



DO YOU HEAR THE VOICE OF THE CUSTOMER?

"The Voice of the Customer is the soundtrack of many successful companies and is their strategy to improve their products, customer experience, and build brand equity."

by Charlie Scott



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CUSTOMER FEEDBACK, as many home builders know, is only a piece of creating a customer-centric culture. While countless hours of hard work and preparation go into designing plans, creating construction drawings, estimating, purchasing, and construction processes, far less time is invested on designing an equally great customer experience. Listening to the customer is one cost effective way to identify where your home building experience may have “customer satisfaction vampires” causing customer stress, strain, and ultimately the loss of future referral sales. This article contrasts today’s home building industry customer satisfaction with other industries’ best practices, such as, “Voice of the Customer.”

Voice of the Customer (VOC) is a hot topic in the world outside of home building. A Google search for VOC finds over 250 million hits. What is it about VOC that has garnered so much attention from companies like IBM, GE, American Express, and countless other Fortune 500 firms? The answer is simple – more business.

There have been many studies published about the value of being customer centric and a VOC program. Booz-Allen, a 100-year-old consulting and research firm, conducted a study that found customer-centric organizations outperformed their industry peers 2:1 in revenue growth and generated profit margins 5 to 10 percent above competitors. In another study, Satmetrix Systems found an increase in customer loyalty and increased profits. More specifically, in a 2008 home building industry study, Woodland, O’Brien & Scott found builders who consistently improved their customer satisfaction rating also saw higher sales, lower operational costs, and lower warranty costs. So, what is this VOC, and what can we apply from these Fortune 500’s successful VOC strategies? Read on.

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VOC is a term used in business to describe the in-depth process of capturing a customer’s expectations, preferences, aversions, and emotions. A complete VOC program includes customer feedback techniques, performance measurements, benchmarking, and reporting systems that help prioritize future company performance. Many home building companies have already recognized the value of Continuous Improvement Programs (CIP) in their product and production process but stop short of collecting the data/feedback needed for a customer experience continuous improvement program. As such, it is often helpful to think of VOC as the driver for customer experience CIPs.

Steps to Putting the Stake in the Ground

In today’s market, where new homes account for less than three percent of annual sales, it is more apparent than ever that we must distinguish our product from distressed properties that oftentimes were built just a few years ago. In order to effectively compete, we must implement contemporary design elements and other distinctive features that appeal to our targeted demographics.

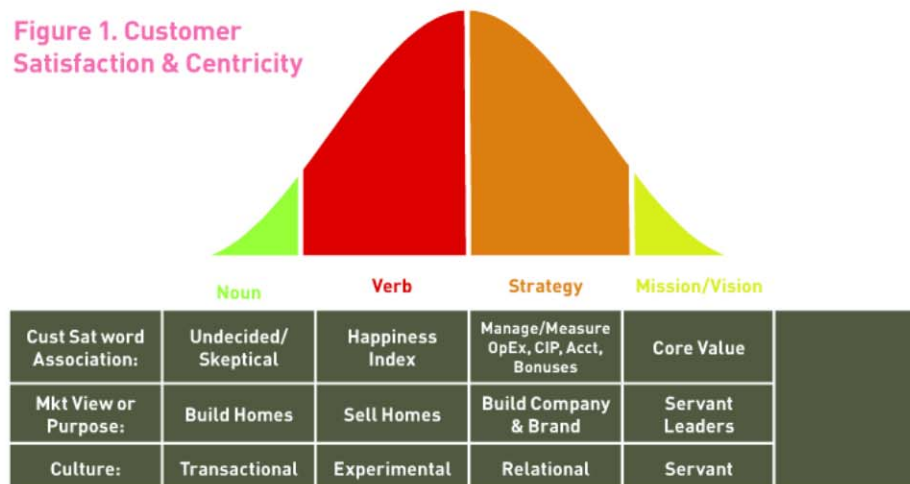
1) In home building the first thing done on site is to put a stake in the ground as our starting point. Similarly, to build a VOC program we must identify our starting point in terms of customer centricity. To set your stake, be honest with yourself about your organization. Is there genuine respect for customer satisfaction and your customers’ feedback to improve your products and processes?

Figure 1 represents different outlooks a home building company may have on VOC programs and customer satisfaction in general. Many companies have a more **transactional** view of their business, and as such, look at customer satisfaction as a noun or a byproduct of their delivering a home. Other companies view customer satisfaction as a verb and something they “hope” their customers **experience** from their transaction. Still higher-order home builders consider customer satisfaction to be a part of their strategy; they are at least intuitively aware of the benefits as quantified in the aforementioned studies. These strategy companies strive to simultaneously build a high quality home *and* a **relationship** with their clients. The highest-order builders consider themselves servants of their customers and community, and this **servant outlook** is a company core value. These builders live, breathe, and demonstrate servant behavior in all facets of their business, i.e., with peers, employees, vendors, developers, bankers, etc.

There is no “right” customer-centricity category. It is far more important to accurately identify your company culture in terms of this transaction to servancy range. Builders skewed more toward the transactional end of the scale can (and do) seek customer feedback differently than those builders to the right of center.

2) If you do decide to go forward with VOC programs, you must accurately capture customer feedback. Keep in mind that the VOC collection tools can solicit feedback in various ways from self administered survey to web-based pre-packaged digital surveys to third-party, multi-touch customized surveys. The means chosen can signal to the customers as much about how you value customer feedback as anything else they experience. If your company presents itself as a relational based company, but then solicits customer feedback with an impersonal and curt survey, this can be quite contradictory and even damaging. This could be akin

Figure 1. Customer Satisfaction & Centricity





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to sending your spouse an electronic “Happy Anniversary” card. (Not recommended). However, this format may be totally appropriate for a transactional customer relationship. Ideally, your company will select a customer feedback tool that complements your customer relationship and collects feedback about your product, customer handling/communications, and services.

Another point to ponder is the challenge of a self-administered or direct survey. Studies show that as many as 50% of a builder’s customers wish to remain anonymous in their ratings and commentary. These customers are likely to be less than forthcoming in surveys conducted firsthand by the builder. The desires for anonymity are based upon human nature, to which we all can relate. Take for a simple example, a restaurant staffer asking “How is everything?” which almost always invokes our auto-response, “Fine,” instead of honest, improvement-opportunity suggestions. As in the case with all research projects, bad information which hides or misrepresents customer dissatisfiers can be far more damaging than collecting no information at all.

The best customer feedback tools help the customer to uninhibitedly “re-live” their entire experience, while seeking both rational ratings and emoting responses. Rational ratings (numerical) help builders objectively measure, benchmark performance, and identify problems. Emotional responses (written comments) give the rational ratings “volume” and often point to both consequences and solutions to the problems. As an example, asking a customer to rate the “Condition of their Home at Delivery” on a 1 to 5 scale may help identify home cleanliness, but the customer comment, “The home was dirty and the toilet soiled upon move-in, and we had to thoroughly clean the entire home before we moved in” brings clarity to the problem.

3) Measurement, Management Review, and Reporting

A lot can be determined by where VOC programs reside in a company’s organizational chart. We have found a strong correlation between the level at which VOC duties reside and the overall customer centricity within an organization. Generally speaking, the lower VOC and its metric reside, the lower the overall company sensitivity to customer satisfaction and feedback. In the case of top performers and award-winning clients, almost exclusively the customer care is reported to senior management. The practice of senior leaders delegating VOC programs into the bowels of the company often leads to a less customer-centric attitude and the staff’s feelings of disingenuous customer satisfaction “mandates,” leading to a focus on minimum satisfaction requirements and ultimately a more transactional outlook. Or said another way, staffers take their cue from senior leadership; if customer satisfaction is important enough for senior leaders to embrace, then the staff does likewise.

To this end, many Fortune 500 companies have executive-level leaders with specific titles aimed to define, measure, report and promote customer satisfaction within their organization. These have senior-level titles including, Chief Customer Experience Officer (CCEO), Chief Experience Officer (CXO) and Customer Care Champion (CCC) with staffs and healthy budgets. These organizations calculate their return on customer care in terms of recurring revenue, referral sales, etc. Their duties include defining the company customer experience vision, identifying annual performance objectives, coaching, and training inter-departmental strategies, monitoring/reporting key metrics, recognizing and rewarding outstanding customer satisfaction performances, and promoting the company’s customer-centric

values. While a home building company may not have the resources to allocate a similar budget to VOC, they are still advised to assign the responsibilities, reporting, and perhaps co-title their existing senior managers to bring similar VOC awareness into the boardroom and management meetings.

4) The Customer Experience Plan

Many home building companies spend thousands of hours a year in the design details of their products to be marketed to the public. No detail is overlooked from square footage to features to lines of sight to trim details to landscape and minutia ad nauseam. And these plans are reviewed annually for updates, revisions, and enhancements! On the other hand, rarely is there an equally detailed “blueprint” for the customer experience. Many times over we have observed companies investing hundreds of top executive hours designing a floor plan (that may never sell), but rarely have we observed more than a few hours invested in top management’s time designing their own unique customer experience, which would touch every customer,

every day – and according to our research, accounts for 80% of customer dissatisfaction.

The companies with the most successful VOC best practices that have diligently designed, executed, and improved upon their own unique customer experience blueprint have been generously rewarded with higher referral sales, greater market share, lower operational expenses, higher employee satisfaction, and enhanced shareholder equity.

Senior level titles and big budgets are not prerequisites to successful VOC programs in home building operations. However, for a builder to implement a successful VOC program yielding similar results they must 1) recognize their customer centricity, 2) collect accurate, helpful customer feedback, 3) measure, manage, and report customer feedback results and improvement opportunities, 4) embrace VOC strategies to improve the customer experience with accountability in senior management, 5) develop and continually improve your own unique customer experience, and 6) ultimately, define strategies to achieve a return on customer satisfaction. **smi**

