part of the technologically inferior troops is likely to help much. The excellent movie *Zulu* portrays how just over 100 British soldiers withstood attacks by over 4,000 Zulu warriors at Rorke's Drift. The British soldiers were magnificent. Nonetheless, the Zulu regiments were every bit as brave and as disciplined as were the British. The big difference, apart from numbers, was technology. The sheer weight of Zulu numbers was no match for British breech loading Martini-Henry rifles.

If Von Clausewitz were alive today, he would probably respond: "God is on the side of the higher-tech battalions". Certainly this seems to be the case in commercial activities. Whilst good leadership, high morale and efficient operations are definitely important assets in business, there is a limit to how much these aspects can offset a technological inferiority.

The famous American statistician, Dr. W. E. Deming, was fond of pointing out that customers created less demand for new products or services than did innovation.⁽⁴⁾ Customers did not demand electric light. Edison created it with new technology, despite ridicule and opposition. The customer had no way of knowing that electric light was possible until Edison

invented it. Demand did not create calculators, computers or the World Wide Web. Inventors did, by the creation of new technology. The marketplace had no way of knowing in advance that these things were possible. Customers might sometimes adequately report what they don't like about existing product and service, but often are powerless to help develop new products or service. How could they have demanded quartz watch technology when they did not know it was possible?

Continual improvement of product, service and process is necessary, but it is insufficient protection for any enterprise. A competitor who introduces new innovations will eventually emerge. The world's best manufacturer of valve radios was no match for the maker of the first transistor radios. In the end, new and superior technology will prevail in most cases.

Having placed so much emphasis on technology, it is important to note that a significant proportion of the quality and productivity improvements reported at seminars and conferences conducted in the past twenty five years have been achieved using existing technology. Many companies reported improvements valued in the millions of dollars before they considered replacing the technology already in use. In some cases, the cash benefit gained by these improvements has wholly or partially paid for new technology.

Technological superiority alone will not necessarily overwhelm the competition if that superiority is not clearly evident to consumers. The technological superiority of the British was painfully evident to the Zulu warriors at Rorke's Drift. This is not always the case. Experts agree that the Beta format is technically superior to VHS. Despite this, Beta has disappeared from the market except in commercial applications because in the customer's eyes the technical benefits were small or invisible compared to the service disadvantages. Your technical people might be convinced of the technical superiority of their technology or product, but if the customer's subjective assessment is otherwise, the engineering perspective is irrelevant.

Even companies who provide first class service or which are excellent at wringing the utmost out of existing technology or products can not afford to lag too far behind their competitors in terms of innovation. Like the Canadian Mounted Police, who always get their man, the queen of the marketplace will eventually get her king.

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