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# Integrating Inputs

## A system to capture and react to VOC data can pay dividends

**OBTAINING VOICE OF** the customer (VOC) information is always important because a business' survival depends on a person choosing its products over a competitor's products. Gathering VOC can become an ineffective silo activity, however, if it is not integrated within the overall business system.

If you ask any organization's directors, they would probably say that they are receptive to VOC inputs. But how responsive are they? When organizations think of VOC, they often visualize a survey's evaluation numbers. But there are many other ways customers speak to organizations. When customers communicate through these additional channels—and the organization actually listens to what customers say—a diamond in the rough could be uncovered.

Consider complaint letters a CEO receives. Are these letters sent only to the process owner to get the complaint resolved as quickly as possible? Or are the letters also sent to a trained lean Six Sigma team that can analyze VOC responses collectively to try and identify whether an overall system process improvement is needed?

It seems that most organizations focus on addressing the immediate issue without considering similar issues that other customers could have and simply choose not to write the CEO.

What organizations need is a system to capture and analyze all sources of VOC inputs, as shown in Figure 1. This information—which can include comments from social networks—can be valuable to an organization when deciding on improvement areas.

### Choosing the right metrics

What is a good VOC metric? Most think customer satisfaction is the best indicator. But is this commonly used evaluation measurement the best approach?

Unlike customer satisfaction, a loyalty metric is geared more toward behavior than attitude. When customers are loyal, they exhibit nonrandom purchase behavior. A loyal customer has a specific bias about what to buy and from whom. The term "loyalty" connotes a condition of some duration in which the customer's purchase is not a random event. An example of this behavior is someone who first attempts to use a particular airline when scheduling a reservation because he will receive frequent flyer miles and early boarding, even if he is not necessarily satisfied with the company's service.

Two important conditions associated with loyalty are retention and total share of the customer's business. Customer retention describes the length of relationship with the customer, as well as frequency of purchase. Customer retention rate is the percentage of customers who have made a number of repurchases during a finite period of time. Total share of the customer's business denotes the percentage of his budget spent with an organization.

This perspective could lead to the following metrics:

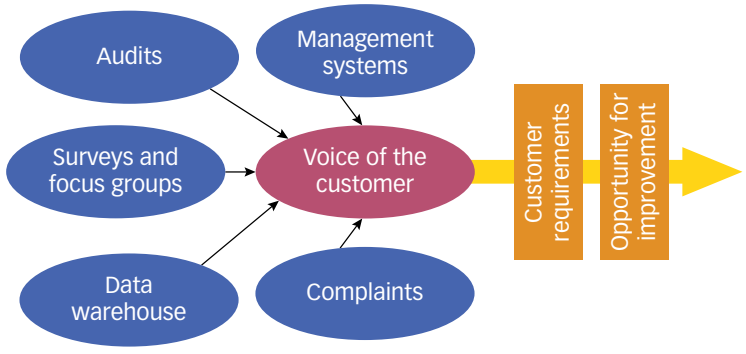
- New client retention rate.
- Client retention rate.
- Client turnover (attrition) rate.
- Customer share.

Secondary metrics could include:

- Repeat purchases.
- Average purchase amount.
- Frequency of purchase.
- Purchases across product and service lines.
- Percentage of new customer referrals from existing customers.

Organizations benefit when the VOC originates from multiple sources in which this information is integrated so efforts can be made in areas that improve client retention measures. The analytical skills taught in high-quality lean Six Sigma Black

**VOC sources for improvement opportunity identification** / FIGURE 1

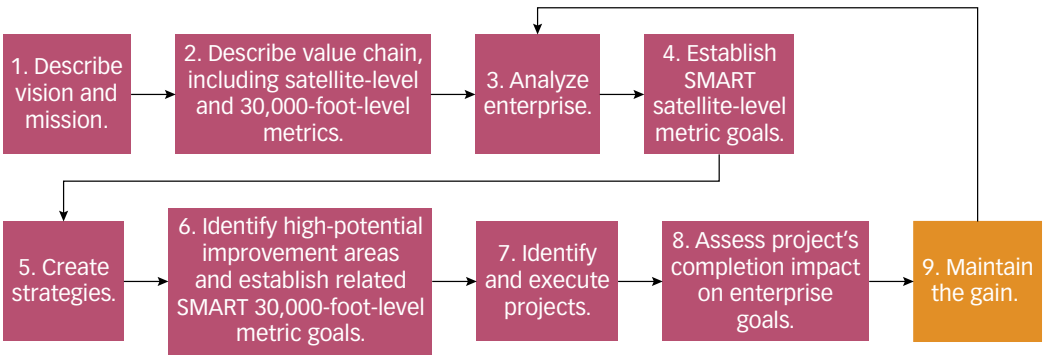



VOC = voice of the customer

Belt (BB) and Master Black Belt (MBB) training can help organizations achieve these objectives.

In a business-to-business sales environment, consider who the customers are. Often, there are three customer types: buyers, doers and users.[1] When designing a product, organizations might give a primary VOC focus to users; however, a policy or some other obstacle could prevent a corporate buyer from purchasing the product.

**System for capturing and reacting to VOC strategically** / FIGURE 2




SMART = specific, measurable, actionable, relevant and time based
VOC = voice of the customer

For example, a product development team added functions to a product to achieve user-VOC desires. The changes also drove up product price. The corporate purchasing department is the buyer of the product, however, and might be required to purchase products from the lowest bidder as long as minimal requirements are met.

Another reason for a nonpurchase might be that middle management, as a doer, might not approve the product's purchase because managers at this level don't appreciate the benefits relative to overall organizational needs. Hence, even though the user would prefer your product, either a lower-cost buying decision was made to purchase a competitor's offering, or a judgment was made to spend monies elsewhere.

Some of the questions you should consider when obtaining VOC inputs from buyers, doers and user sources are:

- **Buyers:** Why do customers buy? What is the basis of comparison for buying?
- **Doers:** What functions should the middlemen perform? Where are the bottlenecks in the process?
- **Users:** What functions should the product or service deliver? What style or image fits best?

## VOC integration

During a strategic planning session, executives might list customer satisfaction as an incentive for the next year. But why should customer focus be strategic one year and not the next? What should be done differently depending on whether customer focus is the stategy? Shouldn't the organization always be listening to the customer and taking appropriate action so it leads to sales and repeat business?

It makes sense to use a business management system in which key metrics are continually tracked using a predictive scorecard system. That way, adjustments can be made to the process whenever a desired response is not anticipated.

The nine-step Integrated Enterprise Excellence system provides a means to accomplish these objectives and VOC integration.[2] In Figure 2, step two can address VOC procedures and measures, while step five is where VOC inputs are considered part of enterprise strategy development.

Figure 3 (p. 66) shows an example of a long-lasting value chain, referenced as step two in the nine-step business management system. Rectangular boxes represent process functions that can have procedural drill downs, while the oblong boxes are the appropriate metrics for each function from a quality, cost and time perspective. Each of these metrics could then be tracked using a 30,000-foot-level[3] predictive scorecard system.

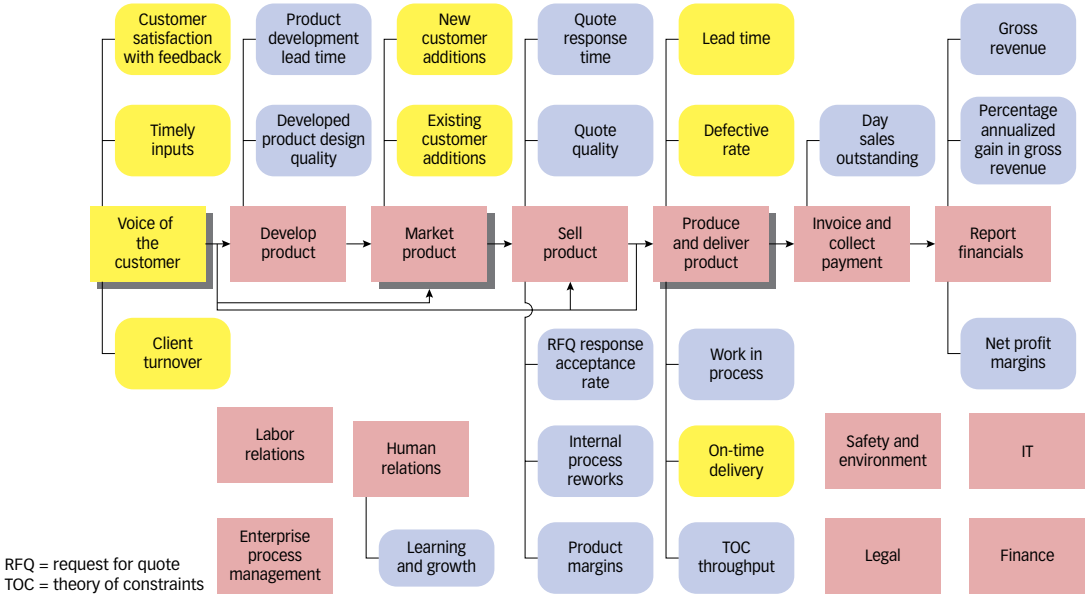
The highlighted boxes represent either VOC-acquisition process steps or associated metrics, including lead time, defective rate and on-time delivery, which are metrics that often have a direct impact on an external customer's product perception.

The lower-left box in Figure 3 is labeled enterprise process management. Some lean Six Sigma BBs and MBBs could be a part of this function, which is to orchestrate the management system described in Figure 2; that is, broadening the application of the tools that belts should possess to the overall business management system.

A drill down of the VOC function, for example, would lead to a description of how the organization obtains inputs from many potential sources, as shown in Online Figure 1, which can be found at www.qualityprogress.com.

The process swim lanes describe capturing VOC inputs from various viewpoints and a data warehouse system analysis of this information. Lean Six

## Value chain with external VOC process and metrics highlighted in yellow / FIGURE 3




Sigma BBs and MBBs should have the skills to conduct this type of analysis, which is considered a corporate job-retention skill set.

Typical areas for VOC organizational strategic improvements that can lead to customer loyalty, as described in step 5 of Figure 2, are:

- Reduced defective rates (external customer).
- Improved on-time delivery (external customer).
- Reduced work in progress (internal customer).
- Increased function (external customer).
- Reduced costs (internal and external customer).

When projects to improve these metrics are undertaken and completed as lean Six Sigma projects, demonstrated improvements in the process would be the transition of the measurement to an improved performance level.[4]

### Implement and involve

It seems when times get tough, lean Six Sigma BBs, MBBs and other process improvement practitioners are one of the first to get downsized out of the organization. To avoid this problem, organizational quality advocates need to work at integrating their efforts into the overall enterprise business management system.

For this integration, direct links needs to be shown between how their undertakings are improving operational performance metric improvement needs and how the business as a whole benefits. Demonstrating this payback needs to occur before executives start looking to reduce headcount.

When there is direct alignment of process improvement activities to the overall business needs from the point of view of an enterprise's profitability and growth, executives will not be laying off lean Six Sigma practitioners who help them achieve their financial objectives.

It's vital for organizations to have a system in which the wise application and blending of analytical and innovative skills facilitates capturing and reacting to VOC inputs. In training, lean Six Sigma practitioners should have learned these skills and should be able to facilitate the implementation of this business management system.

When this occurs, executives will see tangible results from their improvement efforts, which will not only increase lean Six Sigma practitioner's job security but also help customer loyalty numbers go up. QP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4. Ibid.


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