



Achieving results with a CUSTOMER-INSPIRED[®] management system

Shaw Resources has pioneered efforts to bring process management from the manufacturing floor to service industries and administrative and service functions. The firm has guided executives of a wide variety of companies in their quest to achieve results and a CUSTOMER-INSPIRED[®] perspective.

Approaching the business from a new point of view

“We have an entirely different viewpoint now about what customers demand in a quality home and what we need to do to meet those expectations,” says Lisa Kalmbach, president of Kaufman & Broad South Bay, one of the largest home builders in the San Francisco Bay Area, in describing how the company’s work with Shaw Resources is changing the way this well-established, successful homebuilder does business.

Kalmbach admits that most homebuilders are not “the analytical type,” but K&B’s search for an innovative way to improve customer satisfaction led them to Shaw Resources which specializes in helping companies achieve measurable results in improving quality.

Under the guidance of Shaw consultants, the company developed a new way of analyzing standard customer feedback that showed Kaufman & Broad the bottomline benefits of minimizing customer dissatisfaction. Unhappy homebuyers, for example, want adjustments made to the house after the close of escrow -- and that means cutting into the profit margin to accommodate customer demands or arguing with subcontractors about who should pay the bill.

“We have always done customer satisfaction surveys and collected other information, but we didn’t know how to analyze the data and use it to make changes to processes and systems so that

mistakes leading to customer complaints would not be repeated,” Kalmbach explains. “Although our customer approval rating was high, we now feel we have the opportunity to achieve outstanding ratings from 95% of our home buyers. That would be an extraordinary accomplishment in the construction industry.”

Another bottomline result: an increase in the number of referrals they are now receiving as a result of improved customer satisfaction.

Uncovering ‘nuggets of gold’ in customer complaints

To get a banker’s attention, talk money. Managers at California Business Bank were initially skeptical when Shaw Resources suggested that cash incentives be given to employees if they forwarded more customer complaints. But the lure of bigger “nuggets of gold” convinced the bank to give the bonus program a try.

“We had to get the attention of our people and help them think of complaints as a valuable asset to the bank,” explains Dick Conniff, bank president. “Employees had to feel that passing on customer complaints would earn them a pat on the back, not a black mark.”

Managers worked with Shaw Resources to build a system for effectively handling complaints and instituting improvements as a result of customer input. Then the bank “turned on the vacuum” to scoop up as many complaints as possible.

To help change employees’ negative feelings about complaints, the bank sponsored a monthly drawing for a \$100 prize. Every employee who had submitted a customer complaint that month was eligible. Although they enjoyed the extra cash, employees were more convinced to participate when they could see changes being made as a result of the customer complaints they were reporting. Soon they were enthusiastic participants in the “Manage Complaints” process without the lure of a cash incentive.

As a result of capturing more complaints and doing a better job in analyzing them, the bank was able to do more than just satisfy one customer’s problem. It was discovering and changing the root causes of customer dissatisfaction, thus improving performance and achieving more long-lasting results.

Following up on unpaid bills

When a customer is slow to pay, many corporate accounts receivable departments assume the customer’s CFO is holding back in order to maximize cash management.

But Shaw Resources showed managers at Hexcel Corporation that what was interfering with timely customer payments and causing a cash flow crisis

at their company was actually unstated customer dissatisfaction.

Shaw Resources recommended that Hexcel track credit and debit memos on a chart in order to pinpoint repeated problem areas. Soon they were able to see a pattern, trace the root cause, and change processes so that future occurrences were prevented.

This new source of information allowed Hexcel to eliminate common sources of customer irritation such as bills received before product delivery, incorrect specifications, or invoice totals different from estimated costs.

Problems caused by a lack of communication among the sales, order entry, factory, shipping, and billing departments also surfaced through AR analysis. “We would get these people together to talk about how their jobs interact and they would make statements like ‘Gee, I didn’t know that’s what happened when it left my desk,’” says Jim Shaw who personally worked with Hexcel executives to find a solution to their AR problem. “They needed to understand that how they did their jobs affected the process further downstream.”

The results? After just five months of analyzing what was behind the scenes of their unpaid accounts, Hexcel was able to drop its account receivable total by \$5 million!

As an added bonus, as accounts receivable totals dropped DOWN, employee morale and productivity flew UP as a result of continuous process improvement efforts.



CUSTOMER-INSPIRED[®] *management systems*

Shaw Resources | 4249 185th Pl SE | Issaquah | WA 98027 | (888) 742-9737 | www.ShawResources.com