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## Special Delivery

*Giving your customers what they want*

In our last department, we looked at Ford Motor Company and the tough decisions executives there are making to regain the firm's world-class status. One change involves a heightened focus on proactive and innovative voice of the customer feedback processes. The next task takes that one step farther in order to consistently deliver what customers really want.

In order to continually meet or exceed customer expectations, firms must consistently excel in both product and service quality. Many manufacturers have efficient and innovative systems in place to deliver high product quality on such dimensions as product performance, features, reliability, conformance to specifications, durability, serviceability, aesthetics, safety, and even environmental considerations. However, product quality alone is an insufficient determinant of customer satisfaction.

Company managers are finding that service quality plays a much more important role in meeting or exceeding customer expectations. The challenge is that each and every

create a noteworthy impact on overall customer satisfaction. Of course, high customer satisfaction is key to long-term brand loyalty, price tolerance, and repurchases.

How do world-class manufacturers consistently deliver what customers want? For many, it's all about having a strategic supply chain management focus that takes into consideration the entire value stream—including raw materials, production, distribution, and value-added services provided to end customers. But a global supply chain is only as strong as its weakest link. For many original equipment manufacturers, this means they must pay more attention to downstream services that can have a huge affect on customer satisfaction.

### Key processes

While we are all well aware of Toyota's many successes, less apparent is Toyota managers' relentless focus on the building blocks of their global supply chain. Why is this important? Consider the enormous challenge the business faces in trying to replicate its highly effective production system for an ever-increasing number of products at each of its hundreds of plants. Now, add to that the challenges inherent in effectively controlling its distribution networks and dealerships that

are in daily contact with customers.


A July 2007 *Newsweek* article reports that Toyota launched a new initiative to re-examine key processes, including product planning, customer service, sales, and marketing, and also has extended its dealership networks. All processes are being revalued from a customer's perspective. In addition, the business has begun using mystery

shoppers to analyze the delivery system from the customer's perspective.

Toyota's performance results in the 2007 JD Power annual surveys suggest that its executives have reason to be concerned. For example, in the "Initial Quality Study"—which measures defects in quality of design and quality of production during the first 90 days of ownership—several Ford models performed better than Toyotas.

Also, when overall customer satisfaction with dealer service is measured, data suggest that, while customers are generally pleased with Toyota's products, satisfaction scores are going down. This is true even in the Lexus line and is largely due to service quality issues.

Toyota's experiences have important implications for all business leaders striving to reach or maintain world-class status. Operations managers must ask themselves the tough questions about how they can address delivery issues: Where are your company's weakest links? Should structural and infrastructural changes be made to more effectively control downstream service activities? Should controls and performance incentives be put in place to help improve service quality throughout the supply chain?

Perhaps delivering what customers want while exceeding expectations is a fundamental building block for all. 

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employee has significant influence over a customer's perception of a business. Hence, manufacturers must have effective systems in place to address communication, courtesy, responsiveness, access, technical credibility, understanding, security, and delivery reliability. Both product and service quality—along with customer expectations and pricing—combine to

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