Improving Service Quality-Key Challenges and Approach

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Abstract

With more than 56% contribution to India's GDP in the Financial Year 2013-14, success and growth of service sector is crucial for Indian economy. Success depends on customer satisfaction and retention. A number of initiatives have been taken for business growth and customer satisfaction in this sector, mainly related to ISO 9000/ CMMI for process standardization, Lean/ Six Sigma for process improvement, and Balance scorecard for business planning. However, these efforts have been more like 'flavor of the month' and due to lack of an integrated approach, these efforts are not sustained over time. Results have varied between very good to below averages, depending upon seriousness of the initiative.

There are challenges in TQM application in the service sector, some are common with those faced in the manufacturing sectors and some are unique for the sector.

The paper presents specific challenges faced and author's attempts for improving service quality to address the same with fair degree of success. The paper highlights learnings from a

recent transformation project in couple of service organizations, wherein an integrated approach, right from Policy Deployment to identify couple of key customer facing processes, identifying high impacting projects & tasks, use of QC Story for execution of improvement projects and finally converting all learnings into Daily Management and standardized process, was used.

The approach broadly looks fairly similar to traditional approach used in manufacturing, but had to be 'tailored' for the service sector. The learnings are being used to horizontally deploy similar approach to cover more processes. In addition to improvement in processes and CSAT (customer satisfaction) significantly, the approach has converted few strong 'cynics' into 'believers' in the scientific way of working.

This paper highlights the challenges faced during the planning and execution phases, and how the approach was adapted to suit the situation.

The author will like to debate how these learnings can be used to make a generic approach and/ or model for improving service quality and how these learnings may be used to bring some structured guideline for training and promotion of quality in Service Sectors.

Key Words: Service, Service Quality, Integrated approach, Policy Management and Daily Management, Lean Six Sigma, Balanced Score Card

Improving Service Quality – Key Challenges & Approach

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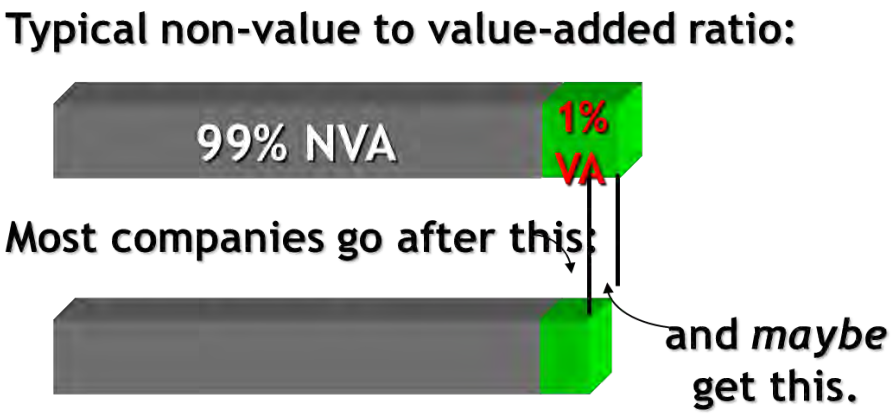
Service Sector-Opportunity

- Cost of poor quality is higher in service sector.
- Value adding component in several service processes is as low as 10% with respect to time.
  - Non Value adds
    - TIMWOOD



Transportation, Inventory, Motion, Wait time, Over-production, Over-processing, Defects

Challenges in Service Sector

- Individual driven Process Changes
- Processes not well defined
- High Attrition
- High rate of Errors
- Lack of Data
- Late Starters
- Lack of Proper Measures
- **WE ARE DIFFERENT**
- More Focus on Problem Fixing

Various Approaches

Flavor of the month!!

Malcolm Baldrige National Quality Award

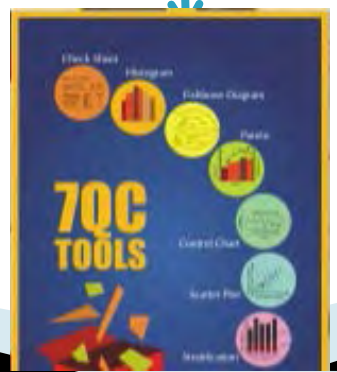
LEAN
Achieving More ~ with Less

Innovation-TRIZ

Safety - Quality - Customer Satisfaction
TQM

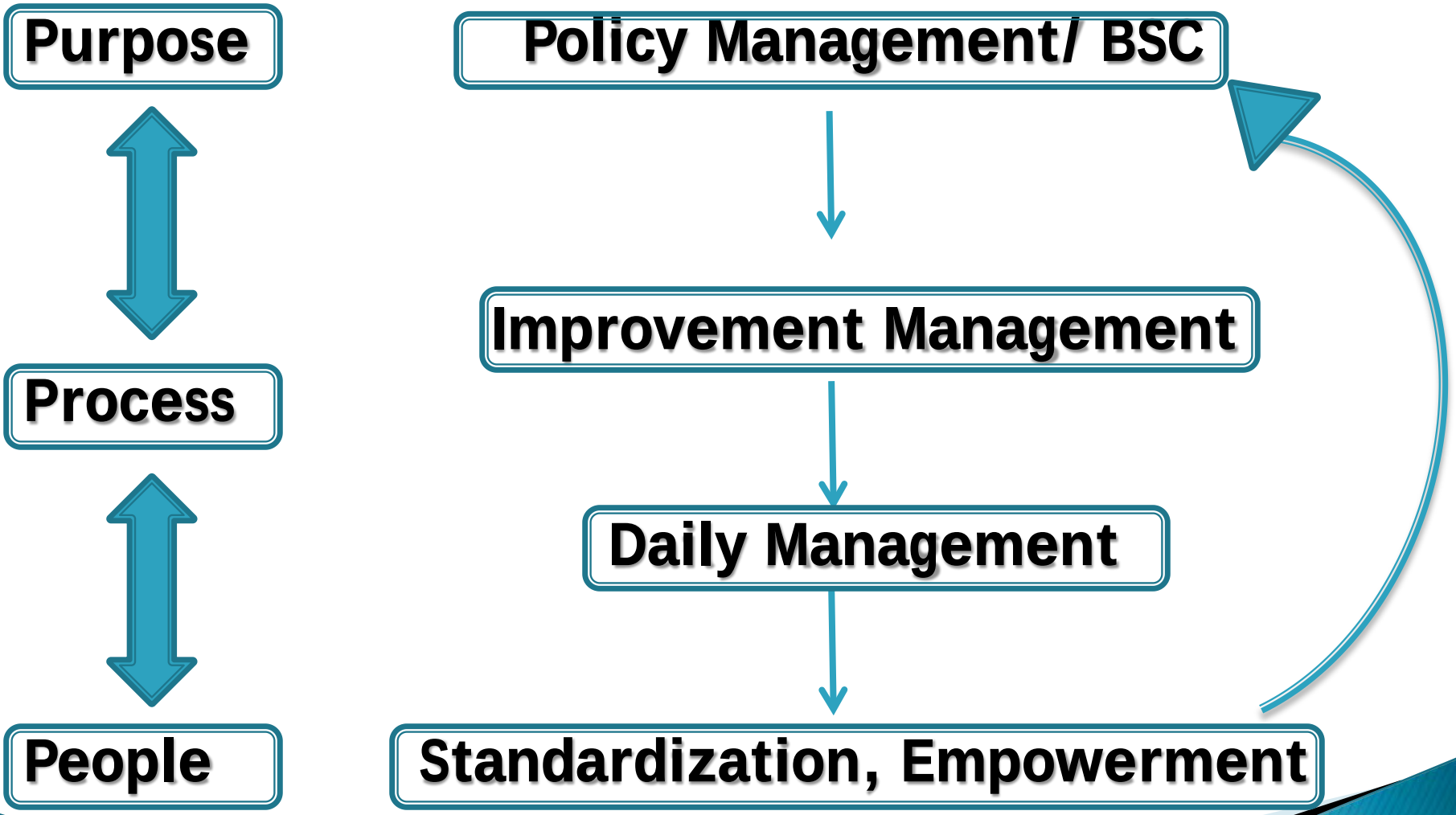
ISO

eSCM-CL



Deming Prize

Integrated Approaches



An Example of Integrated Approach

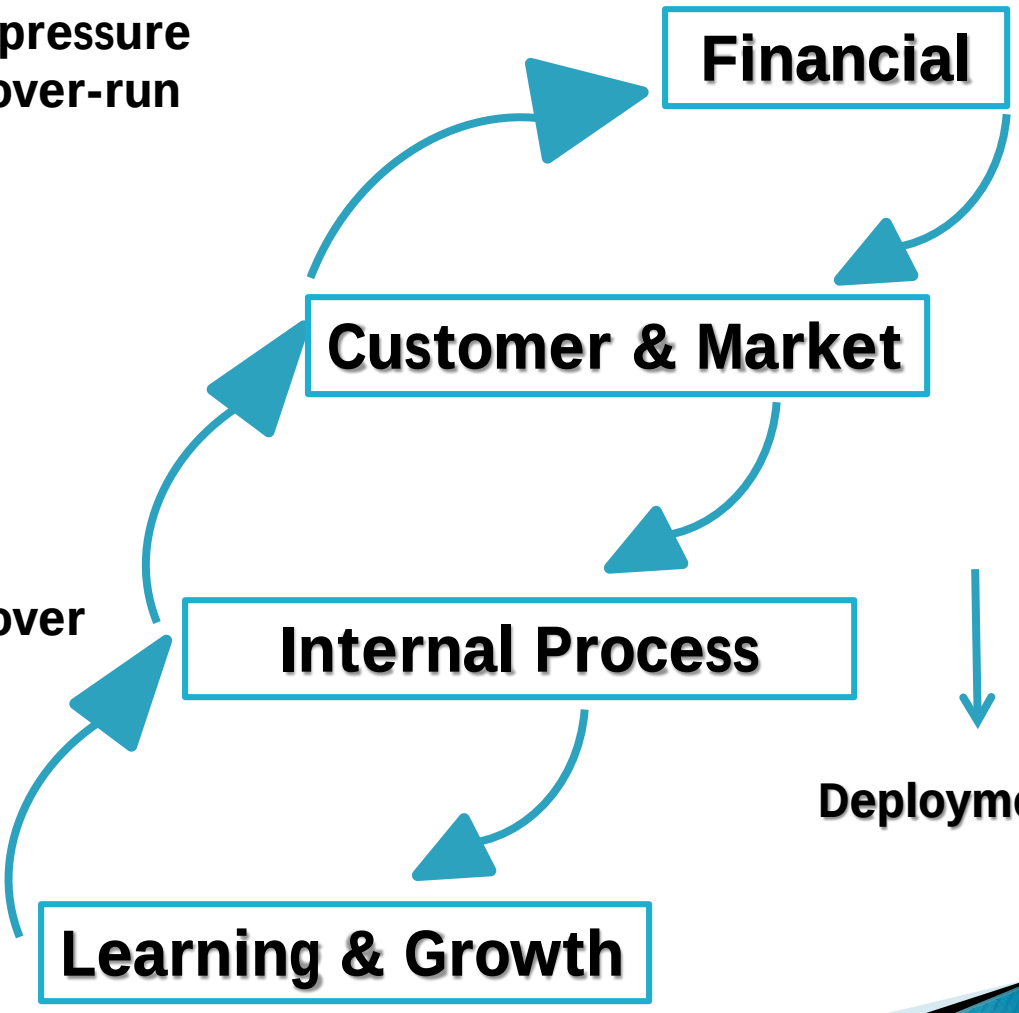
FROM IT SECTOR

Margins under pressure
- Effort / Cost over-run

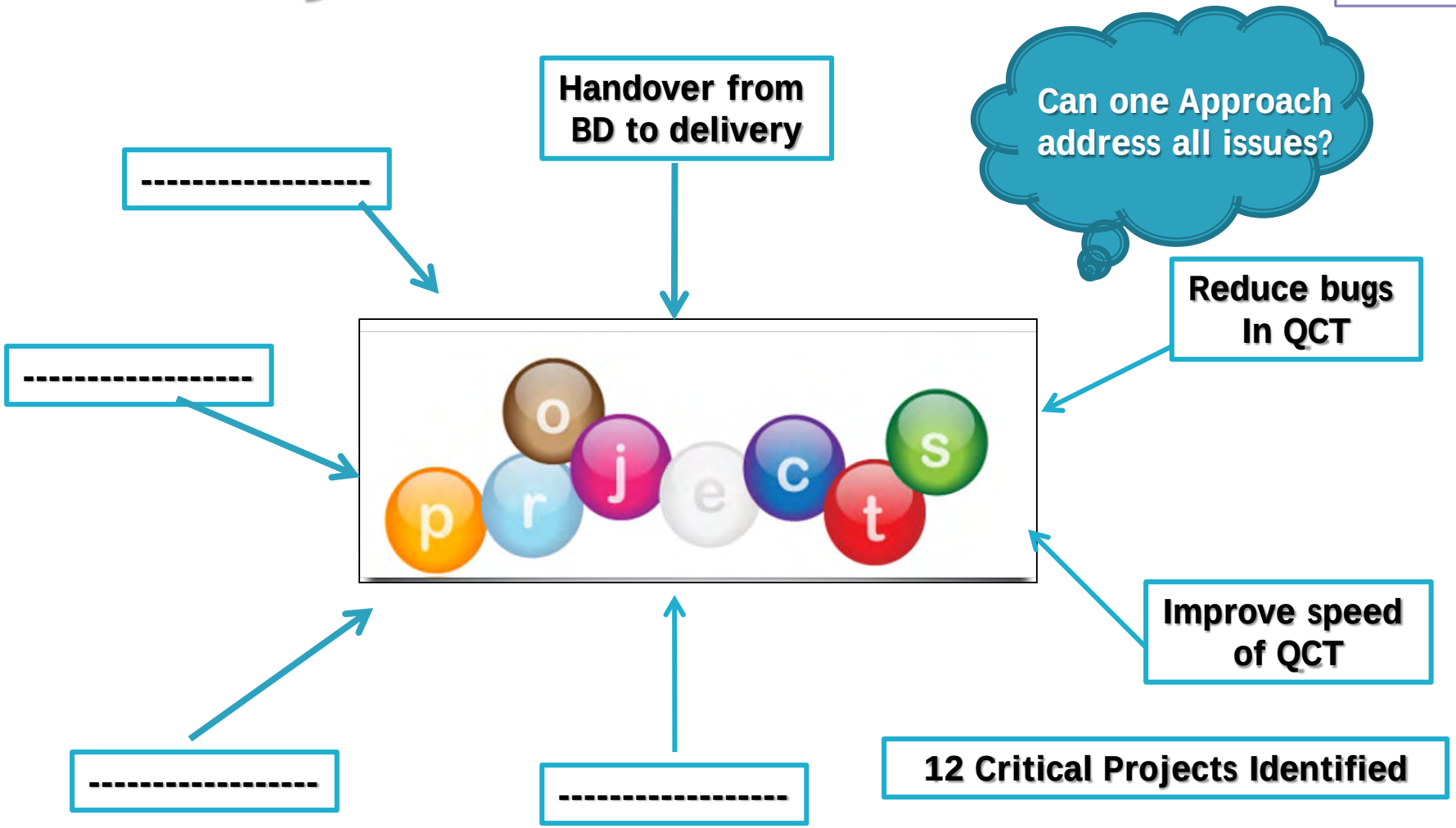
Time Over run
- Errors

Enablers
-BD → Delivery Handover
-Bugs in QCT
-Time in QCT

-Skill for Testing
-Skill for BD team to improve Coordination



Projects Selected from BSC



One example of Handover from Business development to Delivery team

General Concern in the process

General Concerns

Commitments made to the Customer by the pre-sales team - BDG and/or technical experts - are not always documented

Commitments are passed on verbally on many occasions between teams and often get slipped

Commitments made to the Customer are not always completely known to all concerned parties

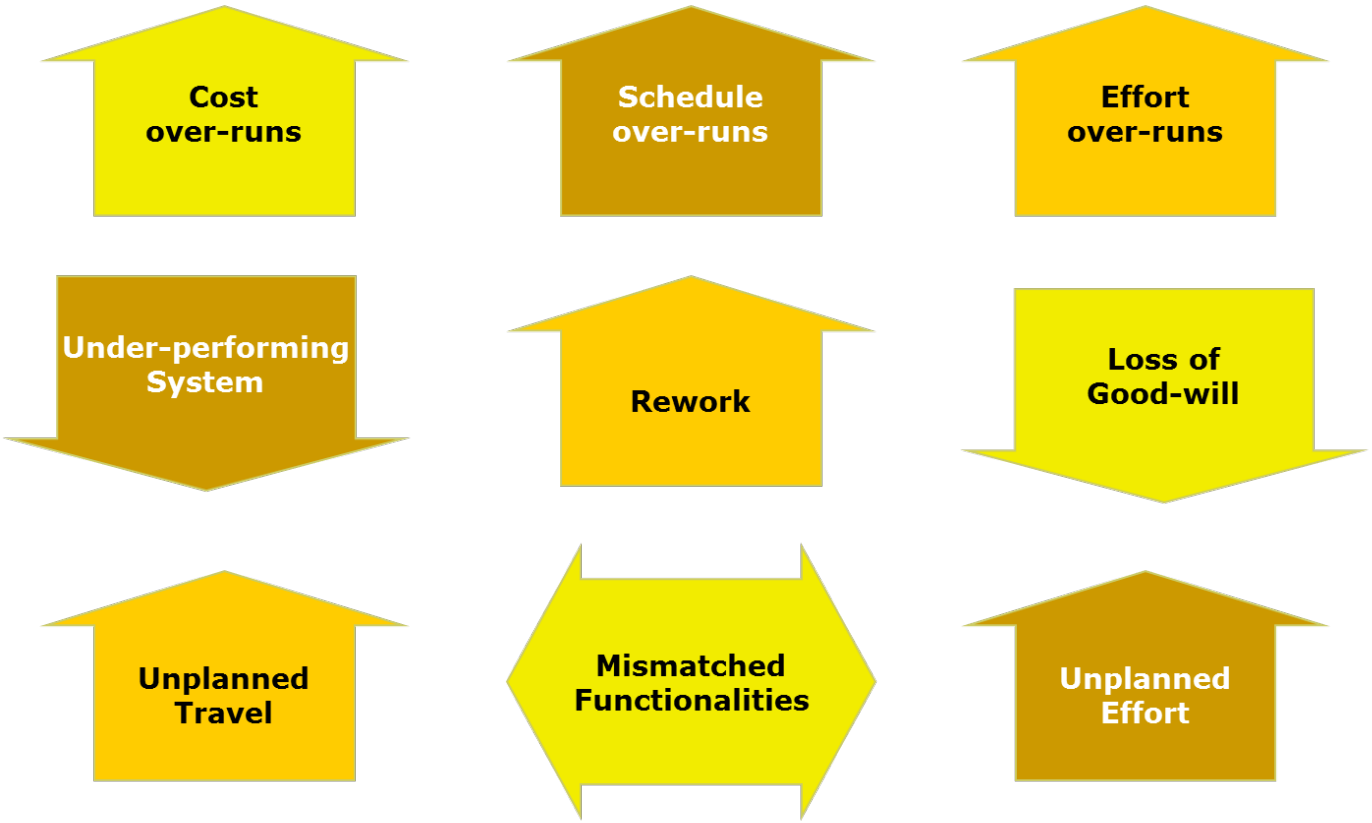
Proposal Review Checklist is complicated and generic - same for various categories of projects

There is no measure to say what is the degree of handover and commitment between BDG and Delivery

Operating income is not known at the time when a project is bagged

Losses in current process

Losses Incurred owing to gaps in the existing process:



Proposed Focus Areas

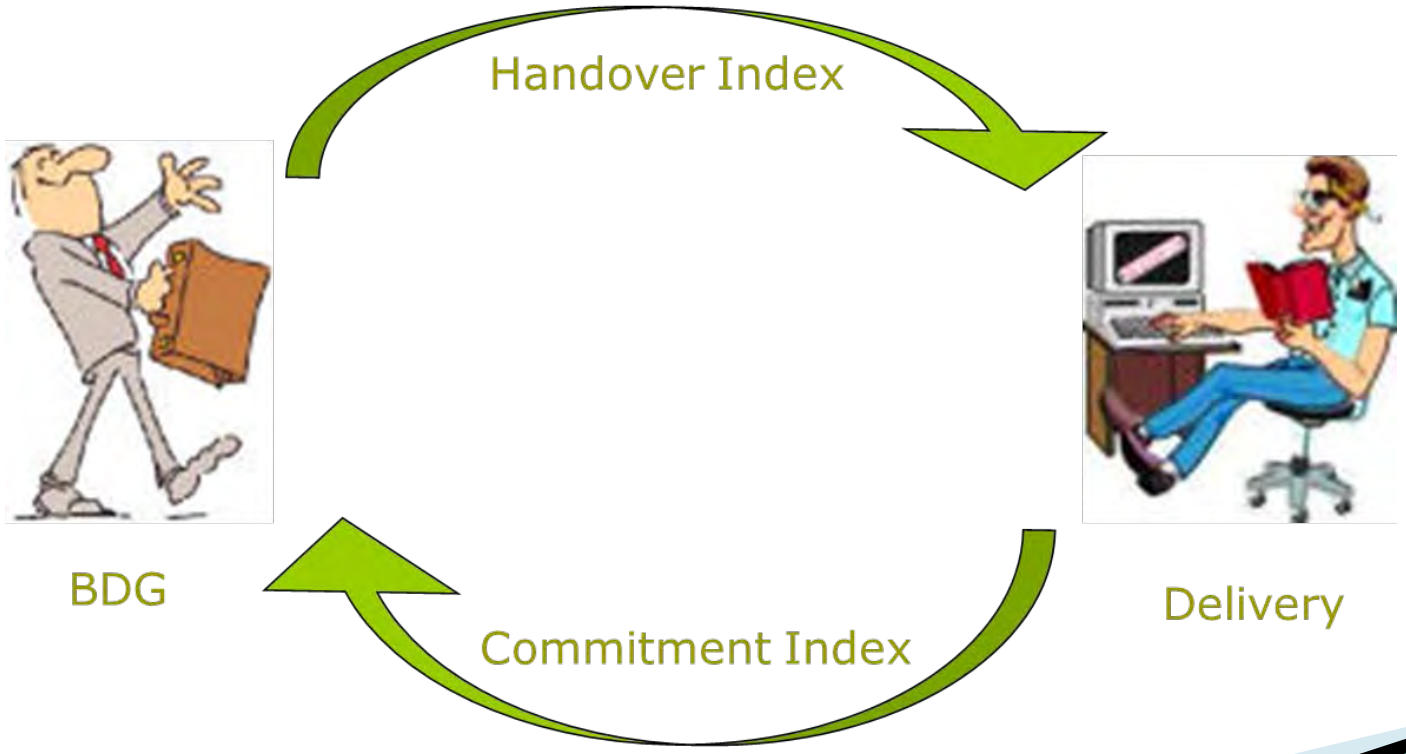
What will the proposed solution deliver?

Streamlining the process of 'Handover and Commitment between BDG and Delivery

A measurement system to quantify the degree of 'handover' and 'commitment' between BDG and Delivery

Identifying the Metric/ KPI

Tangiblising the **I n t a n g i b le**



Approach used

1. Gathering the Voice of the Customer
2. Translating the VOC into Customer Requirements
3. Identifying the Design Elements through QFD (Quality Function Deployment) based on the Customer Requirements
4. Validating the Customer Requirements and Design Elements
5. Designing templates to capture the identified Design Elements
6. Defining the process for the ‘handover of commitment’
7. Carrying out a Pilot Run on a sample of projects to study the outcome of the proposed process / templates
8. Incorporating any changes in the proposed process / templates based on the outcome of the Pilot Run and implementing the updated process

New Metric & Measurement Process

The Measurement System:

Basis of the Indices

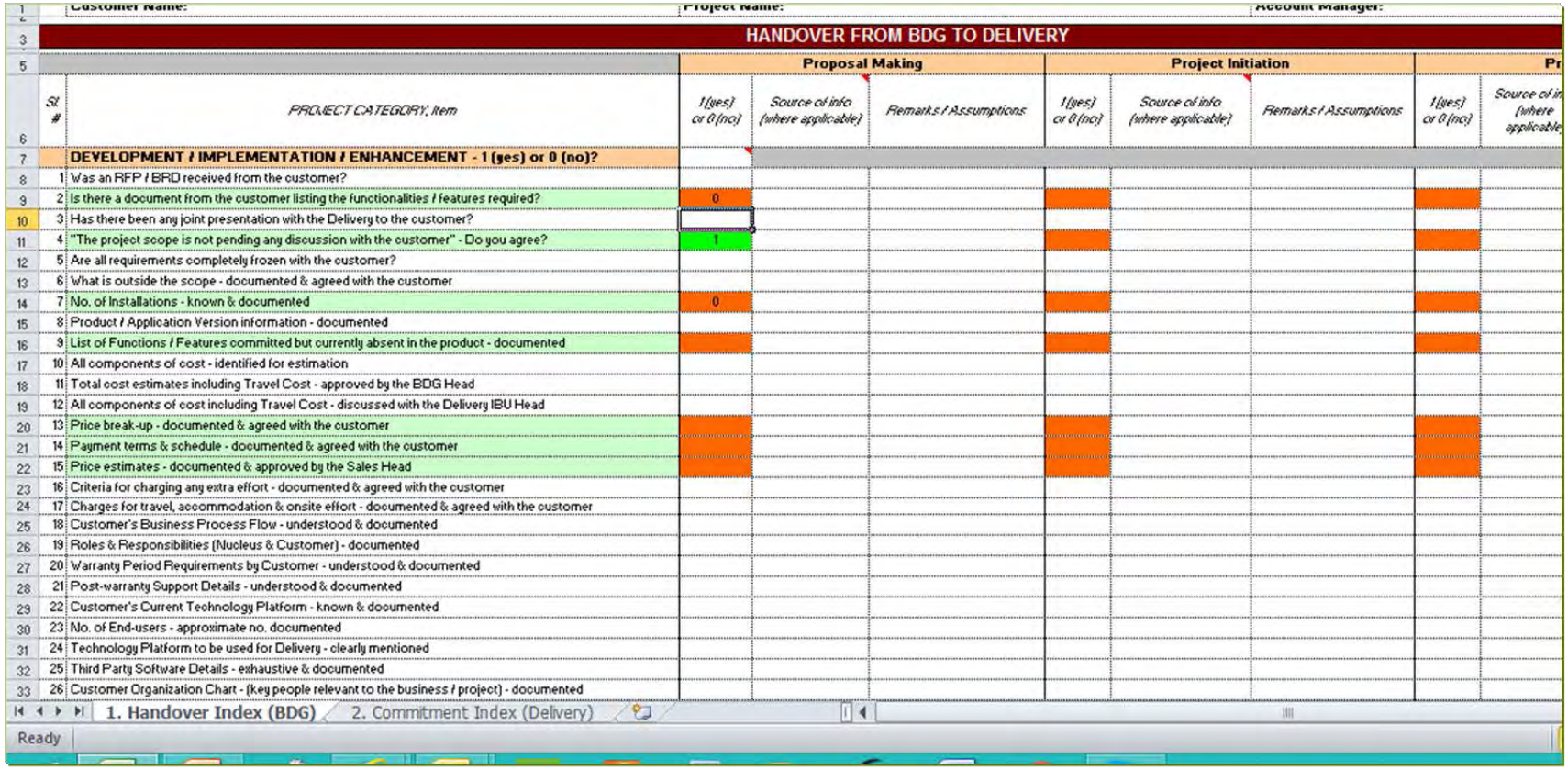
The Indices are based on all the elements identified as the Design Elements. The Design Elements are those elements which when captured will ensure that the Customer Requirements are met. Thus, the Indices will also indicate how satisfying the final delivery of the system to the customer (i.e. the external client) is going to be.

Red Flags

The Index sheets are designed such that absence of any critical information will result in raising of a Red Flag. All 'must-have' Design Elements become the potential Red Flags.

A Red Flag when raised will render the Index value negative, thus alarming a remedial action

Template Standardisation



Customer Name: | Project Name: | Account Manager:

HANDOVER FROM BDG TO DELIVERY

Sl #	PROJECT CATEGORY; Item	Proposal Making			Project Initiation			Pr	
		1 (yes) or 0 (no)	Source of info (where applicable)	Remarks / Assumptions	1 (yes) or 0 (no)	Source of info (where applicable)	Remarks / Assumptions	1 (yes) or 0 (no)	Source of in (where applicable
	DEVELOPMENT / IMPLEMENTATION / ENHANCEMENT - 1 (yes) or 0 (no)?								
1	Was an RFP / BRD received from the customer?								
2	Is there a document from the customer listing the functionalities / features required?	0							
3	Has there been any joint presentation with the Delivery to the customer?								
4	"The project scope is not pending any discussion with the customer" - Do you agree?	1							
5	Are all requirements completely frozen with the customer?								
6	What is outside the scope - documented & agreed with the customer								
7	No. of Installations - known & documented	0							
8	Product / Application Version information - documented								
9	List of Functions / Features committed but currently absent in the product - documented								
10	All components of cost - identified for estimation								
11	Total cost estimates including Travel Cost - approved by the BDG Head								
12	All components of cost including Travel Cost - discussed with the Delivery IBU Head								
13	Price break-up - documented & agreed with the customer								
14	Payment terms & schedule - documented & agreed with the customer								
15	Price estimates - documented & approved by the Sales Head								
16	Criteria for charging any extra effort - documented & agreed with the customer								
17	Charges for travel, accommodation & onsite effort - documented & agreed with the customer								
18	Customer's Business Process Flow - understood & documented								
19	Roles & Responsibilities (Nucleus & Customer) - documented								
20	Warranty Period Requirements by Customer - understood & documented								
21	Post-warranty Support Details - understood & documented								
22	Customer's Current Technology Platform - known & documented								
23	No. of End-users - approximate no. documented								
24	Technology Platform to be used for Delivery - clearly mentioned								
25	Third Party Software Details - exhaustive & documented								
26	Customer Organization Chart - (key people relevant to the business / project) - documented								

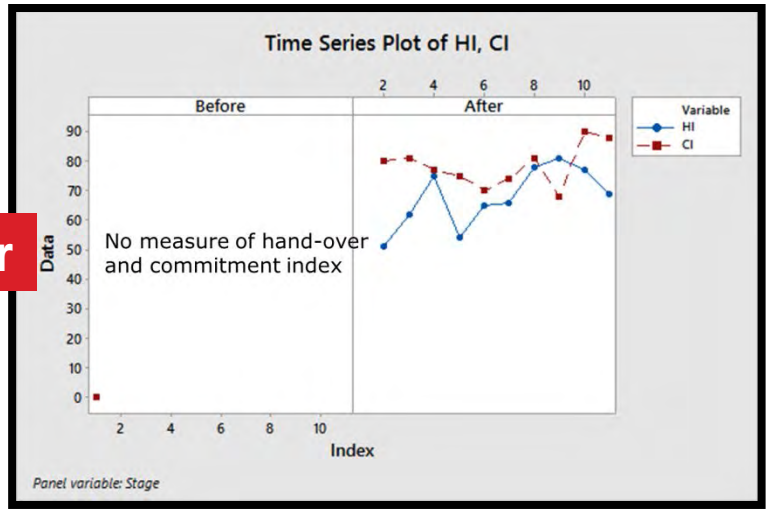
1. Handover Index (BDG) | 2. Commitment Index (Delivery)

Ready

Total Handover index is calculated based on green/ total points

Effects

Better



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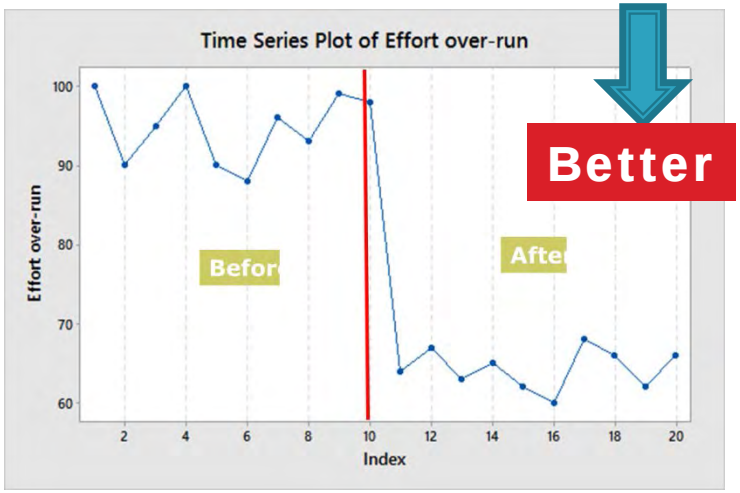

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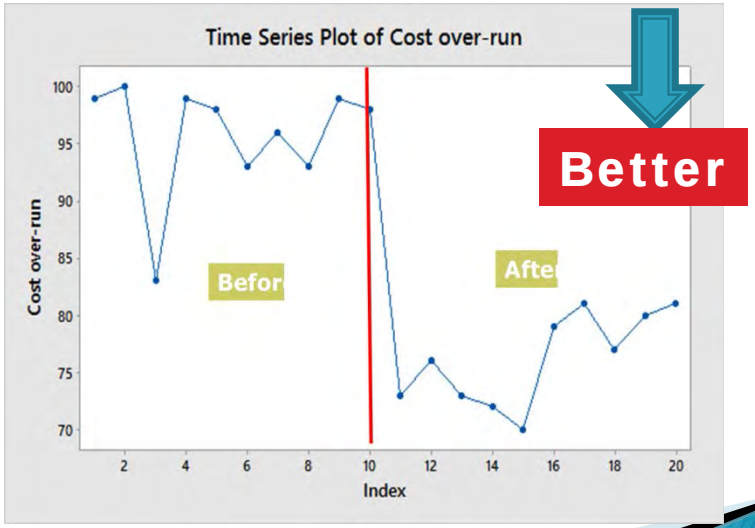

Overall Effects

Transparency &
Mutual Commitment

Minimal Surprises
& Unrest

Mutual Agreements
& Consensus

Timely & Informed
Decision-making

Clarity in work.
Less time in meetings

Higher Confidence
& Satisfaction

Key Differentiators in the approach

- **No single method emphasised.**
  - **Choose the method as per the need of the project**
  - **PDCA process with use of methods and tools from**
    - **Lean**
    - **Six Sigma**
    - **DFSS**
- **Less focus on class room training**
- **More hand-holding on the Gemba**
  - **Encourage new thoughts by Questions**
    - **Based on Improvement methodology**
    - **Based on best practices seen in other sectors**
  - **Let solution come from team!!**
- **CTQs/ KPIs reviewed and modified as per customer and business needs**
  - **e.g. MTTR to breakdown time**
- **Some 'hard-to-measure' KPIs defined more objectively**

Future Plan

- Enhance level and depth of BSC deployment
- Initiate improvement projects in ‘development’ process
- Involve support function
- Strengthen Standardization process across the organization
- Use the learnings for ‘improving clients processes’ before IT enablement (IT Company offering consulting services to its client), moving to higher up in the value chain.

Conclusions

- Basic Principles, concepts and approach remain the same in all sectors-manufacturing and service.
- Methods and tools need to be adapted to suit specific needs, business priorities and culture of each individual organization.