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ISSUES AND TRENDS THAT AFFECT MANAGEMENT

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No quest has overtaken American institutions more ferociously than the search for "quality." The company, hospital, university, or not-for-profit which hasn't embraced quality as a guiding principle doesn't exist.

But after all the hype and hoopla — and flavor-of-the-month consultants getting rich on TQM — few can even define what they mean by "quality," much less implement it.

Ken Makovsky, on the other hand, knows exactly what he means by quality and quality control. His explanation of what it is, how it works, and how you measure it is must reading for any manager who wishes once and for all to corral this enigmatic but necessary component of organizational success.

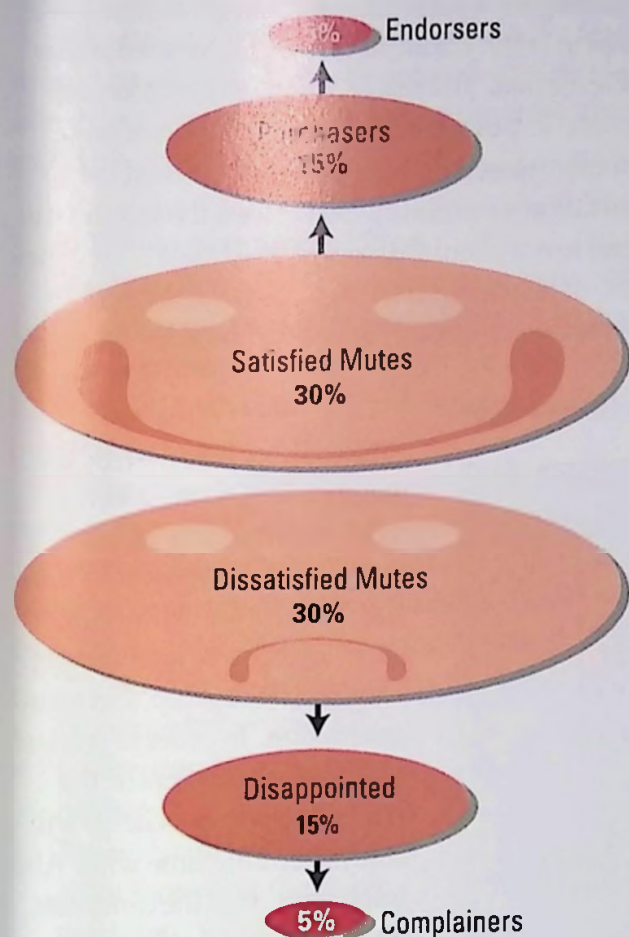
Quality control in public relations is an endless loop, a never-ending search for anything that completely satisfy the client. This may be conventional wisdom, but it's also a passion for me ... I share with Robert Townsend, the former president of Avis, who said: "If you don't do it excellently, do it at all. Because if it's not excellent, it won't be profitable or fun; and if you're not in business for fun or profit, what the hell are you doing there?"

Truer words were never spoken. I'm lucky. I do what I do. Our agency has been profitable and fun largely because we have institutionalized a commitment to excellence. As we understand it, quality is only what we put into our products and services; more importantly, it's what our clients get out of it.

Ultimately, the press releases, annual reports, marketing brochures or CEO speeches are merely a means to an end ... a way to further clients' business goals. Clients may want to sell a product or service, reinvent or retool their image, motivate their employees or enhance the market value of their companies. As public relations practitioners, therefore, we are a little like the tool manufacturer who sold out his inventory of million quarter-inch drill bits. "No one wanted quarter-inch drill bits," he confided. "We're just really lucky that so many people wanted quarter-inch holes."

Lucky just isn't enough, however. In our business it takes forethought, a restless spirit, and a lot of hard

Customer Satisfaction Cycle



GRAPHS BY DIXON

work to keep pace with the needs of our clients, which evolve as frequently and rapidly as the environments in which they operate. Likewise, customer satisfaction levels change over time. In fact, if not actively and directly addressed on an ongoing basis, customer satisfaction will, inevitably, decline.

According to data released at a recent *Inc.* magazine conference, the majority of clients of professional services firms — about 60 percent — can be categorized as Mute. Unless asked, they will volunteer no information about the relative degree of their happiness — Satisfied Mute — or unhappiness — Dissatisfied Mute — with your services.

Fifteen percent of clients can be categorized as Purchasers, individuals who are satisfied and keep coming back for more. An equal number are Disappointed, clients who are actively unhappy and are unlikely to renew your contract or recommend your services in the future.

Endorsers represent a small group (about five

percent) of clients who are completely satisfied and will actively champion your services at every opportunity. They represent an extremely powerful locus of referral activity. On the other end of the spectrum, five percent of the client base — the Complainers — are completely dissatisfied with your services and will actively share that information with others.

Customer Migration

Over time, clients tend to migrate from category to category. In fact, they tend to migrate down the satisfaction continuum, until they become someone else's client unless there is a program in place to stop the downward spiral. The obvious goal for public relations professionals — and any other service provider — is to increase the number of Endorsers, Purchasers and Satisfied Mutes and reduce the number of individuals who fall into the Dissatisfied Mute, Disappointed and Complainer categories.

In order to ensure upward migration of customer satisfaction levels, it's critical to understand client expectations. Understanding client expectations and failing to fulfill them is a common problem. More common still, in my experience: delivering services that the client doesn't want or need ... and discovering the problem too late to fix it.

Client Expectation Map

A client will be satisfied when the following conditions are met: 1) there are clearly defined goals; 2) those goals are correct; 3) they are attainable, and 4) the public relations service provider has met or exceeded them.

We have found the following seven laws of customer satisfaction critical in helping keep our agency consistently ahead of the curve of diminishing customer satisfaction levels.

1. Let Service Drive Sales.

Treat all your clients as if they were new business prospects. They are.

- In our experience, on average, 30 to 40 percent of annual revenue increases are derived from the expansion of existing client relationships.

- Current client satisfaction is less costly than

new business development. For example, an increase of five percent in total client retention rates can yield a return as high as 20 percent as a result of a reduction in new business expenses, more profitable use of staff time, and enhanced efficiency overall.

- Unlike other kinds of products, our customers can't "test drive" the public relations consulting relationship until after they've actually bought it. They are, therefore, more likely to base the decision to purchase on the agency's general reputation and the testimonials (both positive and negative) of its current and former clients.

you're in no position to sense those subtle shifts.

A technology client of Makovsky's, for instance, had undergone a succession of reorganizations in an attempt to better define its role in an extraordinarily volatile market. The result: unfocused marketing direction. To pursue our original mandate would have embarrassed the client and diminished the organization's credibility. So we took the initiative to suggest to our client that we establish a new set of priorities — including crisis management. As a result, we enhanced an already solid relationship.

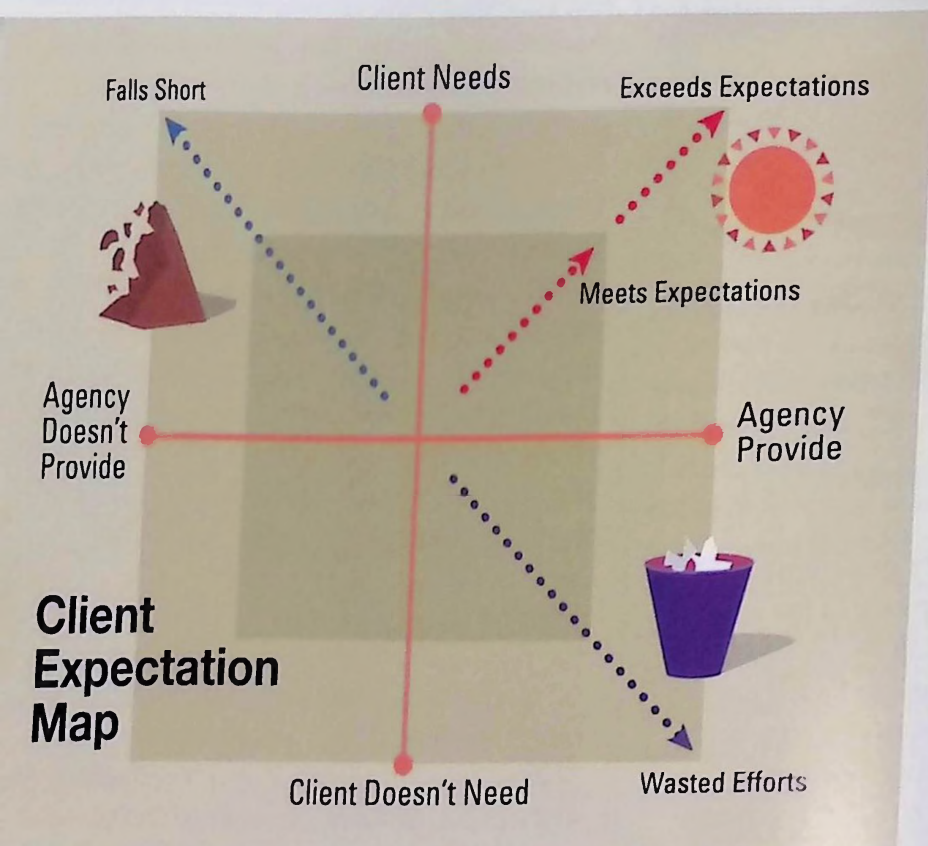
3. Hire the Best.

A company is known by the people it keeps. We take our recruitment efforts very seriously indeed. We look for individuals who are "above the pack" in terms of intelligence, integrity, leadership, and team orientation. In order to work at Makovsky, you must be the kind of person our clients will enjoy spending time with. Also important: that the candidate be serious, good at business, and exhibit current or potential strength as a strategist. Finally, they should have strong skills in their respective specialties and be "QC-minded." That's the client advantage.

4. Expect the Best...

Integrity, insight, energy, enthusiasm, and a strong work ethic are a "must" in our profession, but workaholicism is not. Quite frankly, I'm not interested in how many hours our staff work; I care about what they accomplish.

The outstanding employee of the quarter, for example, is acknowledged with our "Hot Award." The "Mak Awards" go to the staff with the best client programs of the year. It is not the astuteness of their programming alone that sets the winners apart. Makovsky professionals are judged and rewarded for their accomplishments, which relate directly to customer satisfaction, as determined by direct client



Don't Shut the Client Out.

Far too many public relations practitioners have a restrictive notion of the client's role. The client is merely the source of approvals and funding. The client is an integral member of the team ... a partner, composed of both strategy and creative. So, indeed, is someone in the client organization with an interest in the goals that underlie the public relations plan. The client's business goals will shift subtly over time, and unless a course correction is made early on, the consequences can be disastrous. If you're not in touch with the organization and its representatives,

feedback. It's a matter of going that extra mile, not just meeting, but actually exceeding client expectations.

We also ensure that our employees have the tools to excel by offering them opportunities for professional development through an aggressive training and skills enhancement program.

5. ...But Prepare for the Worst.

A retailer known for its superior customer service, Nordstrom respects its employees. And that attitude is reflected in the company's corporate policy manual which reads — in its entirety — "Use your own best judgment at all times."

Difficulties in relationships are inevitable. It is the way they are handled that sets one professional or agency apart from the others. To keep trifling matters from becoming big problems, we have established the following standards for customer service:

- Agree upon all deliverables in advance.
- Document your counsel.
- Underpromise and over-deliver.
- Recognize that we need the client more than the client needs us.
- Listen! Listen! Listen!

If you keep your eyes and ears open, you can always find new ways to enhance your customer service. For example, a large financial services client that had consistently given Makovsky high marks in terms of our marketing and corporate support, quietly expressed acute and unexpected dissatisfaction with a mid-level agency contact. We reassigned team members quickly, before the dissatisfaction became chronic.

6. Solicit Complaints.

We don't just respond to incoming complaints. We actively solicit them.

On a regular basis, our firm's senior management, as a group,

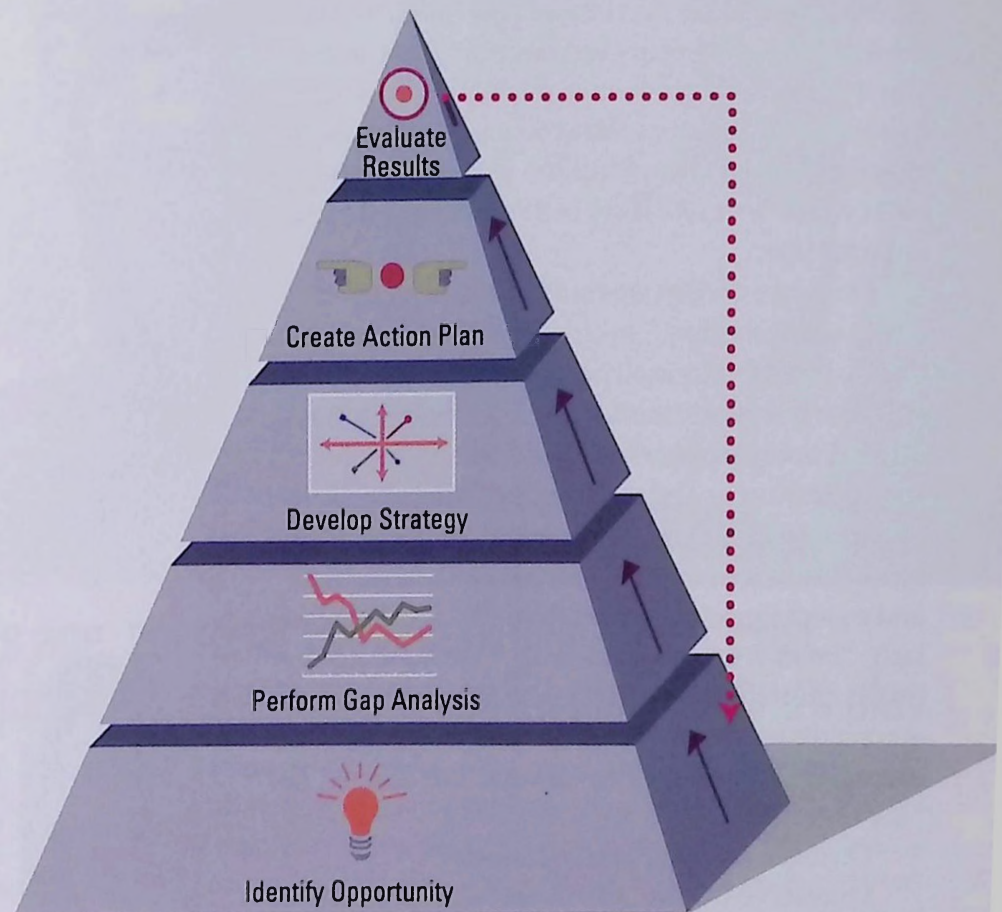
reviews every client relationship and the work of each account team. Simultaneously, we ask the clients for their formal written review of the firm's performance. (We have found that comments written on an evaluation form tend to be more direct than those given in person, perhaps because it is easier to relate a negative — or pass along praise — in writing than face-to-face.)

The questions are a no-holds-barred attempt to get to the heart of the matter. Are we achieving agreed-upon objectives? How does the client rate our work? Is the client getting value for the money? Is there anything we should be doing that we're not? Would the client give us a positive reference?

A Client Review Committee meets monthly to assess our client relationships, identify new client service opportunities and find ways to prevent budding client dissatisfactions from becoming full-blown problems.

In effect, our companywide QC program represents a more formal enactment of the model of client-

Client-Agency Interaction



agency interaction that we try to make an integral part of the daily work habits of all of our professional staff.

Every client interaction is seen as an opportunity to perform a gap analysis—to identify new opportunities to give satisfaction to the client. Once we and the client have agreed upon the need, we collaborate to develop a strategy and a plan of action. Every action is subject to analysis against previously established criteria for success. And the endless loop continues with the identification of new opportunities to create value for the client.

7. Break It Up and Shake It Up.

According to Abbie Hoffman, "Sacred cows make the best hamburger." Just as paralysis isn't order, routine is not the same thing as organization. I don't ever want to hear the words, "The client won't buy that," or "Well, they've never done anything like that before."

In order to avoid becoming a victim of your own success, you need to continuously test your own assumptions ... even your best ongoing programs. And you need to challenge your clients, as well. After all, they pay you for the value of your independent thinking as well as your executional abilities and sensitivity to their corporate culture. In those instances in which you disagree with a client's planned course of action, you have an obligation to communicate what you believe will work in the best interest of the organization.

Our organization was built on the concept of "deep specialization." In other words, we don't pretend to be all things to all people. Because we believe that sound strategic thinking and skillful execution depend upon a sophisticated understanding of our clients' industries and marketplaces, we have distinct practice areas: technology, financial, professional services, health sciences, investor relations, industrial and economic development. Nevertheless, we regularly "break it up and shake it up." We make a concerted effort to foster cross-pollination of ideas among divisions at full-staff creative meetings, for example. Our orientation is always "our clients," not "my clients."

Do these seven QC strategies work?

Unreservedly, yes! As a direct result of initiatives

like these, client retention at our agency has continued to increase year after year.

The organization that succeeds as a result of its commitment to QC will inevitably face another challenge: the consequences of growth. To paraphrase Peter Drucker, growth that adds volume without improving quality is fat. Growth that diminishes quality is cancer. By constantly refreshing and re-articulating our commitment to customer satisfaction through quality service, we remind ourselves that this endless race is not only profitable, but a heck of a lot of fun. 🐶



Kenneth D. Makovsky, *PR*, is president and founder of Makovsky & Co. He has supervised public and investor relations programs for both *Fortune* 500 companies and some of the largest industry associations in the country. He is a winner of the Public Relations Society of America's Silver Anvil Award and the Gold Quill from the International Association of Business Communicators.