

# Quality and Service for Internal Customers

*How to shape up your service to internal customers before they look to outside sources.*

**A** line supervisor recently complained to one of his managers:

"Did you see the personnel department's new training catalog? I can't believe the number of programs offered. You'd never know we're supposed to be cutting budgets!"

"Yeah," said the manager. "Not only are there a lot of programs, but I'd like to know what Advanced Oral Presentations and Managing Your Boss have to do with getting the job done. They never asked me what skills my people really need. It makes me wonder if we could get better services from people outside the organization. And who knows, it might cost less!"

Can you imagine any of the people to whom you're supposed to be providing services talking about you and your department that way? If not, think again.

As Peter Drucker said in a *Wall Street Journal* column last year, internal staff departments' costs have increased, but the services provided have not added proportionate value to their companies' bottom lines. He went so far as to suggest that companies think about "selling the mailroom" and other in-house support departments such as training and information systems as a viable way to improve the quality, service, and productivity of these functions.

**By Lynda C. McDermott and Michael Emerson**

Although your department may not be threatened yet by outside sources, there is growing recognition that service and quality must be built from within the organization. The premise is that employees who make the company's products or deliver the company's services to external customers can't do so with the highest quality and service standards if they don't receive good service from their companies.

## **Strategic importance of internal service**

American business is finally getting the message that quality and service are critical ingredients for customer satisfaction.

Consumers are becoming much less tolerant of poor quality and service. They are likely to ignore brand or company loyalty and switch their purchasing power to companies and products that provide hassle-free, above-average value and service. In a marketplace in which it is becoming increasingly difficult to differentiate and compete based on the products a company offers, providing value is becoming the primary goal.

Companies are implementing Customer Service and Total Quality training programs in order to provide employees with the knowledge and skills to achieve customer satisfaction and loyalty. But despite the attention and lip service, customer service is still getting worse, according to the pollsters.

One reason for the customer service crisis is that customer satisfaction still is not a strategic priority. It is often

delegated just to customer service departments or front-line employees and not explicitly defined as a performance expectation for which every employee in the organization is held accountable.

Consequently, internal staff functions, including HRD, until recently have been left out of the customer satisfaction loop. Unlike their counterparts, internal staff managers have not been encouraged or held accountable for innovation, productivity improvement, or service. They have operated as de-facto monopolies with no competition. Their customers usually cannot go elsewhere, regardless of the quality or cost of internal service.

The growing assumption is that quality and service performance can be improved if organizations can create an entrepreneurial culture that fosters individual and team accountability for achieving the highest levels of internal and external customer satisfaction.

Most employees know about external customers, but few think of other employees as internal customers. But every employee is a user and provider of services; every employee participates in a producer/customer relationship.

If all employees viewed themselves as entrepreneurs who must provide quality and service to attract and retain customers, they would

- know their customers and their needs (in other words, their market)
- meet or exceed their customers' needs and expectations
- provide added value with cost-effective, strategically based services and solutions.

This internal customer service culture may be difficult to create in large, bureaucratic organizations, where

**McDermott** is president of EquiPro International, 331 Madison Avenue, New York, NY 10017. **Emerson** is director of corporate development and marketing for Questar Data Systems, 2905 West Service Road, Eagan, MN 55121.

there tend to be few mechanisms for receiving feedback about services. Large organizations also tend to absorb or hide inefficiencies and poor working relationships.

By focusing on internal customer service, providing value, and strategically marketing its services, an internal department can increase its value to the organization and, in fact, reduce the likelihood that it will become a candidate for outsourcing.

Programs focusing on internal customer service can build accountability, improve all employees' understanding of how to meet customer expectations, and create an internal service culture that serves as a foundation for Total Quality and Service.

customer delight and an increase in loyalty to or use of your department's services.

The employees in your department come away from each encounter with an internal customer in much the same way, having completed their own satisfaction test on how well they met the internal customer's expectations. The employees determine the probable outcome of the interaction for the internal customer and react to that outcome.

■ **Failed expectations.** The employee acknowledges that customer expectations were not met. The employee becomes frustrated and unmotivated because he or she feels unable to meet the expectations.

The training department was making a proposal to the marketing department about developing a customer service training program for first-line employees. But a marketing executive, who had recently attended a trade conference, reported that one of the company's major competitors was using a comprehensive approach to customer service that involved all levels of management. As a result, the marketing management team (the internal customer) dramatically increased its expectations of what the training department needed to provide.

Demands external customers place on internal customers are not always obvious, but they are very real. By understanding the nature of such expectations and focusing on what you can do to help your internal customers better meet them, you will improve your function's standing within the company.

## **More and more companies are forming subsidiaries of their training departments and forcing them to compete with other suppliers**

### **Performance of outside suppliers.**

Companies often seek services from outside suppliers that traditionally have been performed by internal departments. That gives internal customers more opportunities to compare their departments to outside service suppliers. They often find that the external competitors are efficient, creative, and eager to build their businesses.

More and more companies are setting up entire functional units as subsidiaries and forcing them to compete on an "even up" basis with other suppliers. As companies look at ways to streamline their organization, more internal support departments will face similar fates. The best way to minimize this possibility is to provide value to your customers that exceeds what they can get from outside suppliers.

**Communications from senior management.** In any company, all types of communications from senior management directly and indirectly affect the expectations of internal customers.

First, understand the direct demands of management on your customers. Where possible, look at the internal customers' goals and objectives. Then, creatively design your services to help achieve them.

Second, senior management determines the culture of your organization.

### **Internal customer satisfaction model**

One of the first steps to improving internal customer service and satisfaction is to understand how customer satisfaction is developed.

Every time one of your internal customers comes in contact with your department, a "satisfaction test" takes place. Both your employee and the customer bring sets of expectations with them. Once the interaction is complete, both sides evaluate how well their expectations have been met. The possible outcomes for the customer are as follows:

■ **Failed expectations.** The customer decides that the service did not meet his or her expectations. The customer becomes disappointed, angry, and likely to find some way to get along without your department's services.

■ **Met expectations.** The interaction met the internal customer's expectations. Such encounters confirm and reinforce customer expectations.

■ **Exceeded expectations.** The interaction exceeded what the internal customer expected. This results in

■ **Met expectations.** The employee meets the expectations of the customer. These situations tend to reinforce current thinking about the job and the customer approach used.

■ **Exceeded expectations.** The employee exceeds the internal customer's expectations and is reinforced by the performance. Loyalty and job motivation increases with continued high performance.

Your internal customers, whether they have worked with you in the past or not, develop their expectations from various sources.

### **Demands of external customers.**

External customers constantly place demands and pressures on internal customers to increase service, reduce turnaround time, and reduce costs. These are passed on in the form of increased expectations for services that enable them to better meet the external customers' needs.

An example of indirect pressure that external customers can have on the expectations of internal customers took place recently at a large air freight company.



tion. The culture indirectly affects both the type and intensity of internal customers' expectations. A company that places a high value on accountability and teamwork will encourage you to work in partnership with internal customers; a more controlling culture may put a higher percentage of the burden on your department.

The key is to identify the impacts the organization's culture will have on your efforts, and design a plan that will use these to a strategic advantage.

**Previous performance and experience.** All customers, whether internal or external, expect you to perform in roughly the same manner each time you serve them.

This principle is extremely important to remember as you implement improvements. As soon as customers see changes, they escalate their expectations, assuming the new level of performance as a baseline for what you deliver in the future.

In other words, if you make short-term improvements in customer service and then revert back to where you were before, your customers will be less happy than if the improvements had never been made. Once they have seen what is possible, they will not settle for what they had before.

## What do they want?

The box, "What Internal Customers Want" provides a list of internal customer expectations, along with definitions. The key is to define what each of these requires in terms of specific behaviors and skills that must be put into practice.

Value is the most fundamental expectation of all customers. If your internal customers' expectations of value are not met, then it is likely that they will be dissatisfied, no matter how well you deliver your services.

Value is the ratio of total benefits to total costs. When an internal customer sees that the total benefits derived from working with you exceed the costs paid for your services, he or she will know that you have provided a valued service.

Remember that internal customers evaluate both the direct and indirect costs of working with your department. The direct costs are the actual dollars charged to their budgets. Indirect costs include staff and "hassle time" they must pay for working with

you. Understanding the interactions between you and the customer can streamline the delivery of service, decreasing the indirect costs internal customers must pay.

Internal customers have a variety of expectations that generally relate to the quality of service they receive. This includes such basic issues as the following:

- having adequate resources available to meet commitments
- responding quickly to requests for information
- having few errors in written reports
- providing adequately prepared staff members to meet their needs
- having a willingness to fix problems when they occur by doing everything that is necessary in order

to make things right.

The best way to find out your internal customers' specific expectations is to ask them directly what they think about your services. Discussion groups can provide the information if your base of customers is small. If you serve a lot of internal customers, you may want to try an internal customer satisfaction survey.

## Best practices

If you have measured the current perceptions of your internal customers, then the actions required for improving the level of satisfaction with your performance may be obvious.

Listed below are some of the "best practices" that are used by some

## What Internal Customers Want

■ **Comparative value.** Internal customers expect the amount they are charged for services to be less than the amount of increased productivity they receive as a result. Value also is defined in terms of what similar services from outside suppliers cost.

■ **Adequate resources.** Adequate resources are those necessary to meet commitments plus any extraordinary and unforeseen needs that arise. Like other expectations, adequate resources are defined by the customer and may or may not be reasonable.

■ **Responsiveness.** Responsiveness has both a long- and a short-term component. Customers expect you to be responsive to their long-term needs and to have services available that will allow them to meet their objectives. In the short term, they expect you to respond quickly and effectively to unforeseen needs.

■ **Reliability.** Customers expect to receive whatever services are provided to them in the same manner every time.

■ **Flexibility.** Customers expect you to be open to comments and recommendations when creating policies and procedures that affect their operations. They also expect you to be flexible when particular circumstances may require deviations from policy in

order to meet their needs.

■ **Recovery from problems.** Internal customers expect you to come up with solutions to any problems that occur and to do whatever is necessary to correct problems.

■ **Clear and adequate communication.** The most frequent source of problems between internal supplier and internal customer is poor communication. Internal customers expect to be kept informed on the progress of all work. In particular, they expect no surprises regarding delays and other problems.

■ **Accountability.** The internal supplier must accept responsibility for all commitments made to internal customers. And departmental managers should hold individuals accountable for their actions.

■ **Empathy and understanding.** All customers expect their suppliers to be understanding. Internal suppliers should understand the particulars of the expectations and pressures the customer faces.

■ **Interpersonal skills.** Customers expect service to be delivered in a highly professional manner. High-quality interactions can smooth over expectations that are not met and further the goal of providing outstanding internal customer service.

departments to improve their performance and their relationships with internal customers.

- Develop an internal customer service vision and strategy to set priorities for providing internal customer service and to define the ideal internal customer service culture.

- Develop an internal marketing plan to identify the internal customers' business needs and develop products and services to support them. Develop strategies for promoting your services throughout the organization.

- Provide relationship management skills and internal consulting training to help employees with their internal customer relations.

- Redesign current tracking systems to improve responsiveness, increase accountability, and gather customer service information.

- Develop performance standards for the level of service to be provided to internal customers to satisfy their expectations.

- Educate internal staff about external customers' demands on internal customers.

## Principles of Internal Service Change Management

- Establish a vision of internal customer service.

- Set standards for internal customer service practices.

- Meet with internal customers for joint planning sessions.

- Formally and regularly measure how internal customers evaluate your services.

- Build internal customer service into performance appraisals.

- Review or redesign policies and procedures to ensure that they are for the benefit of the customer rather than the service provider.

- Hold periodic brainstorming sessions with your internal customers to identify opportunities for improving services to external customers.

- Allow selected employees to swap jobs, providing direct experience on

the other side of the internal customer interface.

- Adapt front-line external customer service training programs for use by internal service personnel.

- Empower your employees to meet expectations by providing them with the tools and resources they need.

## Maintain the gain

The box, "Principles of Internal Service Change Management," lists the change management principles that should be initiated and monitored by the champions of internal customer service. Ideally, those champions are people at the top of the department or organization who see the value on the bottom line.

Internal customer service must become part of the organization's culture. It must be viewed as a process, not a program. It must have no beginning or end. It should be part of day-to-day organizational practices.

As with any change effort, you must give continual attention to how it becomes woven into the fiber of the organization. ■

# Butterflies in the Stomach?

## Not with Basic Training for Trainers!

No matter what your experience level, some training projects can still cause that uneasy feeling. That's when you need *Basic Training for Trainers*, a three-volume collection of ASTD's monthly how-to publication, *INFO-LINE*. Every *INFO-LINE* issue features **step-by-step guidelines; checklists, diagrams, and illustrations; copyright-free job aids; and a bibliography for further research.**

**NEW! Volume 3** completes the collection with *INFO-LINEs* on...

- simulation & role play
- audio, film, & video
- training for quality
- job aids
- lesson design & development
- testing for learning outcomes
- designing training rooms
- task analysis
- creating videos
- job analysis
- course design & development
- icebreakers

**VOLUME 1** covers training basics, including needs analysis, surveys, ISD, training and learning styles, make or buy decisions, marketing training, and writing behavioral objectives and training materials; accommodating disabled trainers; and writing skills.

**VOLUME 2** includes alternatives to lecture, such as games, case methodology, films and videos, and visual aids; presentation and listening skills; workshops; team training; evaluation; and learning environments and facilities.

### Prices

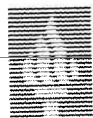
Complete 3-volume set  
Two-volume set (any 2 volumes)  
Any single volume

| ASTD Natl.<br>Member | Nonmember |
|----------------------|-----------|
| \$175                | \$225     |
| \$125                | \$165     |
| \$ 75                | \$100     |

Add \$1.75 per book or set for shipping and handling.  
Add \$3.00 per book or set for international handling.

**To Order, Call 703/683-8129 Today!**

Circle No. 226 on Reader Service Card



AMERICAN SOCIETY FOR  
TRAINING AND DEVELOPMENT