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Know your customer

By Lee Kuntz

Get closer to your customers; hear their voices

Recently a bank president shared a secret; all banks want to get closer to their customers. Getting closer to customers leads to greater customer retention, new customers, and more revenue. It means hearing and understanding customer needs and perceptions at a very deep and detailed level. By understanding, then meeting these customer needs completely, banks deepen the relationship through more products and services. When customers' needs are met, they stick. Delighted customers talk about the bank to other entrepreneurs and friends, generating referral business.

How do banks get closer to their customers? One way is through a survey process called "Voice of the Customer." VOC is a plan to collect detailed data from bank customers on their perceptions and needs as they relate to financial services. A well done VOC provides objective data on past customers, current customers and lost prospects. Banks can use the data gathered through VOC to make decisions about products and services offered, and to develop a baseline on customer satisfaction.

While leading VOC events, leaders tell us the objective VOC data is a reality check on customer service satisfaction. It also brings a new understanding of real customer priorities by providing unexpected and eye-opening data. In addition, VOC events typically save existing clients. We frequently hear "I didn't know that customer was thinking of leaving."

VOC is a proven quality tool in the Lean Operation's continuous improvement program. For 50 years, the Lean Operating methods have been successfully used to understand customer needs and focus business resources on activities that delight customers.

Conducting a 'Voice of the Customer' event

Conducting a VOC event requires forming a basic framework, conducting detailed execution, providing strong and clear communication, and performing an in-depth analysis of resulting data.

Develop a basic VOC framework.

Identify the goals and uses for the customer data. Knowing how the data will be used helps identify the questions to ask. Based on the goals, build the VOC plan, including a budget, naming VOC leaders, and required resources. A key to the framework is building a VOC knowledge base through VOC training, creating employee expertise and organization

support. Create a VOC process with scripts for surveying select customers. To ensure the bank can rely on the results, leverage basic statistical sampling principles, generating a true picture of customer needs and perceptions.

Focus on the detailed execution of the VOC plan.

Taking care of the details delivers better results and manages the customer risk. Test the process, scripts and resources on staff first. Then improve them before talking with customers. Design questions to get answers in numeric ranges, delivering comparable, fact-based data.

Manage relationships through the VOC with follow up and communication. Customers will take this opportunity to request transactions, service and information. Be sure to document all requests and be sure all are followed up. Communicate to relationship owners the customers surveyed, feedback and the outcomes. Keeping everyone on the same page will leverage the customer contact and impress the customer with the organization-wide reaction to the customers' needs.

Conduct sufficient analysis of data. Summarize the data and look for trends, causes, market segment needs, and location-by-location results. The biggest mistake organizations make is insufficient analysis of the data, therefore jumping to conclusions and implementing change that is not valid.

The debate

Some banks debate the need for this orderly, concentrated effort to survey customers. Some say they already hear their customers and know what they want. After all, banks talk with customers daily as bankers and tellers provide service. If captured and communicated, these customer requests and questions are a valuable source of service issues. However, not all customers are asking questions. Therefore the requests and feedback represent only specific issues and specific customers.

Every day bank customers choose to leave their bank and move to another. Every day bank customers shop for loans, mortgages, investments, and certificates of deposit in the public information market place. Customers can move their money without ever calling their bank, without ever talking to a bank employee. In addition prospects choose other banking services every day, without communicating their decision to the bank.

Change is expensive and risky. Basing product and service change on non-representative feedback, incomplete data, or opinion is risky capital investment. A well done Voice of the Customer manages that risk through providing objective, factual data and analysis. Getting closer to customers through sound data and sound actions that exactly meet customer needs generates real customer retention, new customers, and more revenue. ❖



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