

IE407 Total Quality Management

Lecture 10

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Reminder: SA grade

- ▶ SA grade will be determined by the attendance system
- ▶ More than 8 absents will automatically lead to SA grade
- ▶ Please be careful about your attendance in lectures



ASQ: Customer Satisfaction

- ▶ Read the web page at the following URL:
<https://asq.org/quality-resources/customer-satisfaction>
- ▶ The above referred web page provides links to customer satisfaction examples and articles
 - ▶ It is a good idea to read them





Besterfield Chapter 3: Customer Satisfaction



Customer Satisfaction

- ▶ Customer is the most important asset an organization has
- ▶ Quality of a product or service is measured by customer satisfaction
- ▶ Customer satisfaction is given primary importance in both:
 - ▶ ISO 9000:2015, and
 - ▶ Malcolm Baldrige National Quality Award

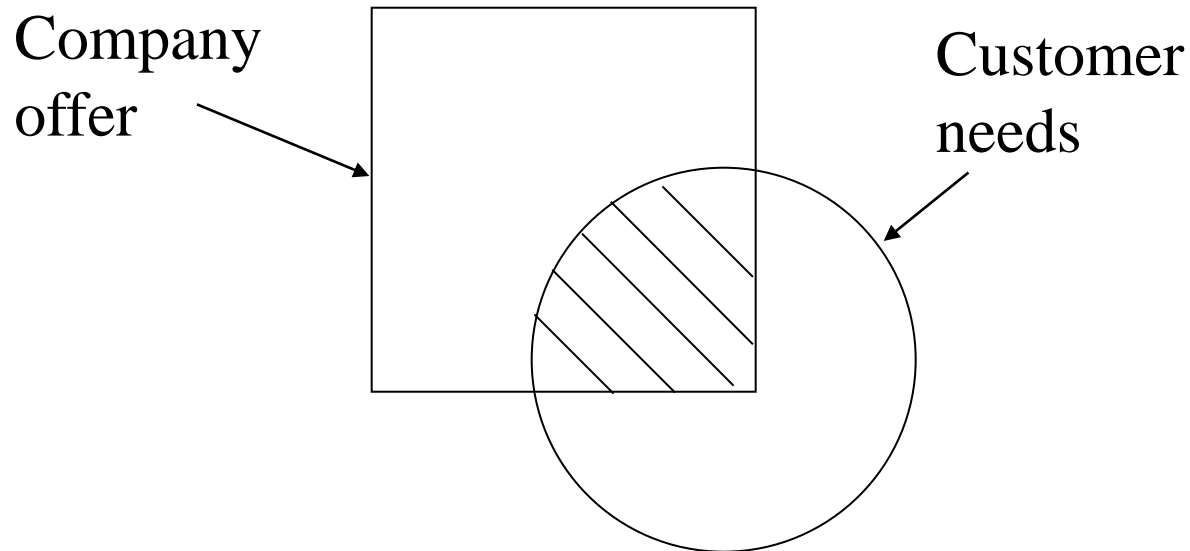


TQM and Customer Satisfaction

- ▶ TQM implies an organizational obsession with meeting or exceeding customer expectations
- ▶ This requires:
 - ▶ Understanding customer's needs and expectations
 - ▶ On-time delivery of products and outstanding services that meet their needs at a reasonable price
 - ▶ Continuous examination of quality system to make sure that it is responsive to ever changing customer requirements and expectations
 - ▶ Both present and future needs should be kept in view



Teboul Model Of Customer Satisfaction



- ❖ Total satisfaction is achieved when offer matches the needs
- ❖ That is, when circle is completely contained within square
- ❖ It is important that the organization listen to the “voice of the customer” and ensure that all its processes truly meet the expectations of the customer



Customer Satisfaction Is Hard To Measure

- ▶ Customer satisfaction is subjective and therefore hard to measure
 - ▶ There are many facets and each need measurement to obtain total picture of customer's satisfaction
 - ▶ It is not a yes or no question as to whether a customer is satisfied or not
 - ▶ Some simplifications are possible but errors can occur when customer satisfaction is simplified too much
 - ▶ For example Teboul's model will give the same answer when expectations are low and experience is mediocre and when expectations are high and experience superior



Consider Competition

- ▶ Customer satisfaction should not be viewed in vacuum
 - ▶ How customer views competitor's products in comparison with the company's products is of importance





Who Is The Customer?

Know Your Customers

- ▶ There are two important questions to ask when establishing customer satisfaction:
 - ▶ Who are the customers?
 - ▶ What does it take to satisfy them?



External Customers

- ▶ External customers can be defined in many ways:
 - ▶ One who uses the product or service
 - ▶ One who purchases the product or service
 - ▶ One who influences the sale of the product or service
- ▶ External customer generally fall into three categories:
 - ▶ Current, prospective, and lost customers.
 - ▶ Each category provide valuable customer satisfaction information
- ▶ Every employee in the organization should know how their job enhances the total satisfaction of external customer
- ▶ Continuous improvement is necessary to retain existing customers and gain new ones



Internal Customers

- ▶ Every employee throughout the organization is part of the chain of internal customers and suppliers
- ▶ Each worker's goal is to make sure that the quality meets expectations of the next person
- ▶ Three questions for successful internal customer/supplier relationships
 - ▶ What do you need from me?
 - ▶ What do you do with my output?
 - ▶ Are there any gaps between what you need and what you get?



Supplier-customer relationship examples

Supplier	Customer	Product or Service
Automobile manufacturer	Individual customers	Cars
Automobile manufacturer	Car dealer	Sales literature
Bank	Checking account holders	Secure check handling
High school	Students and parents	Education
Hospital	Patients	Healthcare
Hospital	Insurance company	Data on patients
Insurance company	Hospital	Payment for services
Steel cutting department	Punch press department	Steel sheets
Punch press department	Spot weld department	Shaped parts
All departments	Payroll department	Data on hours worked

Source: <https://asq.org/quality-resources/customer-satisfaction>



Baldrige Presentation

- ▶ https://www.baldrigeresources.nist.gov/FSB/FSB3_Customers/story.html



Customer Perception Of Quality

A Model of Customer Satisfaction



Source: <https://www.theacsi.org/about-acsi/the-science-of-customer-satisfaction>



Customer Perception Of Quality

- ▶ Customer's needs, values and expectations are constantly changing and becoming more demanding
 - ▶ Therefore an organization cannot take rest by assuming that an acceptable quality level has been achieved
 - ▶ The TQM philosophy of continuous process improvement should be at work all the time
- ▶ During 1980 to 1988 consumer magazines rated performance first, price second and service third
- ▶ During 1989 to 1992 performance was still first, but service ranked above price in importance



Factors That Influence Purchase

- ▶ Performance
- ▶ Features
- ▶ Service
- ▶ Warranty
- ▶ Price
- ▶ Reputation
- ▶ Read about these in Besterfield (Pages 57-59)
- ▶ Search the Internet for “American Customer Satisfaction Index” and explore



References

- ▶ Besterfield, Dale H. and others. 2019. *Total Quality Management*, 5th edition. Pearson India

