



Measurement-Driven Results™

Internal Customer Service, Employee Attitudes and Business Outcomes

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SIOP 2010 Annual Conference

Session: The Impact of Internal Customer Service on
Organizations

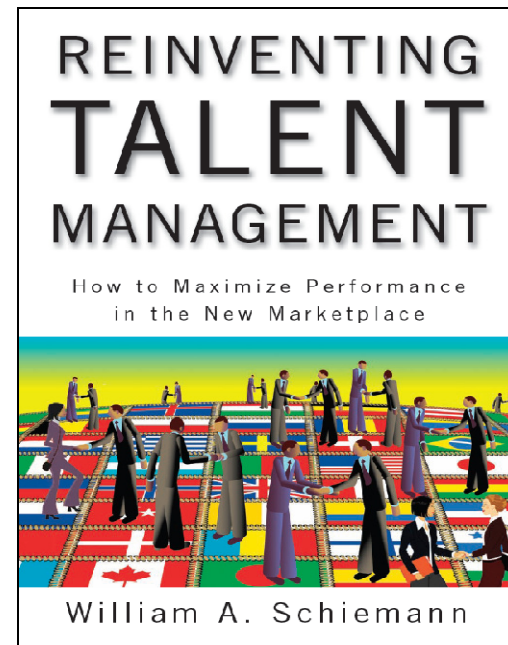
Friday, April 9, 2010

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About Metrus Group

- ◆ **Founded:** 1988 (Somerville, NJ)
- ◆ **What We Do:** Help organizations to grow value by developing, measuring and optimizing their People Equity
 - ◆ Strategic advisory, survey research and solutions
- ◆ **Diverse Client Experience:** Clients range from Fortune 500 to privately held companies to not-for-profit organizations
- ◆ **Metrus Institute:** Our evidence-based solutions are built on leading edge research and grounded in best practice principles

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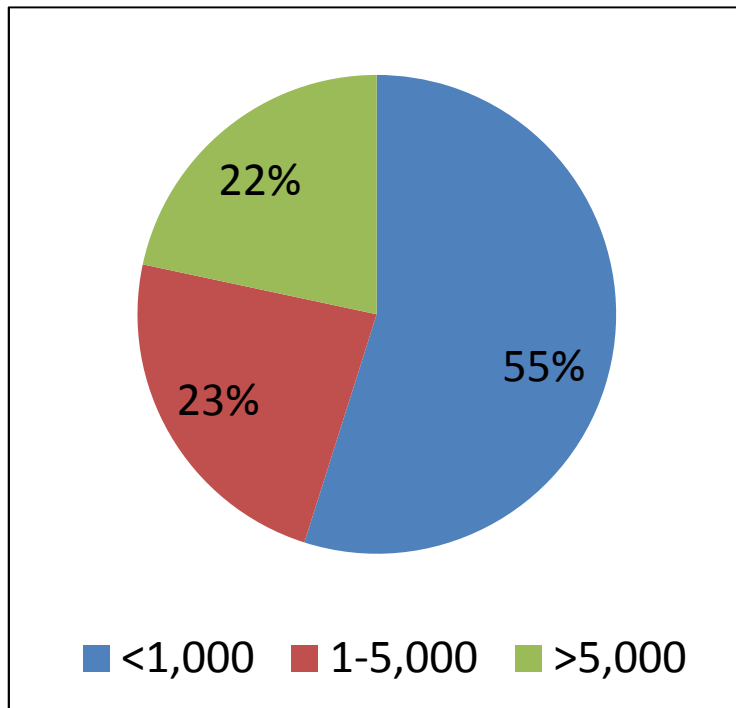


About the Studies

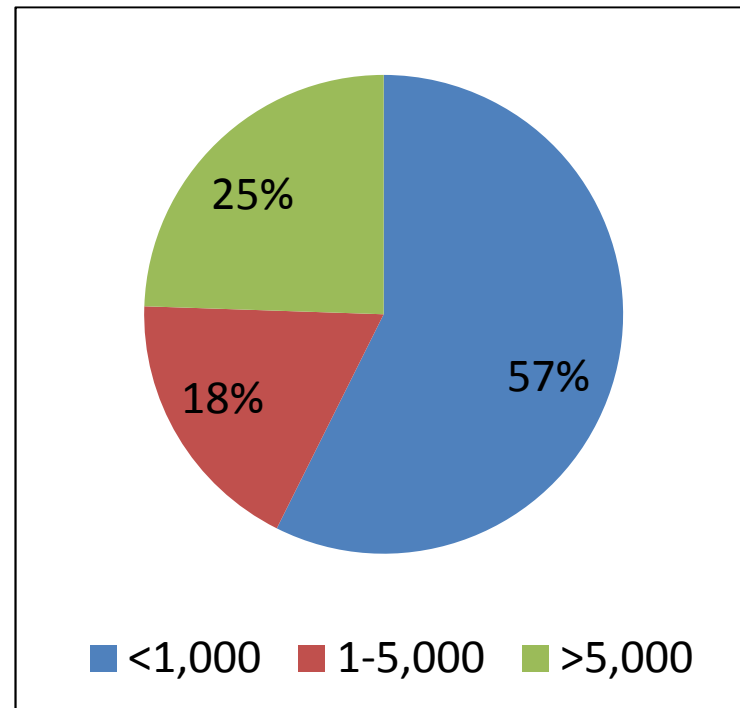
- ◆ Representatives of over 3,000 organizations in a wide range of companies and industries participated in two web surveys sponsored by *Quality Progress* (ASQ) and Metrus Institute: pre-recession (2006) and mid-recession (2009).
- ◆ 2009 study
 - ◆ Re-examine the relationship observed between internal service and business performance in 2006, in the midst of a recession
 - ◆ Do companies with higher levels of People Equity will also have higher levels of internal service?
 - ◆ What works for closing internal service gaps?

Participants by Size of Company (Employees)

Study 1 2006
N=1,266

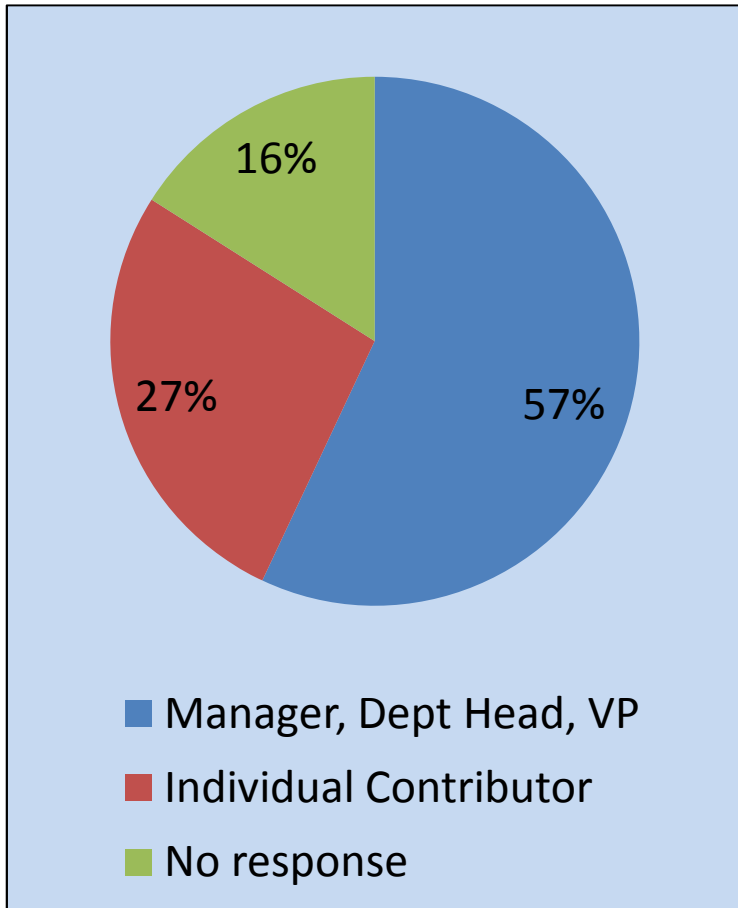


Study 2 2009
N=2,147

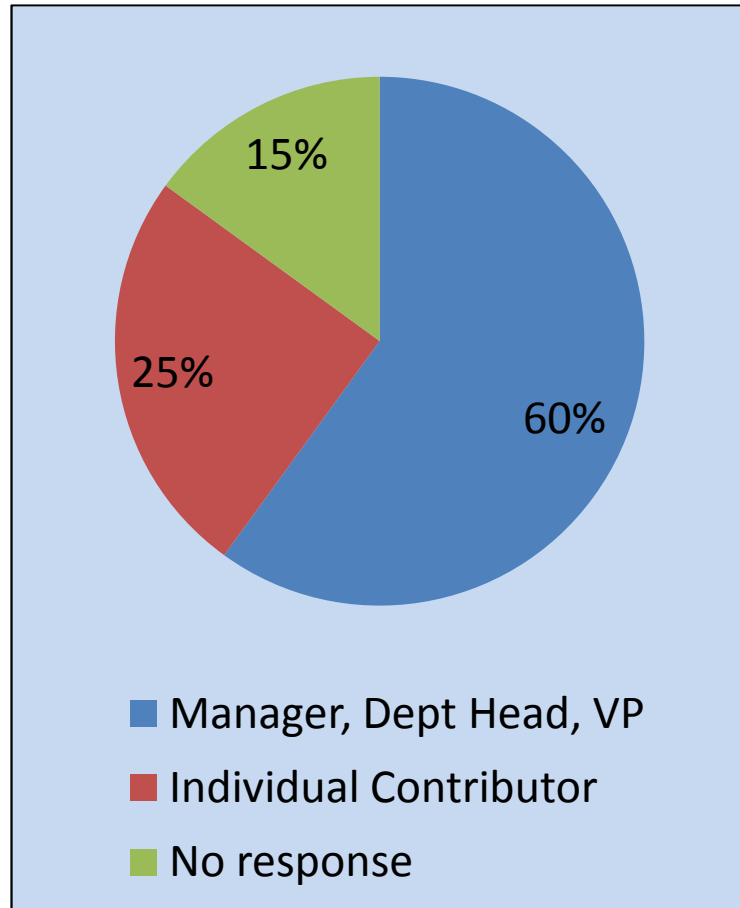


Participants by Position

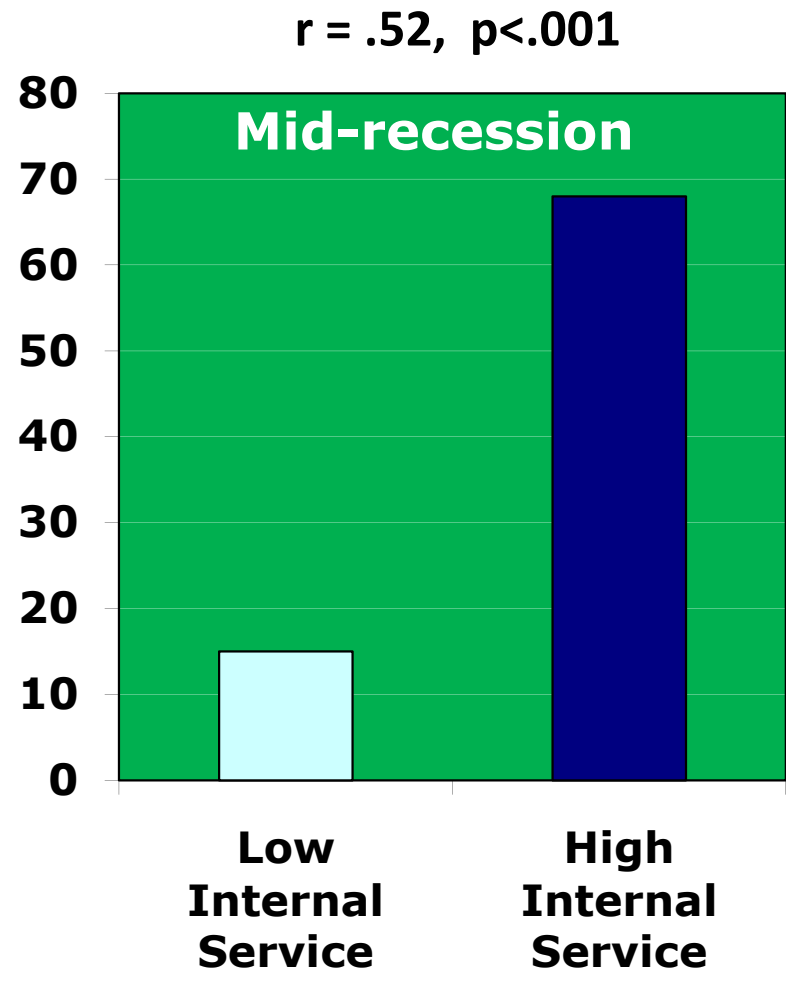
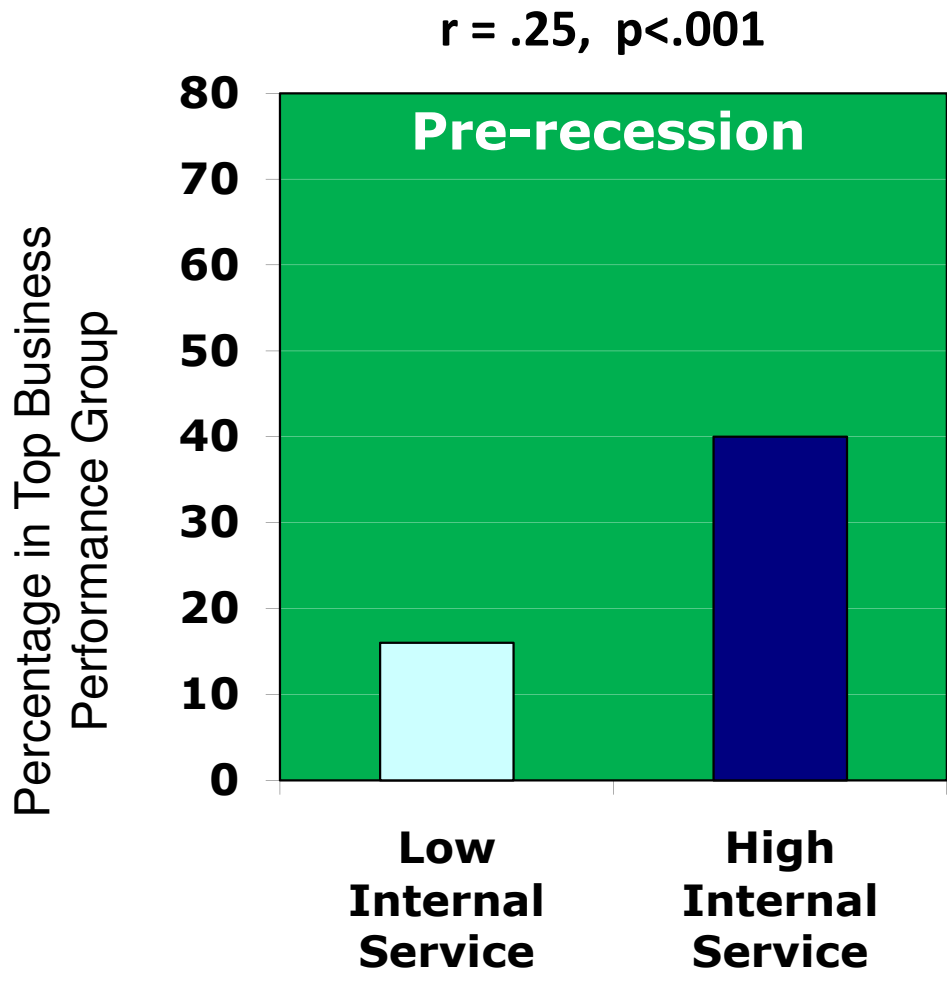
Study 1 2006
N=1,266



Study 2 2009
N=2,147

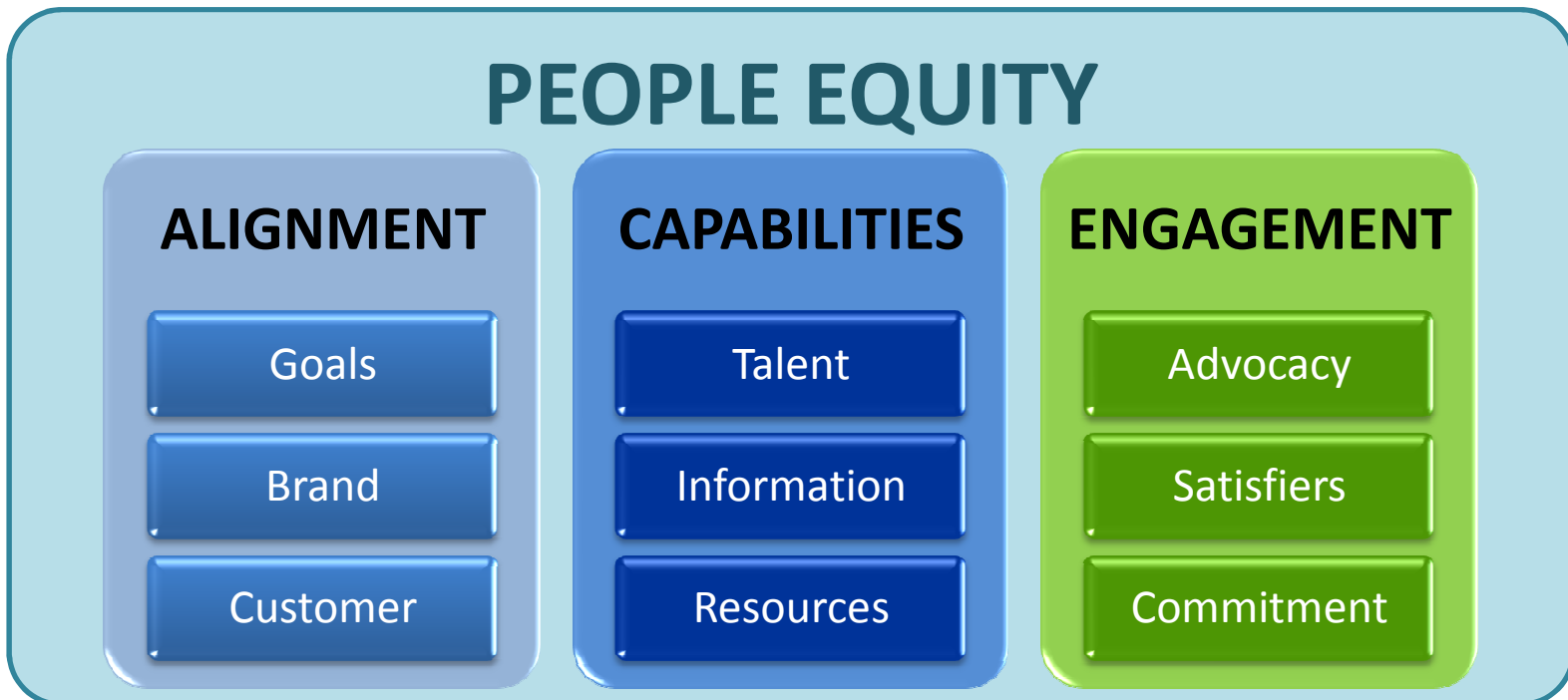


Internal Service and Business Performance



People Equity Assessment

- ◆ 21 items, 5 point Likert scale (SA-SD):
 - ◆ Alignment
 - ◆ Capabilities
 - ◆ Engagement



Multiple Regression of Recession Tactics on People Equity

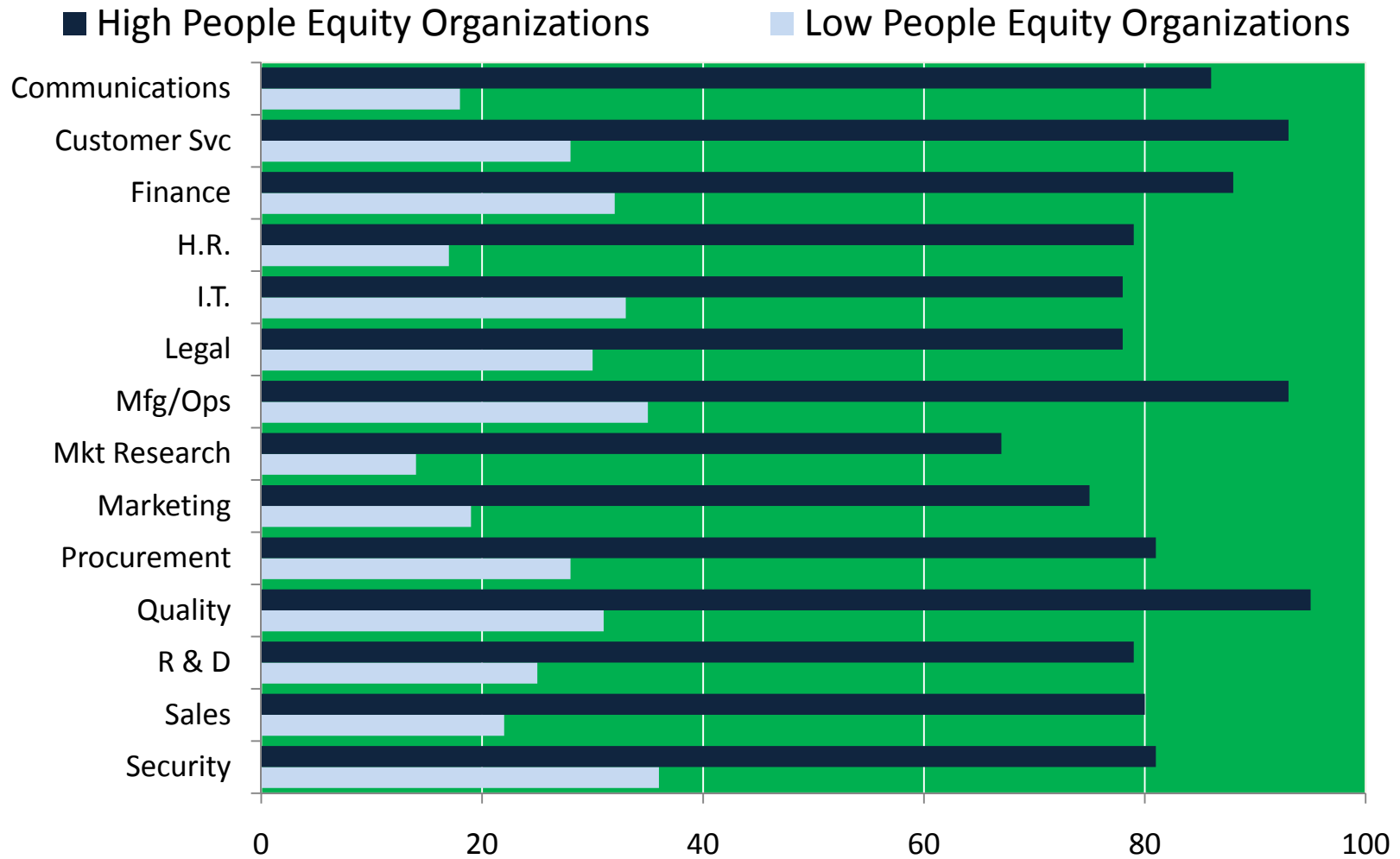
	Action	Alignment R ² =.11		Capabilities R ² =.09		Engagement R ² =.19	
Resource reduction	Laid off staff	-.14	↓	-.12	↓	-.16	↓
	Mandatory budget cuts	-.09	↓	-.08	↓	-.09	↓
	Hiring freeze	-.11	↓	-.08	↓	-.11	↓
Compensation cuts	Reduced pay	Not sig.		Not sig.		-.14	↓
	Frozen pay (no increases)	Not sig.		Not sig.		-.10	↓
	Reduced benefits	Not sig.		Not sig.		-.16	↓
	Mandatory furlough	Not sig.		Not sig.		Not sig.	
Curtailing Service	Reduced services to customers	-.27	↓	-.16	↓	-.33	↓
	Reduced services internally, between depts.	-.25	↓	-.21	↓	-.29	↓
P.I.	Identified process changes to reduce costs	.28	↑	.19	↑	.28	↑

All displayed results p<.05

Internal Service and People Equity:

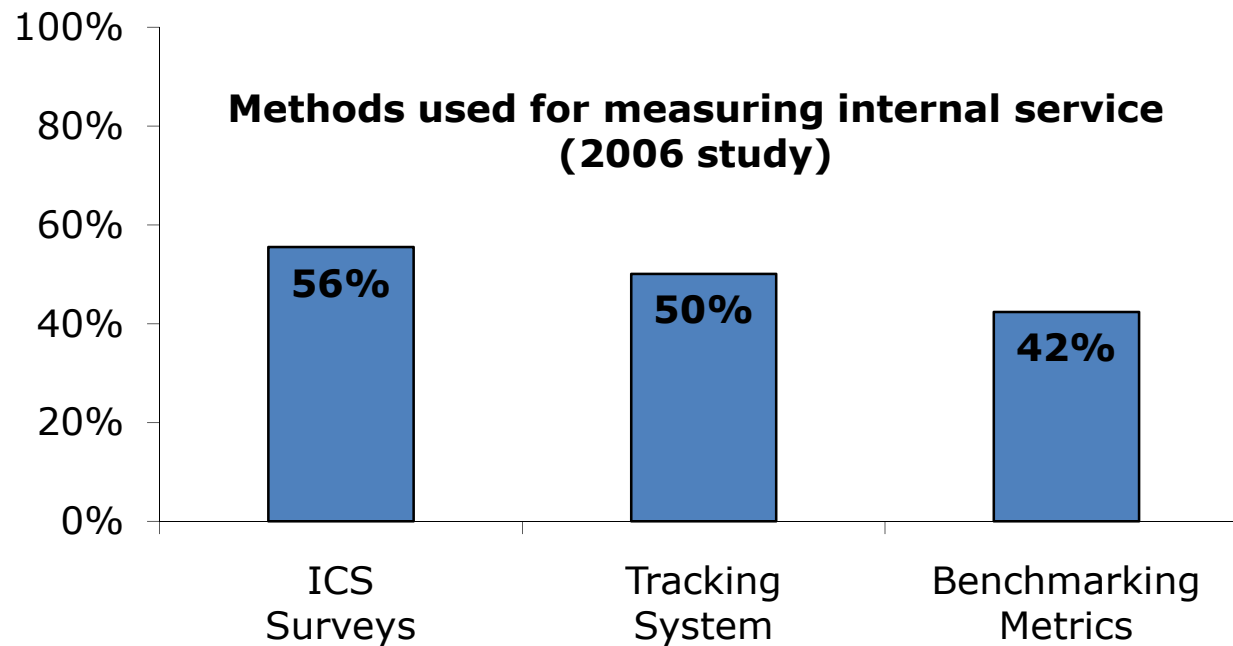
$r = .71, p < .001$

Overall Quality of Service – Percent Favorable



Closing Internal Service Gaps

- ◆ Surveys are the most common method of systematic internal service assessment
- ◆ Given the focus on processes and deliverables, following up on internal service issues is different than EE survey follow-up



Closing Internal Service Gaps

When a service gap is identified between internal departments, what techniques are used to close the gap and how effective are they?

Technique	Used by	Rated “Very Effective” by
Plan-Do-Check-Act (PDCA)	50%	22%
Lean Six Sigma	32%	19%
Six Sigma	36%	19%
Process Management	57%	18%
Process Value Analysis (PVA)	34%	15%
Customer Value Mapping	40%	14%
Business Process Re-engineering (BPR)	33%	12%
Benchmarking	27%	11%
Balanced Scorecard (BSC)	30%	11%
Work Out	28%	11%
Theory of Constraints (TOC)	29%	10%
Lean/Lean Office	22%	6%



Conclusions

- ◆ Internal service and business performance relationship supported
 - ◆ Relationship appeared stronger during the recession
- ◆ People Equity (alignment, capabilities and engagement) has a strong positive relationship to internal service
 - ◆ Companies that cut back on internal service also had lower People Equity
- ◆ Improving internal service is an area in need of further research