

# CHAPTER 73

## Service Quality

Laura Raiman DuPont  
Quality Engineering Consultant

1. DEFINING SERVICE QUALITY	1956	4.3. Employee Well-Being and Satisfaction	1961
2. CREATING A SERVICE STRATEGY	1957	5. SYSTEMS FOR SERVICE DELIVERY	1961
3. CREATING SERVICE-DRIVEN LEADERSHIP	1958	6. MEASURING AND EVALUATING SERVICE QUALITY	1963
4. CREATING A SERVICE-DRIVEN WORKFORCE	1959	7. CONCLUSIONS	1964
4.1. Work Systems	1959	REFERENCES	1965
4.2. Education and Training	1959		

### 1. DEFINING SERVICE QUALITY

Service quality is hard to define, hard to achieve, but easy to identify when missing. Service encounters happen every day when customers come into contact with an organization, its people, its communications, and the services it provides. These service encounters have been termed the “moment of truth” by Jan Carlzon, CEO of Scandinavian Airlines System (SAS)—the moment at which the representatives of the service provider must prove to their customers that their organization is the best alternative (Carlzon 1987). In order to become a leader in service quality, an organization must adopt a multidimensional perspective to managing service encounters. It must be effective at both designing and delivering services. In other words, an organization must do what the customer wants, and do it the right way. Accomplishing this requires an organization to implement effective approaches in five key areas: service strategy; service-driven leadership; service-driven workforce; systems for service delivery; and measurement and evaluation of service quality. When approaches in these areas are integrated together into an overall template for managing service quality, the result is an organization with a new, customer-oriented culture.

Although specific approaches and methods used in these five areas may differ widely between organizations, there is a vehicle that provides the framework for defining service quality and for guiding an organization in selecting and implementing approaches for managing service quality. That framework is the Baldrige National Quality Program *Criteria for Performance Excellence* (2000). The Baldrige Award was designed to publicize and promote successful quality strategies as a result of the Malcolm Baldrige National Quality Improvement Act of 1987. The Baldrige criteria are designed to help organizations enhance their performance through a focus on two results-oriented goals: delivery of ever-improving value to customers, resulting in marketplace success; and improvement of overall organizational effectiveness and capabilities. For over 12 years, the Baldrige Criteria have been used successfully by all types of organizations to assess and evaluate their operations. Explicit and well-articulated core values and concepts form the foundation of the criteria. The focus on values recognizes the different paths organizations may take to attain performance excellence. The Baldrige criteria provide an organization with a systems perspective for managing operations and for achieving performance excellence.

The Baldrige criteria are presented in seven categories, which are each subdivided into several items (Table 1). The remainder of this chapter describes key approaches in five global areas of service

**TABLE 1 2000 Baldrige Criteria for Performance Excellence—Categories/Items**

---

1. Leadership
1.1. Organizational leadership
1.2. Public responsibility and citizenship
2. Strategic planning
2.1. Strategy development
2.2. Strategy deployment
3. Customer and market focus
3.1. Customer and market knowledge
3.2. Customer satisfaction and relationships
4. Information and analysis
4.1. Measurement of organizational performance
4.2. Analysis of organizational performance
5. Human resource focus
5.1. Work systems
5.2. Employee education, training, and development
5.3. Employee well-being and satisfaction
6. Process management
6.1. Product and service processes
6.2. Support processes
6.3. Supplier and partnering processes
7. Business results
7.1. Customer-focused results
7.2. Financial and market results
7.3. Human resource results
7.4. Supplier and partner results
7.5. Organizational effectiveness results

---

quality. Where there are very clear linkages to the Baldrige criteria, such as in the area of systems for service delivery, the criteria are presented to clarify best practice. In other cases, the criteria will just be referenced. The intent of drawing the Baldrige criteria into the discussion of service quality is not only to provide key ideas and approaches, but also to demonstrate the value of the Baldrige criteria in setting up an integrated approach for addressing service quality, and ultimately performance excellence.

## **2. CREATING A SERVICE STRATEGY**

Service quality happens when an organization has employees who are committed to quality in their own work and are willing to go out of their way to deliver that high level of quality to customers. This will only happen when there is a well-developed service strategy that defines an organization's shared values and organizes all of the other elements of service.

The key step in developing a service strategy involves segmenting customers according to their service expectations. Within each market an organization tries to reach, there are different segments. All of these segments most likely have common core needs and expectations, but once customer segments are defined, an organization can find out exactly what the expectations are for each segment. This allows the organization to develop a service concept that provides it with a competitive advantage in the eyes of its customers. In other words, while an organization is providing a good core service, it may cater to each particular segment in order to differentiate itself from competitors in the eyes of those customers.

The identification of service differentiators can help an organization position itself as a leader. This requires all customer contact points to be carefully analyzed, particularly relative to each key customer segment. For each customer contact point, the organization must analyze what it does right or wrong and compare this to what customers want, need, and expect. It must also analyze what competitors provide and do not provide. Identifying service differentiators for customer segments also allows an organization to identify what employees play a role in each portion of the service-delivery process. This allows salespeople, administrators, production staff, and other employees to adapt their style, behavior, or environment to each key segment.

The right service strategy for a given organization is defined to an even greater extent by considering the strengths of key competitors, the guiding principles and values of the organization, and the organization's market. An effective service strategy provides a concept of service for an organization

to rally around and allows leaders to identify conflicts between corporate strategy and customer service. It also allows the organization to design effective ways to measure service performance and service quality, as discussed later. The service strategy also provides an effective means for leadership to choose the optimum mix and level of service for different customer segments.

### 3. CREATING SERVICE-DRIVEN LEADERSHIP

Strong, effective leadership turns a service strategy into an everyday reality. While a service strategy provides the overall strategy for dealing with customers, customer-contact employees typically must exercise broad discretion when serving customers. Although the strategy is typically supported by service standards, employees must also rely on a strong service culture to guide them in making decisions. That culture takes its tone and its values from an organization's leaders. As W. Edwards Deming clearly pointed out, quality can be no better than the intent of top management. Leaders shape culture, and culture is key to customer service.

Employees at every level in an organization must understand leadership's commitment to customers and service. This requires an organization's senior leaders to set directions and create a customer focus, clear and visible values, and high expectations. A clear, compelling, memorable vision should convey the result to be achieved for the customer and the way in which the results are to be achieved. The leadership category in the Baldrige criteria examines how an organization's senior leaders address values and performance expectations as well as how they focus on customers and other stakeholders, empowerment, innovation, learning, and organizational directions.

An organization's vision is communicated to employees through signals sent by management attitudes, policies, and rewards. Leaders in companies that produce outstanding service incessantly pronounce their beliefs and back up their words with actions. When leaders behave in a manner consistent with the organization's mission and values and focuses on empowering people to make decisions and take risks, it supports a wide variety of desired behaviors and builds self-esteem and teamwork among employees. Leaders also must exemplify for their employees what it means to produce great service. This may include answering calls from customers and fielding complaints one day a month, writing thank-you letters, spending time working in front line jobs, and so on. Their goal is to nurture a service culture that will shape employee behavior more effectively than rules and regulations can. They make service everybody's business and empower employees to make on-the-spot decisions in the customer's interest. By doing this, leadership helps make strategy a day-to-day reality.

**TABLE 2 Baldrige Criteria Item 1.1—Organizational Leadership**

#### 1.1. Organizational Leadership

**Describe how senior leaders guide your organization and review organizational performance.**

Within your response, include answers to the following questions:

##### a. Senior Leadership Direction

- (1) How do senior leaders set, communicate, and deploy organizational values, performance expectations, and a focus on creating and balancing value for customers and other stakeholders? Include communication and deployment through your leadership structure and to all employees.
- (2) How do senior leaders establish and reinforce an environment for empowerment and innovation, and encourage and support organizational and employee learning?
- (3) How do senior leaders set directions and seek future opportunities for your organization?

##### b. Organizational Performance Review

- (1) How do senior leaders review organizational performance and capabilities to assess organizational health, competitive performance, and progress relative to performance goals and changing organizational needs? Include the key performance measures regularly reviewed by your senior leaders.
- (2) How do you translate organizational performance review findings into priorities for improvement and opportunities for innovation?
- (3) What are your key recent performance review findings, priorities for improvement, and opportunities for innovation? How are they deployed throughout your organization and, as appropriate, to your suppliers/partners and key customers to ensure organizational alignment?
- (4) How do senior leaders use organizational performance review findings and employee feedback to improve their leadership effectiveness and the effectiveness of management throughout the organization?

This also means treating employees as leaders wish employees would treat customers. Leaders must express the same values in their dealings with front-line employees that they want these employees to show in their dealings with customers. Creating a positive climate for customer service means demonstrating concern for employees, enhancing their dignity, and solving their problems quickly and fairly. One of the most frustrating experiences of service employees is to work in an organization that stresses total customer satisfaction and then imposes controls or provides facilities that make it difficult or impossible to deliver it.

Clearly, an organization's leaders play a key role in setting directions, creating and balancing value for all stakeholders, and driving performance. Success requires a strong future orientation and a commitment to both improvement and change. As the Baldrige criteria note, increasingly this requires creating an environment for learning and innovation as well as the means for rapid and effective application of knowledge.

#### **4. CREATING A SERVICE-DRIVEN WORKFORCE**

Customers judge service by the quality of their interactions with the people who provide that service. The more contact employees have with customers, the more critical employee behavior is to perceptions of service quality. Therefore, organizations that lead in service quality must pay extraordinary attention to their workforce. Organizations with a strong customer focus achieve this through efforts in three key areas: (1) work and job design, compensation, career progression, and related workforce practices; (2) education and training efforts at all levels; and (3) maintenance of a work environment and an employee support climate that contribute to the well-being, satisfaction, and motivation of all employees.

The entire human resource focus category in the Baldrige criteria directly addresses all three of these areas that are critical to hiring, training, and growing service-driven employees. The criteria focus on how an organization enables its employees to use their full potential in accomplishing organizational objectives and how the organization maintains an environment that promotes performance excellence, full participation, and personal and organizational growth. Accomplishing this requires a close coupling between the leadership system and human resource system to enable defining and implementing the methods and structures needed to lead the organization in its strategic direction. The integration of these two systems sets the stage for effective performance. As leaders change the focus of the organization, employees need to acquire new skills and knowledge to be able to implement the leaders' new direction.

##### **4.1. Work Systems**

The work system starts with hiring people whose personalities predispose them to serve customers well. It continues with developing flexible, high-performance work practices tailored to employees with diverse workplace and home life needs. Major challenges in the area of valuing employees include demonstrating leadership's commitment to employees, providing recognition opportunities that go beyond the normal compensation system, providing opportunities for development and growth within the organization, sharing the organization's knowledge so employees can better serve customers and contribute to achieving strategic objectives, and creating an environment that encourages risk taking.

Companies that provide superior service use a wide variety of motivational programs to keep employees' energy flowing. The higher the degree of customer contact a group of employees has, the greater the number and power of motivational programs it can use. Award programs are one formal expression of the encouragement and praise that effective front-line supervisors continually provide. Compensation and recognition might need to be based, totally or in part, on leaders and employees attaining degrees of expertise in skill areas that align with organization objectives. Incentive approaches could include profit sharing and compensation based on acquiring new skills, building existing skills, or demonstrating self-learning. This might also be linked to customer retention or other performance objectives. Compensation and recognition, both monetary and nonmonetary, reward personnel for significant performance contributions that link to achieving the company objectives.

In addition to enabled employees and proper work system design, high-performance work requires ongoing education and training and information systems that ensure proper information flow. To help employees realize their full potential, many organizations use individual development plans for every employee that address individual career and learning objectives. Compensation and recognition approaches might also include profit sharing, team or unit performance, and linkage to customer satisfaction and loyalty measures or other organizational objectives.

##### **4.2. Education and Training**

Employee success depends increasingly on having opportunities for personal learning and practicing new skills. Organizations invest in employee personal learning through education, training, and opportunities for continuing growth. Learning opportunities in good service organizations are constant,

**TABLE 3 Baldrige Criteria Item 5.1—Work Systems****5.1. Work systems**

**Describe how your organization's work and job design, compensation, career progression, and related work force practices enable employees to achieve high performance in your operations.**

Within your response, include answers to the following questions:

**a. Work Systems**

- (1) How do you design, organize, and manage work and jobs to promote cooperation and collaboration, individual initiative, innovation, and flexibility, and to keep current with business needs?
- (2) How do your managers and supervisors encourage and motivate employees to develop and utilize their full potential? Include formal and/or informal mechanisms you use to encourage and support employees in job- and career-related development/learning objectives.
- (3) How does your employee performance management system, including feedback to employees, support high performance?
- (4) How do your compensation, recognition, and related reward/incentive practices reinforce high performance?
- (5) How do you ensure effective communication, cooperation, and knowledge/skill sharing across work units, functions, and locations, as appropriate?
- (6) How do you identify characteristics and skills needed by potential employees; how do you recruit and hire new employees? How do you take into account key performance requirements, diversity of your community, and fair work force practices?

intensive, lavish, and universal. Opportunities might include job rotation and increased pay for demonstrated knowledge and skills. On-the-job training offers a cost-effective way to train and better link training to organizational needs. Informal or not, the training is consistent and tightly linked with the company's strategy, culture, and personnel policies and is supported by the design of the service delivery system. Personal learning can result in more satisfied and versatile employees, greater opportunity for organizational cross-functional learning, and an improved environment for innovation.

Education, training, and development require ascertaining both education and training needs, including long-term development of employees' skills and knowledge that will be essential for an

**TABLE 4 Baldrige Criteria Item 5.2—Employee Education, Training, and Development****5.2. Employee Education, Training, and Development**

**Describe how your organization's education and training support the achievement of your business objectives, build employee knowledge, skills, and capabilities, and contribute to improved employee performance.**

Within your response, include answers to the following questions:

**a. Employee Education, Training, and Development**

- (1) How does your education and training approach balance short- and longer-term organizational and employee needs, including development, learning, and career progression?
- (2) How do you design education and training to keep current with business and individual needs? Include how job and organizational performance are used in education and training design and evaluation.
- (3) How do you seek and use input from employees and their supervisors/managers on education and training needs, expectations, and design?
- (4) How do you deliver and evaluate education and training? Include formal and informal education, training, and learning, as appropriate.
- (5) How do you address key developmental and training needs, including diversity training, management/leadership development, new employee orientation, and safety, as appropriate?
- (6) How do you address performance excellence in your education and training? Include how employees learn to use performance measurements, performance standards, skill standards, performance improvement, quality control methods, and benchmarking, as appropriate.
- (7) How do you reinforce knowledge and skills on the job?

**TABLE 5** Baldrige Criteria Item 5.3—Employee Well-Being and Satisfaction**5.3. Employee Well-Being and Satisfaction**

**Describe how your organization maintains a work environment and an employee support climate that contribute to the well-being, satisfaction, and motivation of all employees.**

Within your response, include answers to the following questions:

**a. Work Environment**

How do you address and improve workplace health, safety, and ergonomic factors? How do employees take part in identifying these factors and in improving workplace safety? Include performance measures and/or targets for each key environmental factor. Also include significant differences, if any, based on different work environments for employee groups and/or work units.

**b. Employee Support Climate**

- (1) How do you enhance your employees' work climate via services, benefits, and policies? How are these enhancements selected and tailored to the needs of different categories and types of employees, and to individuals, as appropriate?
- (2) How does your work climate consider and support the needs of a diverse work force?

**c. Employee Satisfaction**

- (1) How do you determine the key factors that affect employee well-being, satisfaction, and motivation?
- (2) What formal and/or informal assessment methods and measures do you use to determine employee well-being, satisfaction, and motivation? How do you tailor these methods and measures to a diverse work force and to different categories and types of employees? How do you use other indicators such as employee turnover, absenteeism, grievances, and productivity to assess and improve employee well-being, satisfaction, and motivation?
- (3) How do you relate assessment findings to key business results to identify work environment and employee support climate improvement priorities?

organization's future work systems. It also includes short-term needs of both the organization and its employees. Learning is directed not only toward better products and services but also toward being more responsive, adaptive, and efficient, giving the organization and its employees marketplace sustainability and performance advantages.

**4.3. Employee Well-Being and Satisfaction**

If work systems are to be effective, employees must have a suitable work environment and climate that fulfill their basic needs. Ensuring a safe and healthful environment must be part of an organization's improvement activities. Establishing measures and targets and recognizing that employee groups, might be in very different environments.

An organization must have approaches for enhancing employee well-being, satisfaction, and motivation based upon a holistic view of its entire workforce. A variety of approaches are usually necessary to satisfy a diverse workforce with differing needs and expectations. There must also be approaches for assessing employee well-being, satisfaction, and motivation and relating these assessment findings to key organizational results to set improvement priorities. Some examples of factors to consider in this assessment are effective employee problem and grievance resolution; employee development and career opportunities; work environment and management support; workload; communication, cooperation, and teamwork, job security; and organizational support for serving customers. Measuring how well employees understand the connection between quality and customers can also show what an organization needs to do to achieve an organizational customer focus.

**5. SYSTEMS FOR SERVICE DELIVERY**

As noted in the criteria's core value of "customer driven," quality and performance are judged by an organization's customers (Criteria 2000). Thus, an organization must take into account all product and service features and characteristics that contribute value to its customers and lead to customer satisfaction, preference, referral, and loyalty. Being customer driven has both current and future components—understanding today's customer desires and anticipating future customer desires and marketplace offerings. Value and satisfaction may be influenced by many factors throughout a customer's overall purchase, ownership, and service experiences. These factors include an organization's relationship with customers that helps build trust, confidence, and loyalty.

Without a clear understanding of customer expectations and priorities, an organization's leaders risk making bad decisions and resource allocations leading to poor quality as perceived by customers.

Information gathered, interpreted, and communicated properly can reduce the likelihood of pursuing inaccurate customer expectation priorities. Customer-driven organizations address not only the product and service characteristics that meet basic customer requirements, but also those features and characteristics that differentiate products and services from competing offerings.

The customer and market focus category in the criteria examines how an organization determines requirements, expectations, and preferences of customers and markets. It also considers how an organization builds relationships with customers and determines their satisfaction. The category looks at how an organization seeks to understand the voices of customers and the marketplace and stresses relationships as an important part of an overall listening, learning, and performance excellence strategy.

The criteria asks an organization to consider its key processes for gaining knowledge about its current and future customers and markets, with the aim of offering relevant products and services, understanding emerging customer requirements and expectations, and keeping pace with changing markets and marketplaces. Listening and learning strategies depend on an organization's key business factors. Some frequently used strategies include focus groups with key customers; close integration with key customers; interviews with lost customers about their purchase decisions; use of the customer complaint process to understand key product and service attributes; won/lost analysis relative to competitors; and survey/feedback information, including use of the Internet. Involving the workforce in identifying customers and their needs and communicating that information throughout an organization reinforces the connection among employees, customers, and quality.

Service organizations often get process specifications by creating customer commitments. Customer commitments are statements of outcomes expected in nonmanufacturing situations. These commitments are designed to satisfy customers' needs and expectations, written to include a little something extra to distinguish an organization from competitors. Customer commitments are based on everyone's inherent general understanding of customer needs, combined with actual knowledge of what the customer wants. For commitments to be as effective as specifications, all employees must know who their customers are; the specific expectations of these customers must be written down; and employees must be empowered by management to do whatever is necessary to meet these expectations.

Customer commitments are frequently translated into service standards. Setting a standard of service that everyone can understand establishes a target. This is critical to success because when written service standards are published, it establishes a goal toward which all employees can aim. People need tangible goals that communicate expectations and let employees know what is expected of them in specific and measurable terms. The process of setting service standards lets all employees, from the top down, know who is responsible for what jobs and reduces conflicts and misunderstandings on who is going to do what.

The second criteria item in the customer and market focus category deals with customer satisfaction and relationships. Customer satisfaction and dissatisfaction results provide vital information for understanding an organization's customers and the marketplace. In many cases, such results and trends

**TABLE 6 Baldrige Criteria Item 3.1—Customer and Market Knowledge**

**3.1. Customer and Market Knowledge**

**Describe how your organization determines short- and longer-term requirements, expectations, and preferences of customers and markets to ensure the relevance of current products/services and to develop new opportunities.**

Within your response, include answers to the following questions:

**a. Customer and Market Knowledge**

- (1) How do you determine or target customers, customer groups, and/or market segments? How do you consider customers of competitors and other potential customers and/or markets in this determination?
- (2) How do you listen and learn to determine key requirements and drivers of purchase decisions for current, former, and potential customers? If determination methods differ for different customers and/or customer groups, include the key differences.
- (3) How do you determine and/or project key product/service features and their relative importance/value to customers for purposes of current and future marketing, product planning, and other business developments, as appropriate? How do you use relevant information from current and former customers, including marketing/sales information, customer retention, won/lost analysis, and complaints, in this determination?
- (4) How do you keep your listening and learning methods current with business needs and directions?

**TABLE 7** Baldrige Criteria Item 3.2—Customer Satisfaction and Relationships**3.2. Customer Satisfaction and Relationships**

**Describe how your organization determines the satisfaction of customers and builds relationships to retain current business and to develop new opportunities.**

Within your response, include answers to the following questions:

**a. Customer Relationships**

- (1) How do you determine key access mechanisms to facilitate the ability of customers to conduct business, seek assistance and information, and make complaints? Include a summary of your key mechanisms.
- (2) How do you determine key customer contact requirements and deploy these requirements to all employees involved in the response chain?
- (3) What is your complaint management process? Include how you ensure that complaints are resolved effectively and promptly, and that all complaints received are aggregated and analyzed for use in overall organizational improvement.
- (4) How do you build relationships with customers for repeat business and/or positive referral?
- (5) How do you keep your approaches to customer access and relationships current with business needs and directions?

**b. Customer Satisfaction Determination**

- (1) What processes, measurement methods, and data do you use to determine customer satisfaction and dissatisfaction? Include how your measurements capture actionable information that reflects customers' future business and/or potential for positive referral. Also include any significant differences in processes or methods for different customer groups and/or market segments.
- (2) How do you follow up with customers on products/services and recent transactions to receive prompt and actionable feedback?
- (3) How do you obtain and use information on customer satisfaction relative to competitors and/or benchmarks, as appropriate?
- (4) How do you keep your approaches to satisfaction determination current with business needs and directions?

provide the most meaningful information, not only on customers' views but also on their marketplace behaviors—repeat business and positive referrals.

Obtaining useful information on customer satisfaction requires carefully designed and developed surveys. Responses must be interpretable and translatable into specifications or strategies for improvement. Surveys should identify and prioritize customer needs and expectations and should rate the importance of the product or service attributes and how well the organization is meeting the attributes. Complaint and satisfaction survey results aggregation, analysis, and root cause determination should lead to effective elimination of the causes of problems and to priority setting for process, product, and service improvements. Successful outcomes require effective deployment of information throughout an organization.

The item also deals with how an organization provides easy access for customers and potential customers to seek information or assistance and/or to comment and complain. Excellent service depends on welcoming customer requests and responding flexibly. Organizations keep customers by remedying commitment failures. To be able to fix a commitment failure on the spot, an organization must anticipate possible failures and devise suitable remedies. These plans must be mapped out in advance, written down, and agreed to by management, and the workforce must be empowered to act on them.

Having an effective, customer-driven system for service delivery is a strategic concept. It is directed toward customer retention, market share gain, and growth. It demands constant sensitivity to changing and emerging customer and market requirements and the factors that drive customer satisfaction and retention. It demands anticipating changes in the marketplace. Being customer driven thus demands awareness of developments in technology and competitors' offerings and rapid and flexible response to customer and market requirements.

**6. MEASURING AND EVALUATING SERVICE QUALITY**

Measuring and evaluating service quality rounds out the five key areas that that began with creating a service strategy. Through measurement and evaluation, leadership can understand how well their strategies are working and can identify weaknesses in the other elements of service. Measuring and tracking also allows employees at all levels of an organization to increase service quality awareness,



understand their performance levels, understand performance relative to competitors and benchmarks, identify strengths and weaknesses, focus efforts, and monitor progress.

Despite the serious difficulties of measuring and controlling the quality of customer service, service leaders have figured out ways of doing it. Measuring service performance or quality is quite different than measuring product quality because service is an experience. Generally, the better measurement systems focus on three different aspects of service: process, product, and customer satisfaction.

Process measures are the more traditional measures, which compare the actual work employees perform in the process of creating service with standards for quality and quantity. These might include measures such as time to answer the phone, time to respond to customer inquiries, and ability to solve a problem without passing a customer on to somebody else. These measures are often associated with the service standards an organization defines. Measuring service standards provides employees with a sense of achievement and accomplishment and motivates them to aim at even higher levels.

Product measures focus on outcomes of a service process and show whether the work has produced the desired results, such as delivering packages when customers want them delivered. Ideally, product measures summarize the effects of the process from the customers' point of view (without actually asking the customer first hand) and are closely linked to customer satisfaction. Examples of such measures include access, courtesy, reliability, and responsiveness.

Satisfaction measures look at the extent to which customers are satisfied with the service they have received. Customer satisfaction must be measured for each area of customer contact that affects the customer's decision to buy. In order to get a full understanding of the benefits and costs of service quality, customer satisfaction surveys should ask how satisfied customers are with a service encounter, what problems were experienced, whether assistance to answer a question or solve a problem was sought and where the customer sought advice, how many people the customer told about the experience, costs incurred by both servers and customers to prevent and correct poor service, and whether the customer intends to purchase the product or service again.

Zeithaml et al. (1990) proposes five attributes of quality service, including reliability, empathy, assurance, responsiveness, and tangibles. By comparing customer perceptions with expectations in these areas, the model provides a two-part measure of perceived quality that links back to market segmentation relative to different service expectations. Whatever measures are used, measurement and evaluation are necessary to establish bases for improvement. The initial fix of a customer commitment failure is really just a temporary fix to keep customers satisfied. Once good data is available, employees can effectively identify and address the real problems behind commitment failures.

The data obtained from service quality measures may be used in a variety of ways: to correct specific performance deficiencies, to identify problems for correction, and to supply data to a variety of economic models on the profit impact of causes of dissatisfaction and the revenue opportunities of sources of satisfaction. Whatever methods are used to obtain the data, service quality results must reach all of the concerned areas of the organization, and they must be evaluated and needed to balance customer satisfaction and company profits. When customer expectations are met or exceeded, they have a tendency to increase, and service-obsessed companies never see the end of programs and actions to improve service.

There is an entire category devoted to information and analysis in the Baldrige criteria, and a core value centered around management by fact, demonstrating the extent to which organizations depend upon the measurement and analysis of performance. The measures and indicators an organization selects should be represent the factors that lead to improved customer, operational, and financial performance. A comprehensive set of measures or indicators tied to customer and/or organizational performance requirements represents a clear basis for aligning all activities with an organization's goals (Criteria 2000).

There are no magic formulas for developing measures, and there is no one recipe for success in monitoring service quality. Lacking good measures, however, an organization cannot assess its progress or adjust to changes in customer expectations. Without effective measures, managers cannot reward employees appropriately, tune strategies and infrastructure to customer needs, or design products and service delivery systems that support outstanding service. Without valid measurement systems, it is impossible to know what actions are required to improve customer service. There must be a continuous, permanent commitment to measuring, evaluating, and acting on actual service delivery.

## 7. CONCLUSIONS

Organizations that provide outstanding service quality are quite different from their competitors. Leaders act and manage differently, missions are stated differently, employees are treated differently, services are delivered differently, and results are measured and acted upon. Actions are based on totally different assumptions about the way success is achieved. And the results show it, in terms of both conventional measures of performance and the impact these services have on their competitors.

Genuine quality improvements that make a difference to customers and build a stronger, more competitive organization are achievable by any type of organization—manufacturing, service, health care, education, and nonprofit alike. With a framework such as the Baldrige criteria, any organization can systematically identify both strengths and areas for improvement in its own approaches to service quality. Whether being used on an entire corporation, division, or a small service or manufacturing company, the criteria provide a methodical approach for creating a common language and enhancing cooperation and communication with employees and customers alike. Using the criteria can help achieve consensus on what needs to be done and help integrate various quality management and business efforts.

Service quality is definable, achievable, and sustainable when an organization is provided with a systematic approach for self-assessing and improving existing approaches to service delivery. The Baldrige criteria provide a robust, organizational management model, which has been repeatedly used by all types of organizations to gain competitive advantage, enhance their image, improve their overall performance, and ultimately help them achieve excellence.

## REFERENCES

- Criteria for Performance Excellence*, (2000), Baldrige National Quality Program, National Institute of Standards and Technology, Gaithersburg, MD.\*
- Carlzon, J. (1987), *Moments of Truth*, Harper & Row, New York.
- Zeithaml, V. Parasuraman, A., and Berry, L. L., (1990) *Delivering Service Quality: Balancing Customer Perceptions and Expectations*, Free Press, New York.

\*Individual copies can be obtained from:  
Baldrige National Quality Program  
National Institute of Standards and Technology  
Administration Building, Room A635  
100 Bureau Drive, Stop 1020  
Gaithersburg, MD 20899-1020  
Telephone: (301)975-2036  
E-mail: [nqp@nist.gov](mailto:nqp@nist.gov)