The Henley Centre for Customer Management

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Measuring Customer Satisfaction And Understanding Customer Effort In A B2B Context

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This report is produced by the Henley Centre for Customer Management on behalf of its members.

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1. Executive Summary

Our members asked us to investigate a number of aspects of Customer Satisfaction measurement in a Business-to-Business (B2B) context. Specific questions were:-

- What are the different metrics of customer satisfaction that are measured in a BTB relationship? Which are used the most? Which are the most effective? Do they vary by type of company?
- Are there new ways to measure customer satisfaction that more closely reflects their customer experience?
- What does customer effort mean in a B2B relationship? How do we identify where we are not easy to do business with? What do we have to do differently?

Our approach to the subject was to review existing literature and previous research and then to conduct an exploratory qualitative review into the subject by conducting interviews with a range of B2B companies and a sample of their customers. The purpose behind the interviews was to try to answer the above questions and to identify if there were opportunities for more in-depth research in the future.

The project demonstrates that the B2B companies compile and use a customer satisfaction rating for their business-to-business relationships but that there is little commonality between companies in both the full range of questions asked and the scales used for the individual questions. All of the companies use a mixture of global and dimensional measures (see literature review in section 2).

There is some scope for manipulation of the customer satisfaction process in most companies so the results have to be treated with a degree of caution. However, the companies believe that they are getting good positive and negative feedback from the process so they see significant value from it.

Where the customer satisfaction rating falls below an acceptable level, which differs by company, responses are shared with the customer as part of the regular relationship meeting and a monitored action plan is the normal result. In addition, in most cases, common issues are identified at company level and considered for improvement programs.

The questions about customer effort showed that companies in general consider themselves more difficult to do business with than their customers do. Analysis of both company and customer views of what was **'easy'** and what was **'difficult'** about the relationship identified a number of interactions that could potentially be the subject of process improvement initiatives. It appears from this research that the inclusion of customer effort questions would benefit the customer satisfaction process for B2B companies and a number of best practise approaches were identified from this and previous research.

2. Literature Review

Although there is no shortage of academic research in the field of business-to-business marketing, only a handful of work focuses on measuring the quality of business customer experiences. Customer satisfaction is the central facet of the business customer experience that receives a lot of managerial attention. Academic literature on the measurement of customer satisfaction in B2B markets has emerged during the past 15 years. Prior to that period, researchers had focused mainly on understanding and measuring customer satisfaction with consumer goods and services.

In the academic domain, there are two approaches to measure business customer satisfaction. The first measures the business customer's *global* judgement about the overall experience with the seller, supplier or service provider and was pioneered by Cannon and Perreault (1999). Their instrument consists of five statements. Responses to each statement are recorded on a strongly agree–strongly disagree scale. The five statements are as follows:

1. Our firm regrets the decision to do business with this supplier.*
2. Overall, we are very satisfied with this supplier.
3. We are very pleased with what this supplier does for us.
4. Our firm is not completely happy with this supplier.*
5. If we had to do it all over again, we would still choose to use this supplier.

* *These statements are negatively worded and should be scored in reverse.dd*

The second approach takes into account the complex nature of buyer-seller relationships in B2B markets and considers business customer satisfaction to be multidimensional. It measures the business customer's judgements about multiple facets of their experiences with the supplier, rather than a single global judgement. The instrument originated from this approach was developed by Homburg and Rudolph (2001). It measures how well a supplier meets a customer's expectation in seven areas (see Figure 1):

1. Products,
2. Salespeople,
3. Product-related information,
4. Order handling,
5. Technical services,
6. Interaction with internal staff, and
7. Complaint handling.

| Satisfaction with products |
| Satisfaction with salespeople |
| Satisfaction with product-related information |
| Satisfaction with order handling |
| Satisfaction with technical services |
| Satisfaction with interaction with internal staff |
| Satisfaction with complaint handling |

Overall Customer Satisfaction
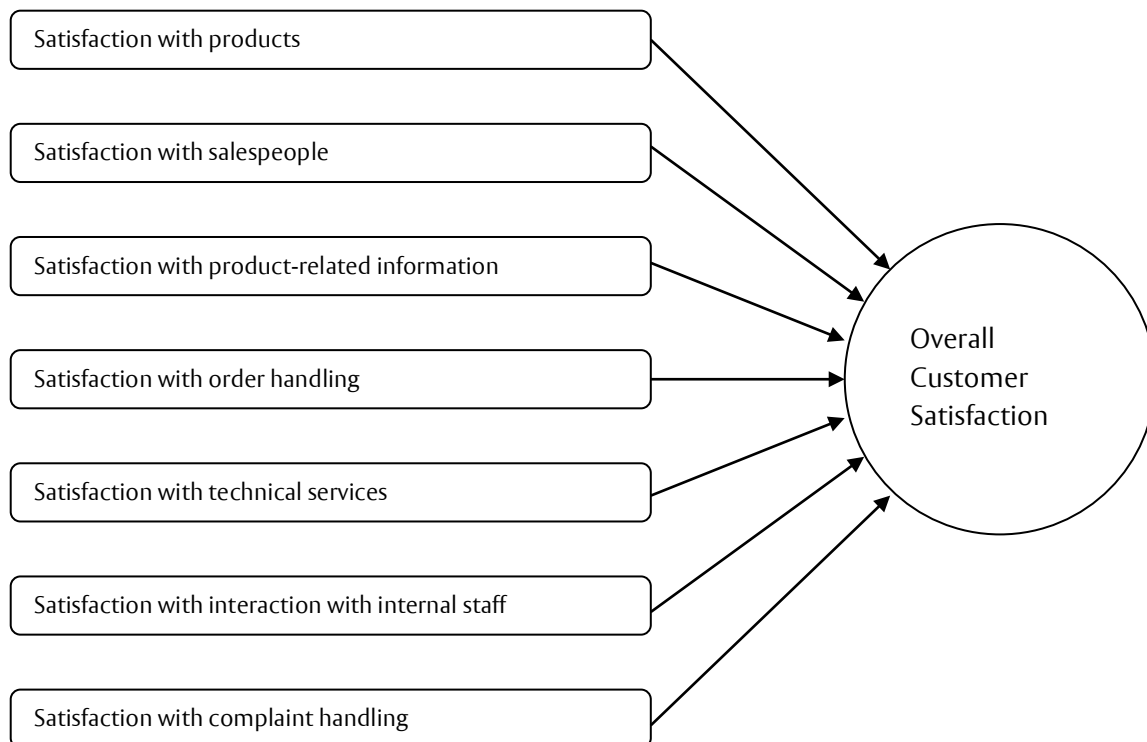
Figure 1: Seven dimensions of business customer satisfaction (Homburg and Rudolph 2001)

Each dimension is measured by a set of questions. Respondents answer each question on a scale ranging from "strongly satisfied" to "strongly dissatisfied". The questions are as follows:

How satisfied are you with the …

Products

1. Technical performance of this supplier's products?
2. Reliability of the products?
3. Price/value relationship of this supplier's products?
4. Cost efficiency of this supplier's products throughout their entire life cycle?
5. Service-friendliness of this supplier's products?

Salespeople

1. The knowledge of this supplier's salespeople regarding the usage conditions for this supplier's products within your company?
2. Product knowledge of this supplier's salespeople?
3. Support in problem solving provided by this supplier's salespeople?
4. Friendliness of this supplier's salespeople when interacting with you?
5. Personnel continuity concerning the salespeople that you work with?
6. Time taken by this supplier's salespeople in reacting to your requests for visits?
7. Frequency of this supplier's salespeople's visits to your company?

Product-related information

1. Information provided in this supplier's technical documentation?
2. Availability of technical documentation?
3. Usability of the operating instructions relating to this supplier's products?
4. Information given in other documentation (for example, brochures/prospectuses)?

Order handling

1. Time taken in returning order confirmation?
2. Reliability of order processing?
3. Delivery times as given in the order confirmation?
4. Adherence to delivery schedules?

Technical services

1. Speed of availability of service staff?
2. Technical quality of service provided?
3. Price/value ratio of this supplier's service?

Interaction with internal staff

1. Reachability of employees in manufacturing sites?
2. Reaction to requests made by telephone?
3. Reaction to written requests?

Complaint handling

1. Actions taken by this supplier's company with regard to product related complaints within the warranty period?
2. Actions taken by this supplier's company with regard to product related complaints outside the warranty period?
3. Reaction on general complaints?

The global measure is significantly shorter and hence easier to use than the dimensional measure. In general, customers are less willing to complete long questionnaires. However, the global measure cannot provide the supplier with as much information as the dimensional measure. With the dimensional measure, the supplier is better equipped at understanding the rises and falls of the overall level of customer satisfaction—the areas the company is doing well and the areas where there are problems. Homburg and Rudolph's scale has another advantage over Cannon and Perreault's instrument. The dimensional measure is systematically and rigorously developed and validated. Both instruments can be used together to increase their diagnostic power. For example, the supplier can administer the global measure on an on-going basis to monitor the level of customer satisfaction and administer the dimensional measure when there is a fall in the global score in order to identify the problem areas.

Adapted versions of Cannon and Perreault's scale have been used successfully in other studies. Lages, Lancastre, and Lages (2008) employ only the three positively worded statements. Homburg and Stock (2004) adapt the scale so that no statement is worded negatively. The data that were used to develop the dimensional measure came from a wide variety of B2B organisations. Therefore, its wording can be adapted to suit different industries. The global and

the dimensional measures can and should be administered to a wide variety of personnel in the client organisation. People in different departments (e.g., purchasing, manufacturing, and IT) may play different roles (e.g., deciders, buyers, and users) in the buying process, and hence have different judgements of the same experience.

3. Evaluation Of Previous HCCM Research

There are 2 HCCM reports that provide useful insight into the measurement of customer satisfaction in B2B relationships. The relevant findings from these reports are included here in order to provide some context for this research report. The 2 reports are:

- How To Implement Best Practice In Strategic Partnerships , January 2011
- Customer Effort – Help Or Hype? , April 2013

3.1.   How To Implement Best Practice In Strategic Partnerships

A summary of the measurements recommended in this report are detailed below.

- Revisit all the quantifiable aspects of service regularly. The supplier and client should regularly examine the KPIs in place to determine whether they are still relevant.
- It is important to make qualitative assessments of the value that quantitative measurements are adding, for example: "Are we meeting your expectations? What can we do better?"
- The supplier must communicate the less tangible aspects of value they are creating, value they are delivering above and beyond contractual requirements, to key stakeholders.
- It important to recognise how value is changing over time, and have simple mechanisms to capture the value that is being added. For example, identify new ideas brought to the table, the 'white papers' produced, awards won, continuous improvement initiatives carried out.
- When the client recognises the value the supplier is bringing, the relationship can build to the next level. Failures should also be acknowledged openly and honestly, as this will build trust.
- Client satisfaction is one of the most important measurements to capture. The relationship will not be successful if it is not perceived as successful. Hence, the use of yearly customer satisfaction surveys. A company could be offering the best service in the world but if the perception of the client is different, it is unlikely that they will win further business.
- Companies recommend using a scorecard approach, commenting on the importance of investing time in measuring the relationship rubrics, not just measuring value operationally, based on a jointly defined set of questions to measure the relationship.
- One approach is to use two very quick, simple ways to measure whether client satisfaction is high:
    - Referenceability – Does the client say 'yes' when you want them to act as a reference for a new piece of business?
    - Case studies – Is the client prepared to put their name or brand on a paper or a video case study?

- To achieve a high level of customer satisfaction, it is crucial to understand what drives success for the client outside of a contract; the client should be asked to score and rate the supplier based on the criteria they (the client) set for their business.
- The supplier needs to be aware of the value the client truly wants it to deliver, and find innovative ways of enhancing the client's successes.

Best practice on how to measure value and success effectively when acting as a strategic supplier recommends that:

- Revisit KPIs and SLAs regularly to confirm relevance to the customer.
- Measure 'softer' aspects of value as well as quantitative metrics.
- Measure client satisfaction.
- Measure value looking forwards not backwards, what has to be done in the next period rather than focusing on what happened in the last period.
- Measure 'total cost of performance,' not the costs of the supplier.

3.2.   Customer Effort – Help Or Hype?

In 2013 HCCM produced a report to assess whether the interest in measuring Customer Effort was actually helpful for companies in predicting customer loyalty or whether it was simply a lot of hype driven by the latest fashion in customer management? The report covered B2C and B2B companies and established findings for both sectors. The B2B results are summarised here in order to provide a foundation for this further investigation.

3.2.1. Measuring Customer Effort In B2B Companies

Companies did not want to replace one metric with another or simply add an overall metric that did not provide actionable insight. Each company spent some time trialling and reviewing how an approach to customer effort would work for them. The main considerations included:

- Consistent measurement to allow comparability across multiple channels with a company.
- Defining the scope of the CE application – is it company-wide, applicable only to a specific function such as customer services or focused on a specific channel such as the telephone?
- How CE fits alongside existing customer measures such as CSat and NPS.
- Ensuring insight is actionable.
- Establishing benchmarks in order to assess the impact of actions taken to effect change.
- What scale is the most effective (5, 7 or 10 point).

The B2B companies incorporated questions into their existing customer service questionnaires using existing 5-point scales. The favoured approach was a combination of NPS, providing comparability with other companies, and questions on **'easy'** rather than 'effort'.

Companies also tracked complaints as a rich source of information on **'easy'** issues. They provide insight on what problems customers are experiencing and enable companies to identify the causes and design solutions. Solutions to some complaints can have significant impact across

the company but many are about smaller issues that can be quickly resolved through incremental improvements. They realised that they had to change the way their staff think so that the impact of their processes on customers is a primary consideration – this is an example of customer centricity. Companies recognised that by using Voice of the Customer insight, the customer effort approach can be used to drive continuous improvement programmes.

3.2.2. Designing 'Easy' Experiences

B2B companies focus on improving their customer experience by being easy to do business with. The adoption of CE (or **'easy'**) was the approach that provided the insight to the areas where customers found processes difficult and therefore where the improvements should be made.

Continuous Improvement (CI) programmes can be focused on being easy to do business with and these are often evangelised and led by the Customer Service functions. One company started with the supply chain processes and moved back through manufacturing to design so that eventually **'easy'** became a key driver of process design decisions. Areas for change became driven by customer feedback and could be applied anywhere in the company. The key to implementing CE improvements was found to be ensuring cross-functional support. This is not always a natural response as organisations can operate in silos with their own objectives and metrics. It requires the whole organisation to commit to a customer-centric model for continuous improvement initiatives so that any conflicts between internal process and the customer experience can be resolved.

One of the recommendations in the HBR article is to empower staff to resolve customer issues. Companies trying to follow this advice found that it is not as simple as saying 'you are now empowered' to their people. Changing behaviours from following a set of rules to allowing employees to decide for themselves what action to take is a lengthy process that requires training and support.

In another example, one company did not undertake customer research to a granular level but they too were committed to producing actionable data. They have an annual customer satisfaction programme that is centrally defined and managed through a third-party agency. It is sophisticated and provides considerable data on 'high risk' customers, defined as those likely to either reduce spend or defect to the competition. A CE question had been introduced and analysis conducted to assess how CE scores relate to customer loyalty. This exercise identified 'trapped' customers who didn't have a choice about staying as there were not alternative suppliers. This situation was masked by the responses to retention questions indicating that customers would buy more. However, analysis of the verbatim comments in response to the CE question allowed them to understand why customers are staying with the company and their risk of defection as soon as an alternative was available.

3.2.3. Is 'Easy' A Good Metric?

HCCM found that the research finding fits well with other work into customer effort journey mapping where customer expectations of effort at touch points on a customer journey are

mapped against the actual effort experienced. Gaps between expectations and experiences are opportunities to either:

- Reduce CE where it is too high by redesigning processes.
- Reduce service levels, and costs, where they exceed expectations.

This suggests that companies should delight their customers, but only in places where customers value it. In other customer interactions, the focus should be on making it **'easy'** rather than trying to delight them. B2B companies have recognised that low effort (or **'easy'**) is a driver of higher retention. However, B2B emphasis is more on continuous improvement of the customer experience and less on the CE score as an indicator of future behaviours.

B2B companies believe that there is real value in using the CE metric, whether it is called 'CE' or **'easy'**, as it could be used to identify what customers were most concerned about. One company used their Customer Service Questionnaire data to test the relationship between CE and loyalty, where loyalty is defined as increased purchases or recommendations. It was demonstrated that customers who rated the company as easy to do business with have a much greater intention to increase their share of wallet with the company than customers who do not find the company easy to deal with. This demonstrates that customers expecting to increase spend are unlikely to spend more with difficult companies, opting to increase spend with competitors considered easier to do business with. It was also apparent that the negative consequences of high-effort experiences are greater than the positive.

3.2.4. Customer Effort Fit With Other Customer Satisfaction Metrics

One B2B company had started a customer-facing initiative focused on being easy to do business with. This was linked with a corporate initiative, called 'getting work out', based on LEAN process improvements. These two programmes were brought together to identify process changes to reduce effort. Customers were invited to workshops and asked where the company was not easy to do business with and this gave lots of good insights, which enabled process improvements to be prioritised according to their impact on customers.

At another company, the annual customer satisfaction programme captured CE scores for the main customer-facing processes and functions. The company analyses this data in order to reveal the areas they need to improve. These could be functions such as 'technical support' or processes such as 'time and effort to order'. Having identified poor CE scores for a specific function or process, an initiative is then put in place to identify the cause and implement a solution. In this example the company is global with many global processes, so their approach to changing processes to reduce CE is also global.

3.2.5. The Benefits Case

At B2B companies, the development of **'easy'** approaches tended to be part of on-going corporate initiatives and there was no single business case. Where areas for improvement are identified the remedial actions are scoped and approved on a case by case basis.

3.2.6. Lessons Learnt

The overall lessons learnt from HCCM research into B2B companies implementing **'easy'** approaches and CE scores are summarised below:

- In the B2B world, customers can interact with many different parts of a supplier company. This means that functions like accounts and logistics need to be as easy to interact with as the account teams. Effectively, the CE approach requires the B2B companies to design their processes around their customers' needs rather than for their own internal functional needs. This is often referred to as being a 'customer-centric' company although the phrase used to drive process improvements was 'being easy to do business with'.
- Since **'easy'** needs to be a cross-departmental initiative, the way that it is branded and communicated internally is really important in order to get buy-in and support. It needs to start as a change programme but transform into the way the company does business.
- Reinforce **'easy'** philosophies by marketing successes both internally and externally.
- Ensure there is an **'easy'** champion to provide the vision and direction of the programme so people see the value in it.
- Top level support and buy-in is essential and decision-making points require stakeholders with the authority to say 'yes' or 'no' to implementing solutions.
- Challenge clashes with other initiatives, especially where some run in opposite directions, such as cost cutting. Try to ensure they do not erode each other.
- Look at how to incorporate insight on 'effort' into customer surveys with a particular emphasis on identifying process changes that can reduce effort.
- Involve customers in the process. Get their input into possible solutions and keep them informed on what you are doing about the things they raise.
- Use customer feedback to demonstrate the impact of the changes.
- Looking at customer comments at a global level requires analytics in order to find comments on specific topics and ensure they are actionable.

4. Project Methodology

Having reviewed the available literature and our previous research, the next step was to conduct a series of exploratory interviews with a representative range of B2B companies and, where possible, some of their customers.

The interviews were conducted face-to-face or by telephone with a senior manager using a semi-structured approach. The main topic areas covered included:

1. How is Customer Satisfaction measured today.
2. What is planned or what would you like to measure.
3. How do you rate the relationship on the Customer Effort scale.
   - What is '**difficult'**.
   - What is '**easy'**.

We are very grateful to the companies, and customers, who agreed to be interviewed for this project. The data from the interviews is deliberately kept anonymous but the nine companies who were interviewed represented a diverse range of organisations – see Table 1.

Company	Business Sector
Atos	IT Services Provider
ATS	Fleet Service Supplier
Balfour Beatty	Construction Company
BOC	Gas and Equipment Supplier
Capita	Outsource Service Supplier
dstl	Government Scientific Research Establishment
Global Payments	Credit Card Payment Processing Supplier
IBM	IT Equipment, Software and Services Provider
Oracle	IT Equipment, Software and Services Provider

Table 1: Companies that were included in the research

We also interviewed a total of nine customers from four of the companies.

The interviews were then analysed to identify any common points or differences and the results are described in the next two sections.

5. Customer Satisfaction Measurement

5.1. Summary Of Analysis

In general, companies rely on a formal relationship survey, usually annually, that uses a mix of global and dimensional questions to measure overall satisfaction with the relationship. This is targeted at senior level customers - decision makers and influencers. Every company has a different set of questions and most develop an overall metric of customer satisfaction (CSR – Customer Satisfaction Rating) derived from their surveys - but there is little or no consistency in the development of this metric. Examples include:

- 3 key global measures are averaged to arrive at the CSR.
- The result of a global question on overall customer satisfaction is used as the CSR.
- An average across all surveyed measures is used as the CSR.
- A true Net Promoter Score (NPS – the standard question with 0 -10 scale) is used as the CSR.

Because there is little or no commonality between companies, competitive comparison is difficult. Where it is done, it relies on using NPS in some form or another. As a result most companies said that they rely on external market data for competitive comparison rather than their metrics.

At an operational level, current performance satisfaction is monitored much more regularly with project manager level involvement - usually monthly - and is based around meeting KPI's.

None of the companies collect transactional satisfaction statistics although some provide a "forum" for technical uses to express their views.

Most customers are aware that there is a customer satisfaction survey process but don't see it as particularly important. In many cases, it is seen as an "after the event" process. Regular project review meetings or account relationship meetings are seen to be much more important. Customers stated that they would raise any issues about a project through the regular review meetings rather than wait for an annual survey. In fact, the customers see it as a key part of their role to develop and maintain relationships with both account relationship and project people.

Where the CSR falls below an acceptable level, which differs by company, responses are shared as part of the regular relationship meeting and a monitored action plan is the normal result.

In addition, in most cases, common issues are identified at company level and considered for improvement programs.

The Exception

One of the companies interviewed had a different approach. When a project is established, a scorecard of global and dimensional metrics is created jointly with the customer to provide a mix of standard metrics (including a rating of overall customer satisfaction) and *tailored* KPI's. The tailored KPIs are agreed with each customer to ensure that the company tracks things that

are important to the customer and aligned with the outcomes the customer is expecting to achieve. The company then runs quarterly review sessions with the customer.

At each review the client is asked to rate each KPI without seeing the last score and a rolling twelve-month average is maintained. Differences are discussed and action taken where needed. Because the review process combines "scoring" with "action", customers perceive the process more positively than in the other companies.

A central Customer Experience team oversees the process to ensure compliance and accuracy. They also have the opportunity to alert the company to any issues and provide the opportunity for resolution of common problems. This is particularly appreciated by their customers where issues cannot be resolved by the account or project team as it provides another escalation path.

5.2. Measures Used
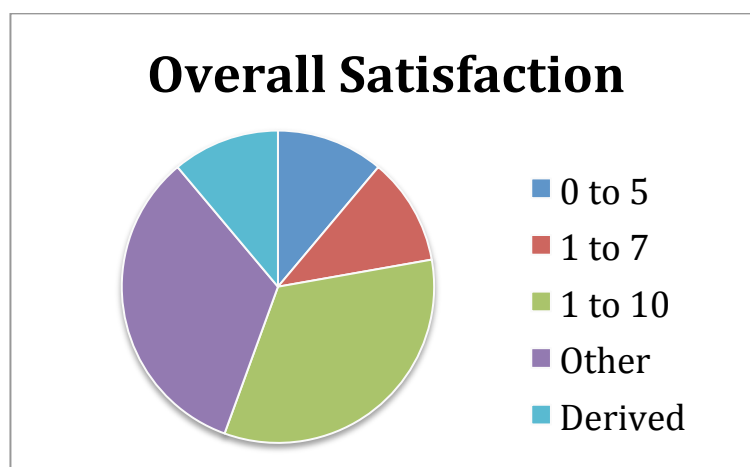
5.2.1. Global Metrics

Overall Satisfaction

Figure 2: Overall customer satisfaction

The above chart illustrates one of the findings of this research, that there is little consistency between companies of the scale used to measure customer satisfaction. Of the nine companies surveyed, one derived the measure from other metrics, another used a 0 to 5 scale, another a 1 to 7 scale, another a 1 to 10 scale and the remainder used scales that the interviewees couldn't remember the details for.

Clearly, the scale is not of primary importance to the companies because relative performance across their customer base is what they are most interested in. However, the scale becomes important if companies want to compare their own results with those of their competition or of best-in-class performers.

Repurchase Intentions/Referenceability
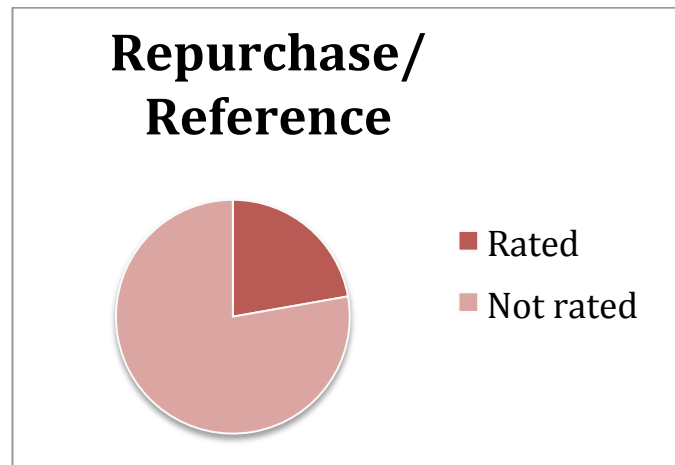
Figure 3: Repurchase Intention/Referenceability

Surprisingly, only two of the companies interviewed used these global questions to give a measure of the customer's intention to repurchase or to act as a reference. They are clearly of some value in a B2B relationship.

Interestingly, one of the companies had identified a customer segment described as "trapped" where there is a high intention to repurchase but a low overall satisfaction rating. These are customers who are most likely to be forced to do business with the supplier because of a lack of viable alternatives. However, they would be quite likely to defect if such an alternative became available. By being forewarned of this possibility, the company has the opportunity to take action to change the customer's view.

Recommendation
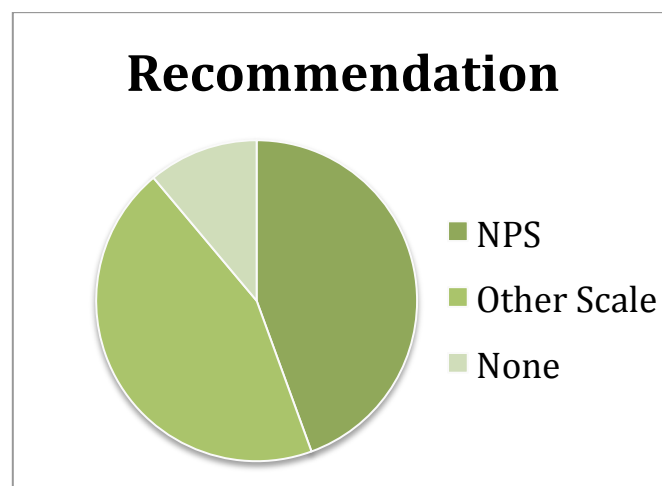
Figure 4: Recommendation

All but one of the companies asked their customers whether they would recommend the company. Of those companies, half used the standard NPS scale of 0-10 and the others used a
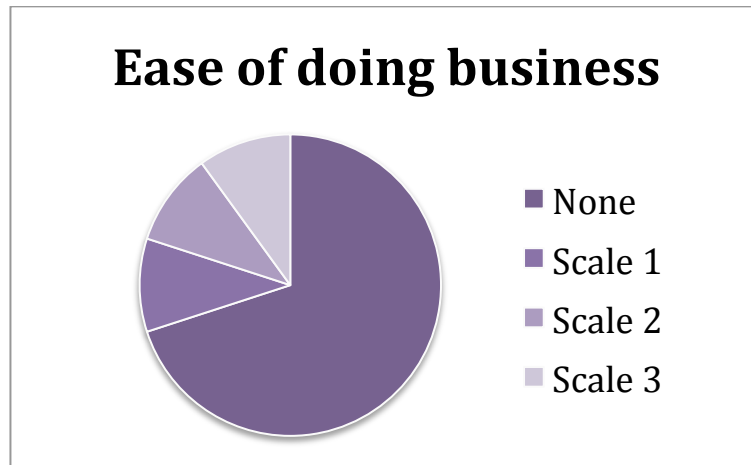
Ease Of Doing Business

Figure 5: Ease of doing business

Three of the companies surveyed were already using a question about how easy they were to do business with. However, as with the other metrics, the scales used in the measurement question were all different so competitive comparison would be difficult.

Only one of the companies then followed up the initial question and gave the customer the ability to identify areas where they felt it was too hard to do business. This clearly identifies an opportunity for the majority of B2B companies to solicit feedback on "easy" or "difficult" processes.

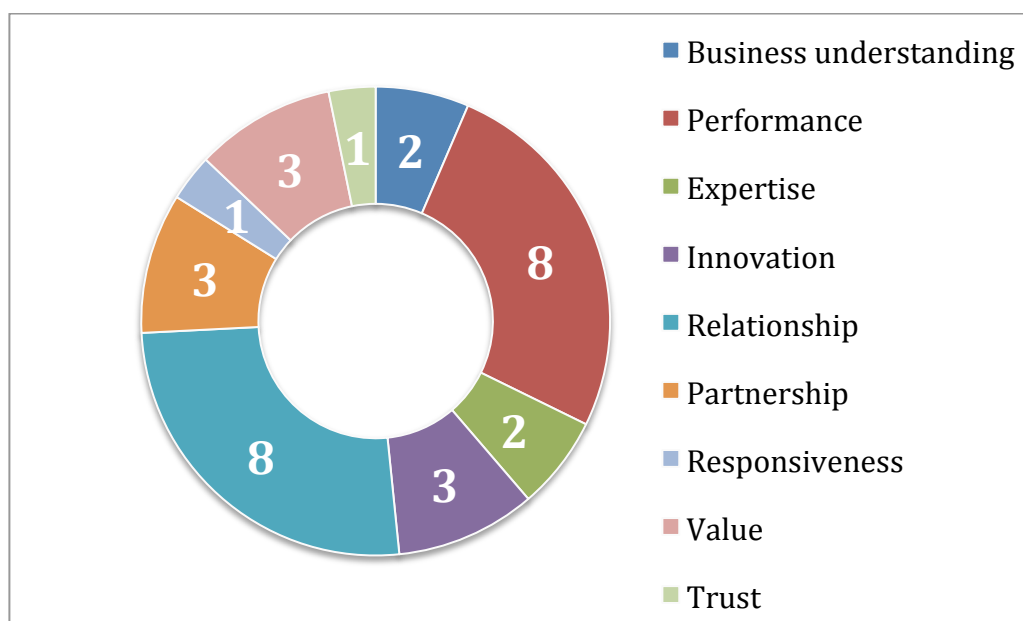### 5.2.2. Dimensional Measures

Figure 6: Dimensional measures

From an analysis of all of the interviews we could identify a number of dimensional measures used by the companies in their surveys. The chart above shows the number of companies that mentioned a measure in the identified category. The most common categories were performance and relationship related, not surprising in a B2B context.

However, companies might wish to review their other measurements. For example, only three companies asked for a measure of "Value" and of "Innovation".

5.3.   Commentary

Results of annual surveys should be interpreted with care as we identified that there is some potential for manipulation. For example:

- In the majority of cases, survey recipients are chosen by the account relationship manager who can also dictate the timing of the survey to some degree.
- Some customers have used the customer satisfaction survey to bring the supplier to the table for renegotiation purposes and may be deliberately marking them down.

However, there are counteracting benefits because, for example, a good account executive will be taking action to correct satisfaction issues in advance of the survey.

For the companies interviewed, most recognise the potential problems and some are implementing procedures to minimise them. Most companies believe that, even if there is a degree of manipulation, there is still significant value from their survey; they are getting good positive and negative feedback from it.

One approach that has been used by other companies to address this issue is to reward relationship managers for survey response rates rather than satisfaction ratings.

When interviewing the customers, we asked for their suggestions for additional measures. The responses included:

- Performance of the overall relationship at a senior level.
- Ease of doing business.
- Outcomes for both customer and supplier.

The first two are already in use by some of the companies interviewed but not by others. The third suggestion, for a measure of "outcomes", is something for companies to think about and this is the approach taken by the company that jointly agrees KPI's with their clients (also see section 3.1). The interview discussion talked about outcome measurement from a project as a possible means to share risk and reward. This is particularly relevant where there are long term relationships or projects extending over a period of time.

6. Customer Effort Analysis

6.1. Summary Of Analysis

We asked the companies interviewed to rate themselves on a seven-point scale for the question "How easy are you to do business with"? The results are shown in the figure below and show that companies do not believe that they are easy to do business with. They rate from neutral to hard.
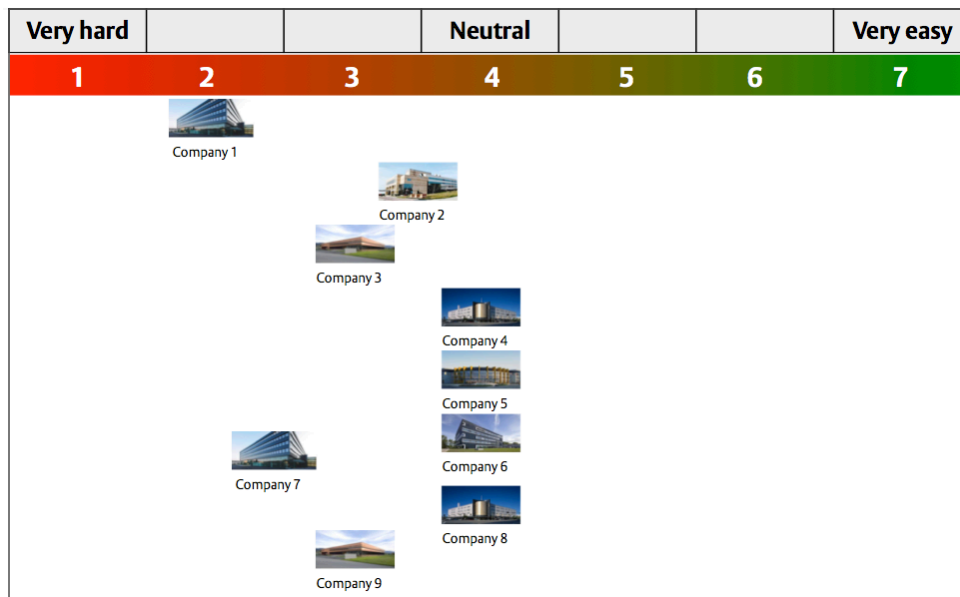

Figure 7: Company view of "ease of doing business"

We also asked the customers that we interviewed how they would rate their supplier with the same question and scale. Their ratings are superimposed on the company ratings chart in the following figure.
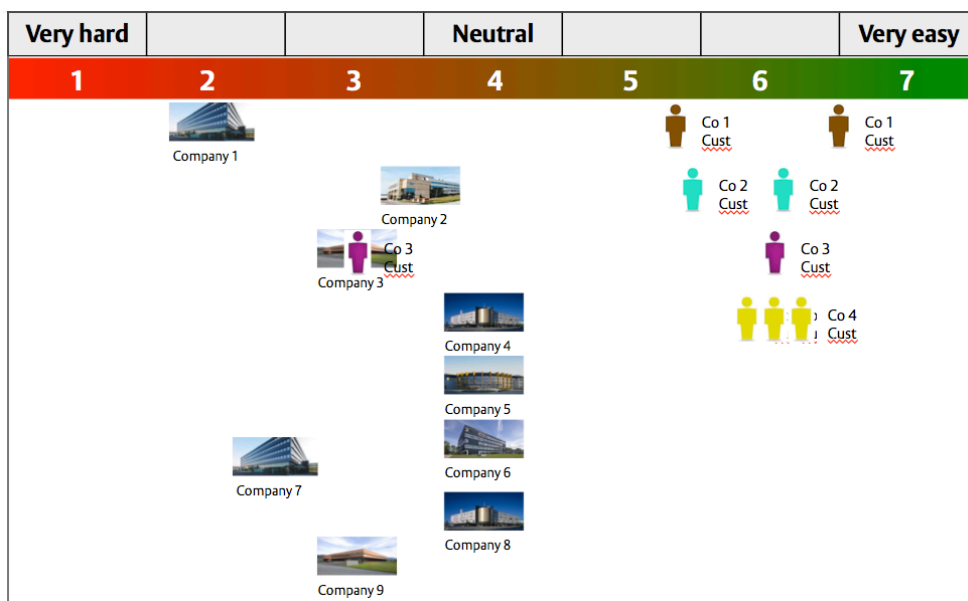

Figure 8: Company and customer view of "ease of doing business"

As can be seen, the customers rate their suppliers as being much easier to do business with than the companies rate themselves. As will be seen later, this customer view is probably as a result of them rating day-to-day operations as **'easy'**.

Also, companies appear to be more aware of their own internal barriers whereas customers only see them when a specific issue arises. The only low customer rating is where there is a specific issue that is 'dragging' the rating down.

6.2.   Priority Areas For Business Improvement

We also asked the companies and the customers to identify the interactions that they would say were the most '**difficult**' and those that they would say were the '**easiest**'. The result from the company perspective is tabled below.

Most difficult	Easiest
Project start up	Day to day operations (BAU)
Commercial Issues	Relationship with Account team
Changing service scope	
Managing the bureaucracy	
Contract process	
Finding the right person/department	

<div align="center">Table 2: Priority areas for business improvement – Company view</div>

We then asked the customers to give their views on '**difficult**' and '**easy**' interactions and the composite result when their views are added are tabled below.

Most difficult	Easiest
Project start up	**Day to day operations (BAU)**
Commercial Issues	**Relationship with Account team**
Changing service scope	Relationship with the Project team
Managing the bureaucracy	
Contract process	
Finding the right person/department	
Changing IT Systems	
Changing processes	
Change from development to live phase	
Developing new relationships	
Finance department	
Responsiveness	

<div align="center">Table 3: Priority areas for business improvement – Composite view</div>

Common issues from both customer and company perspectives are in bold.

6.3.   Commentary

Summarising the interactions that are considered to be '**difficult'**, it is apparent that they are generally to do with the *setup* of a project/relationship or where there is significant *change* to the parameters of the relationship. The '**easy'** aspects of the relationship are concerned with "business as usual" – the day-to-day operation or the relationship with account managers or project staff

While this result is not particularly surprising, it does mean that there are opportunities to improve relationships. This is particularly true in the context of *change* that is an essential ingredient to increasing the value of the relationship.

It is also important to remember that the difficulties encountered in *setup* and *change* can be the result of issues on both the customer and the supplier side. As an example, the involvement of a contracts department on the supplier side and the procurement department on the customer side can be a cause of increased difficulty if the different parties are not aligned within their own organisations.

However, ease and difficulty need to be put in context. If the customer expects a process to be more difficult than they experience it then it is unlikely to affect his opinion of the supplier. It is when the customer rates an interaction as '**difficult'** but expects it to be **'easy'** that most dissatisfaction arises. Also, if a process that a customer is not really bothered about (or just wants it done) is made easier than they expect the customer will not be pleased or impressed and in this situation the supplier may have over-serviced or over-invested in this area.

It is also worth considering how many of the "Most Difficult" category would have been identified by the customer satisfaction survey. In most of the companies that we interviewed, this analysis would not have come out of the survey so the company is missing an opportunity for improvement. In our opinion, the use of an "easy to do business with" measure and the associated collection of information about **'easy'** and **'difficult'** interactions will enhance the customer satisfaction process in B2B companies.

Not surprisingly, customers that had '**difficult'** experiences were not keen to conduct more business with that supplier. In fact for B2B companies it was pretty black and white: '**easy'** experiences lead to opportunities to bid for further work while '**difficult'** experiences limited the chances of even being invited to bid let alone win a bid. What was interesting was that these '**easy'** or '**difficult'** experiences were not necessarily to do with the core product or service being delivered. Difficult situations that impacted the overall relationship were reported across the full range of interactions between suppliers and customers. They were often extremely small in monetary value but considered to be a real irritant by the customer. In addition, these issues were most frequently found in the *change* phase described above and often related to the inability of the supplier to adapt to changes in circumstances for the customer. The implication here is that companies must not forget that excellent work providing a great product or service can be undermined by difficult experiences with things the customer expect to be easy. This can be related to the Customer Experience Model, developed in the 'What makes a great customer experience' HCCM report by Prof M Clark and shown below, which identifies the customer

experience attributes identified by customers as the most important. The attributes are defined in 3 layers:

- **Product:** attributes such as reliability and safety
- **Service:** attributes such as communication, valuing time and caring
- **Experience:** attributes such as the relationship and emotions.

The point here is that the product attributes can be copied; service attributes can be learned but the experience attributes are intangible, have to be built over time and can be easily damaged.
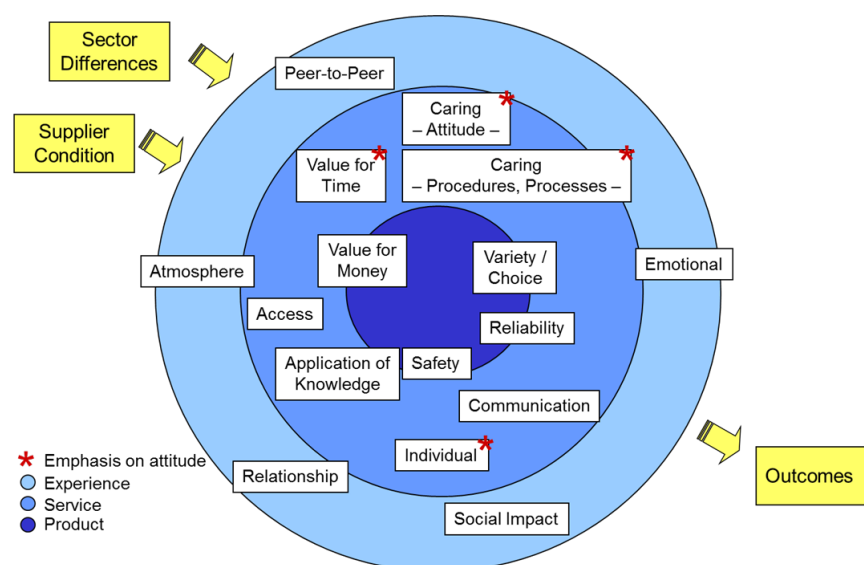
Figure 9: The Customer Experience Model (Clark M, 2006)

Companies should ensure that their customer and account management processes take the whole Customer Experience model into consideration when delivering products and services and measuring the resultant customer satisfaction or customer effort scores.

7. Best Practice Discussion

The research provided some insights to how some companies are using customer satisfaction and customer effort scores in innovative and effective ways. This section identifies some of the best practice from this research project and also from the previous HCCM research discussed in section 3.

7.1. Innovative Approach To Account Reviews

We discussed an approach to B2B measurement of customer satisfaction where one company has established a quarterly review process that is based on KPI's relevant to the client rather than the company. The key points are:

- Mix of standard (e.g. overall satisfaction) and tailored (e.g. customer outcome) KPI's, the latter agreed with the customer.
- Quarterly reviews with the customers who score the KPI's to generate a rolling annual score and the ability to detect changes in satisfaction scores from quarter to quarter.
- Issues that extend beyond the remit of the account can be captured and addressed via the Customer Experience team.

7.2. Using 'Easy' For Continuous Improvement

A leading global company with a well-established annual customer satisfaction survey process found that successive continuous improvement initiatives had met internal functional objectives but had failed to keep the customer at the centre of their processes. Once the impact on their customers had been identified, the **'easy'** score was introduced in order to encourage customers to identify what was **'easy'** and what they found **'difficult'**. A sequence of events eventually demonstrated the need to use the **'easy'** metric:

- Global change initiatives undertaken to cut waste using a LEAN process improvement approach.
- Met the change objectives for each function so considered to be a success.
- Tracked expected improvements via the annual global survey but found that CSat & NPS had reduced.
- An open CE question was added to the global survey to identify why this had happened and where customers experienced difficulty.
- Adopted a customer centric approach to process improvement – all future process improvements were assessed for their impact on customer satisfaction.
- Also identified "trapped" customer segment – the spend metrics for these customers appeared positive but the CE scores showed **'difficult'** experiences that would lead to defection as soon as alternative suppliers were found.

7.3. Adding 'Easy' Question To Generate Insight

This company found that CE, or **'easy'**, resonated well with their staff and customers and was very simple to understand. They introduced a CE approach based on the HBS paper in order to improve their Client Services and drive customer centricity. They quickly realised that many customer issues were to be found outside of the client services area and that in order to remove **'difficult'** experiences a company-wide customer centric approach was needed. The main points were:

- Worked with clients to identify high effort areas and fixed processes, some insight was obtained from CSat surveys but most was through customer by customer workshops to identify customer specific issues for which common solutions could be designed.
- Initially focused on Client Services and then extended to other areas where problems identified, such as logistics and finance.
- Introduced the "Easy" mark – required by all process changes – on the same level as regulatory and financial approval.
- CES used to continually and proactively identify improvements that would make things "Easy" for all customers.

The financial impact of these changes was not measured but the company had clear examples where defections had been prevented by resolving **'difficult'** experiences and making things **'easy'**.

There are good examples where B2B companies have made things **'easy'** for customers and reduced **'difficult'** experiences that were outside of the Account Team remit. These include:

- A scenario where credit checking by the finance department resulted in urgent orders missing despatch timings. The Finance department recognised that they had to find a way to conduct credit checking of these orders much more quickly. The **'easy'** approach was applied to improve the process and an "Easy Stamp of Approval" was awarded to the new process.
- Another company used CE surveys and realised that the time taken to agree contracts was considered excessive (or **'difficult'**) by their customers. The contracts department were challenged to complete their due diligence and negotiation activities more quickly and managed to reduce the contract completion time by 50%.

8. Conclusions And Recommendations

There are several findings from this research that can provide guidance for companies looking to measure the satisfaction of their B2B customers. There is no single answer or approach that will fit all companies and it is clear that the most appropriate approach will vary with the type of products or services provided:

- Annual customer surveys are appropriate where they are many customers and standardised processes used to service them. The best surveys include open questions on Customer Effort that enable areas of high effort to be identified and corrected.
- Where there are fewer, larger customers that are managed through account teams, there is some opportunity for the manipulation of results but the companies still see value in regular surveys. These surveys can identify things outside of the account team remit but the main point is to ensure the KPI's used are agreed with and relevant to the customers changing situation.
- In order to compare results with other organisations, standard metrics such as NPS and CES can be used but care should be taken to use the standard measurement scales.
- Consider using an "ease of doing business" approach in order to:
  - o Encourage customers to mention the things that interest or concern them.
  - o Reduce the potential for manipulation.
  - o Focus on identifying areas for customer centric process improvements.
- Companies tend to view themselves as being more difficult to do business with than their customers do. This may be due to account teams papering over cracks to minimise the impact on customers.
- When looking to improve processes it is important to take a customer centric perspective:
  - o Start with the customer service function.
  - o Spread the message throughout customer facing functions.
- The reason customer effort is considered to be an important component for companies designing customer satisfaction surveys is the link between **'easy'** experiences and customer loyalty. The CE score is considered a better indicator of future behaviours than CSat or NPS.

Note that customers' views of their suppliers are formed by their experiences beyond the attributes of the core product or service. The relationship throughout the customer/supplier interactions is the key to resolving issues and gaining future work.

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