

Service Quality in Times of Crisis

The economic situation we are experiencing across the globe is causing the majority of companies to concentrate on cost reduction as a means of putting themselves in the proper crisis mode. This mentality, however, can bring disappointing results if companies don't simultaneously make a strong effort to provide quality services to their clients.

During times of economic crisis, company strategies are oriented towards a different kind of planning in order to adequately adapt to the new reality. Focusing on more profitable and simpler markets, modifying commercial offerings, personnel reductions, eliminating inefficiencies at all levels and enabling outsourcing are some of the strategic directives traditionally implemented as a reaction to less than favorable economic circumstances. Cost reduction becomes the main goal for a majority of companies.

One item not often taken into consideration, however, is the potential for deteriorating service quality that could be caused by this type of mentality if the certain precautions are not taken along the way. This means that should results become broad ranging, there is a significant risk of failure for even the best laid of plans.

Market evolution in the last few years, which has been excessively rapid in some sectors, has caused a notable increase in both competitiveness and the demand for compliance with more sophisticated client service quality requirements. The level of quality offered by companies has become extremely important and is now one of the most important factors when deciding which service supplier to contract. This has forced companies to guarantee certain minimum quality thresholds pursuant to client expectations in order to maintain appropriate levels of client satisfaction and avoid the loss of clients to the competition.

Given the realities of the current economic environment, this attitude has become even more important. At this point in the crisis, there is not doubt about just how difficult it is to attract and maintain valuable clients or their importance as the key to any company's future. At the same time, however, adapting costs to the realities of the continuing crisis does not cease to be a fundamental issue. Thus, companies must have a clear idea of how to combine their economic-financial and service quality initiatives in order to maintain positioning while at the same time minimizing the impact of the crisis on overall results.

Furthermore, it is important to keep in mind that offering quality services is a valuable company asset that is generally acquired over the course of the medium to long-term and requires significant investments. It is also an element that can be easily lost in the near-term if adequate prevention measures are not implemented in a timely manner.

There are a variety of traditional planning measures that offer mechanisms that are designed to effectively manage quality improvement and management issues (CEM, SERVQUAL, EFQM...). These initiatives offer a broad ranging solution for dealing with different items. Such solutions, although perfectly valid for accomplishing their pre-established goals, are not able to resolve the complex equation put forth by the

business environment arising from the current crisis; which involves the need to reduce costs across the board without harming the level of quality offered in the marketplace. Achieving such requires the development of both a new framework and tools that allow for improving client satisfaction at a minimum cost to the Company. This means integrating a quality strategy as a specific, tangible and measurable economic-financial component.

How to Face Up to This Challenge

In order to offer an effective solution for the aforementioned quality issues, and effectively deal with the new economic realities, the “traditional” concept of quality must be modified. The new attitude towards quality must include a triple-perspective: external (target client perception and satisfaction), internal (operations) and economic-financial (revenues / costs).

The key to effectively dealing with this new paradigm is to establish an accurate link between the quality perceived by the client (and the impact of the same on client satisfaction) and the quality generated by company operations. In the past, companies have managed the information generated by both of these areas in an isolated manner. On one hand, organizations have dealt with improving client satisfaction and on the other, operational improvement and related cost reductions. Their reasons for acting this way can be attributed to the inherent complexity of many types of operations (the value chain includes an ever increasing number of players, both internal and external), the accelerated evolution of client requirements or the different quality related “lexicons” made use of by the business and operational departments.

The link or alignment between the quality versions from both the client and company point of view allows for obtaining accurate knowledge on “which buttons to push” and how to integrate the economic-financial perspective in a reliable manner. This in turn permits the start-up and use of a tool capable of dealing with the issue of quality in an effective and efficient manner:

- the optimization of service quality costs and investments, resolving those operational elements having the highest ratio of “impact on satisfaction: cost to the company”.
- cost reduction for certain operational elements without harming levels of client satisfaction.

This will also strengthen the strategies specifically designed to effectively to deal with the crisis, thus minimizing the risks arising from the consequences of said crisis on the level of quality perceived by clients and allowing the organization to take advantage of the possibility of differentiating its products and services from those offered by the competition.

Summary:

In order to successfully face up to the crisis, within a highly competitive environment, having a robust economic-financial strategy that is accompanied by an appropriate client satisfaction plan is of vital importance.

Given the new economic reality, it is necessary to modify the way the quality issue has traditionally been dealt with. This change includes the integration of a triple perspective: client, operations and economic/financial.

If an organization understands how to manage its affairs in an innovative manner, service quality will become a highly differentiating asset that will provide significant benefits over the course of the period of time required for adapting to the new business realities.

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