

Key Words and Phrases

Define or describe the key words and phrases listed below.

Output

Work process

Coproduction

Nonrepetitive work process

Customer orientation

Marketing approach

Customers

Internal customers

External customers

End users

Questions and Exercises

Read the following description of an insurance transaction and then answer the questions.

Karl Sutter, a producer, had the chance to bid on a homeowners policy for Sandy Holmes, the owner of a retail clothing store. Karl hoped to write all of Sandy's insurance eventually.

Karl met with Sandy and completed an application. Karl discussed the application with Corey Reynolds, a customer service representative in Sutter's agency, and asked that it be forwarded to the IIA Insurance Company. Corey prepared a cover letter to accompany the application and sent them to Paula Unger, a personal lines underwriter with IIA. When Paula developed a premium for the policy, she was concerned that it might not be competitive. She asked her supervisor, Otto Hill, for his opinion and advice on ways to reduce the premium.

Paula phoned Corey with a premium on the coverage as requested and suggested two modifications to the coverage that would decrease the premium. Corey prepared a brief proposal based on this information and placed it in Karl's in-basket. That afternoon, Karl and Sandy reviewed the proposal. Sandy decided to accept the proposal, based on the original request for coverage.

Karl phoned Paula and told her Sandy's decision. Paula congratulated Karl on the sale and told him she would issue the policy and premium notice.

1. List the sequence of events for the work group described above.
2. Determine what the output is for each event in the sequence.
3. Determine who the supplier—the person who supplies an output to another—is for each event.

4. Determine who the customer—the recipient of the output—is for each event.
5. Indicate whether each customer is an external customer or an internal customer. Does the fact that Karl Sutter could be either an independent agent or an exclusive agent influence your answer?
6. Jan Carlson, CEO of Scandinavian Airlines, wrote a book on service entitled *Moments of Truth*. A moment of truth takes place every time a customer makes contact with an organization.

Identify any moments of truth that took place in the sequence of events you developed. What could be learned about customer expectations from each moment of truth? Would this information be of value only to the parties involved in each moment of truth, or should the information be provided to someone else? Consider the meaning of “customer” in its broadest sense when giving your answers.

7. Name and describe an output that often results from what you do at work.
8. Name an individual, department, or organization to whom you frequently supply that output.
9. Is that individual, department, or organization an internal or an external customer?

10. List and describe the needs, requirements, and expectations of your customer or customers.

11. If possible, meet or talk with your customer, using the list you prepared in Question 10 as the basis for discussion. During the discussion, try to clarify your customer's expectations and to sense whether there are any latent expectations that should be added to the list. If meeting with or talking to your customer is not possible, discuss your list with a co-worker or fellow student.

12. Coproduction is considered a characteristic of a service because:
 - a. The customer delivers the service.
 - b. Services are intangible.
 - c. The customer participates in determining the desirable characteristics of the output.
 - d. Suppliers are selected through competitive bids.
13. The work group stands in relation to the supplier as its:
 - a. Output.
 - b. Customer.
 - c. Work process.
 - d. Outcome.
14. All of the following describe work processes that result in outputs that are services, EXCEPT:
 - a. The processes are nonrepetitive.
 - b. The processes involve coproduction.
 - c. Quality is determined by conforming to specifications.
 - d. The outputs are intangible.
15. Customers should be identified by name because:
 - a. It helps in determining their expectations.
 - b. It diminishes vagueness.
 - c. It reduces errors.
 - d. It improves quality.
16. The specific steps that a claim representative uses to check coverage and investigate, evaluate, and settle a loss are called
 - a. A work process.
 - b. A work output.
 - c. An outcome measure.
 - d. Process improvement.

Faster Is Not Enough

Continuous improvement sometimes gets a bad reputation because it seems to apply elaborate schemes of measurement to what should be handled in a common-sense way. This reputation is based on how the techniques of continuous improvement are sometimes applied more than on the value of the techniques themselves.

The phone has become a cause of customer dissatisfaction because of the way it is used. One cause of this dissatisfaction is that phones either go unanswered for too long or are answered in a way that is not helpful. There is no need to conduct elaborate surveys or establish focus groups to learn the expectations of customers in this regard. We are all customers who use the phone frequently, and we can decide what causes us dissatisfaction—a kind of benchmarking.

Conduct your own personal survey. As you make calls over the next few days or weeks, keep the following questions in mind and then answer them.

- I.
 - a. How many times do you let the phone ring before hanging up when you call a friend or relative?
 - b. How many times do you let the phone ring before hanging up when you call a business?
 - c. If your call is answered by a recorded message, how does the message make you feel? Make notes on what you like or dislike about recorded messages.
 - d. What is your reaction if a recorded voice asks you to make choices by pressing buttons?
 - e. If you are asked to leave a message, what is your reaction? Do you leave a message?
 - f. If you need to be transferred, what is your reaction?
- II.
 - a. Based on your answers in section I, describe a phone system that would completely satisfy you.
 - b. How does using that system compare with the experience of people who call you?
 - c. What steps can you personally take to narrow any gap between your responses to *a* and *b*?

Before You Go On

- _____ I have achieved the educational objectives for this assignment.
- _____ The one idea from this assignment I want to try immediately is