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### **The Business Case for Improving Customer Service at Leeds City Council**

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## **Abstract**

A number of internal and external pressures in UK local government have led to the examination of different options for internal organization and management. A particular pressure has recently been the reorganization of local government towards the creation of new unitary local councils. The review of non-metropolitan local government from 1992 to 1996; and the creation of unitary authorities in a number of areas from 1995 to 1998; forced local authorities to examine their own organization. In the face of challenges in bringing about fundamental change in a large and complex organization such as Leeds City Council, this paper proposes a set of tools provide a valuable starting point for managers in meeting the requirements of a business case approach to justifying customer service developments.

## **Introduction**

There can be little doubt that quality and customer service are the critical strategic issues for both public and private sector organizations. In the private sector, customer satisfaction and loyalty secured through high quality products and services providing value for money for the consumer are seen as essential for long-term competitive advantages. Public sector organizations, and those operating in local government specifically, are not immune from these pressures to improve customer service on a continuous basis. Some of these pressures arise internally within local authorities from a genuine desire by managers to improve the quality of services provided to local citizens; others are "imposed" through initiatives like Citizen's Charter.

It is recognized that public sector organizations face more difficulties than those in the private sector in their efforts to improve customer service. For a private sector organization, service quality initiatives have little to do with the social good but are intended to enhance the organization's profitability. As such, investment in these initiatives can be assessed, justified, and obtained on the basis of generating a financial pay-back. In the current public sector financial environment, customer service initiatives often have to be funded on a shoestring or resourced through budget reallocation away from other activities (Donnelly et al. 1995).

The obvious approach asking the customer can be fraught with difficulties, however. A major problem is that customer satisfaction surveys an increasing, and expensive, phenomenon in the public sector is prone to focus on customer perceptions of service delivery: what the customers think of the quality of service delivered. These surveys rarely provide the customer with any opportunity of articulating their expectations of service quality. This may be particularly important if such customer feedback is to be useful to policy makers and service managers. Customers typically assess service quality by comparing the service they have actually experienced (the perceived service quality) with the service they desire or expect (their expected service quality). Without adequate information about both expectations and perceptions, the feedback from customer surveys is downright dangerous.

There have been numerous definitions offered up as to what customer service is; most aimed at the private sector. The definition used for this article expresses it simply as: Customer service is an organization's ability to supply their customers' wants and needs (Ward, 2004).

This definition is deliberately broad and takes customer service beyond just dealing with complaints, or responding to customer queries. Customer service is more than

the contact with the customer, but the focus is on what is important to customers, i.e. what they experience rather than what happens behind the scenes. A key part of customer service is about ensuring that any contact the Council has with customers is of a high quality.

Jan Carlzon, former president of Scandinavian Air Services, used the term 'moments of truth' to describe *'anytime a customer comes into contact with any aspect of a business, however remote, is an opportunity to form an impression'* (Carlzon, 1987). This 'opportunity' can result in either a good, bad, or indifferent impression, and good customer service is about ensuring it is the former. These 'moments of truth' occur whenever people come into contact with the Council (i.e. telephoning to report a problem, writing to request a service, and calling in to register a complaint).

Customer service, then, is about how we:

- Handle customer enquiries;
- Treat customers;
- Respond to customer needs.

Customer service is not just something 'those customer service officers do'; it is about how an organisation views its customers and designs services around their needs and wants. Peter Drucker (1989) indicated that, the single most important thing to remember about any enterprise is that results exist only on the outside. The result of a business is a satisfied customer. The result of a hospital is a healed patient. The result of a school is a student who has learned something and puts it to work ten years later. Inside an enterprise, there are only costs.

### The Customer Service Dilemma

Gaster & Squires (2003) identified 'three broad expectations [that] have been created by the government's modernization agenda. These are:

1. The need to achieve 'results'.
2. The need to work in 'partnerships'
3. The need to 'consult' users and communities.'

There are more drivers than these, but in relation to customer services, the need to deliver efficiency savings is added, which could perhaps be included in 'results'. In terms of the customer service dilemma the project focused on results (in terms of customer satisfaction) and efficiency.

The Government imposes strict regimes upon councils around achievement of targets against national performance indicators as a means of demonstrating results. These targets are established nationally, and it is important, as Gaster and Squires (2003) point out, to establish 'whose results' are being measured. Managers will understandably focus on achieving those PIs which are to be measured and published, and will be under considerable pressure to respond to results of inspections and audits, whether or not they conflict with 'customer' priorities.

Nationally set targets and key performance indicators (KPIs) are often efficiency based. These KPIs focus on processes and few give much weight to customer satisfaction or other effectiveness or outcome indicators. Osbourne & Gaebler (1993) observe 'there is nothing so foolish as to do more efficiently something that should no

longer be done', but some KPIs can have this effect if not balanced with appropriate measures.

The need to deliver efficiency savings, and meet finite budgets adds to the dilemma faced by managers. Customers may want, or even need, services beyond what the budget will allow. Managers must balance the sometime competing needs of customers, and may feel safer sticking to doing things the way they have always been done. It might not be possible to remain within budget, and at the same time meet, or exceed, customer expectations.

Within the private sector the intuitive argument for good (or even excellent) customer service goes something like:

1. improved customer service = increased loyalty
2. increased loyalty = increased spend
3. increased spend = increased profit

Within the public sector increased loyalty is often not an issue, as there is often little, or no choice for customers to go elsewhere (Wilson & Game, 2002; Gaster & Squires, 2003). Furthermore, since most services are not directly charged for, there is no additional revenue generated, even if more customers are attracted to the service. Improved customer service could well lead to increased demand, but must be met from within existing budgets so in fact it means more people served from the same sized pie; which can only lead to smaller helpings!

### **SERVQUAL Model**

Within the service sector (including the public sector), defining quality is not as simple as 'conformance to specification' (a term coined by Crosby, 1980). Gaster & Squires (2003) noted that 'for services, experience cannot be separated from the actual process of service delivery'. The way in which the telephone is answered is as much a part of the service they are receiving as, for example, the processing of the application form, or the letter to request further information from a customer.

There has been much debate around defining and measuring service quality. For example, Robinson (1999) observed 'It is apparent that there is little consensus of opinion and much disagreement'. Gaster and Squires (2003) put forward an adapted model from one proposed for healthcare by Donabedian (1980, 1982, 1985) for defining service quality as shown in Table one.

**Table One:** Broad dimensions of quality (Adapted from Gaster & Squires, 2003)

<b>Dimension</b>	<b>Description</b>
Technical	The 'core service' or process, the 'what' of service delivery in its simplest terms
Non-technical	Social/psychological interaction between service provider and beneficiaries
Environmental	The service setting ( e.g., buildings, telephone access, web-access)
Democratic	This dimension proposes a much greater involvement of public in defining services and quality

Parasuraman et al (1985) developed a theoretical model (Table two) that has gained widespread acceptance, although not without some criticism (Robinson, 1999; Buttle, 1996), particularly around the robustness of gathering expectation data, and also the reliability of the 'gap' between perceptions and expectations. Notwithstanding these, and other, criticisms, the SERVQUAL model continues to be used within a wide variety of settings, and the theoretical basis provides a potentially useful starting point for the Council.

**Table Two:** SERVQUAL model of dimensions of service quality (Adapted from Donnelly et al., 1995)

Dimension	Description
Tangibles	Appearance of physical facilities, equipment, personnel, communications, e.g. one stop centre facilities, staff attire, application forms
Reliability	The ability to perform the promised service dependably and accurately, e.g. bins delivered when we say they will be
Responsiveness	The willingness to help customers and provide prompt service, e.g. answer rates, 'owning' customer queries and not 'passing from pillar to post'
Assurance	The competence of the system and its credibility in providing a courteous and secure service, e.g. confidence that the web-service will be secure, planning process is fair.
Empathy	The approachability, ease of access and effort taken to understand customers' needs, e.g. politeness, helpfulness of staff.

The SERVQUAL model has been applied to both private and public sector organisations (Wisniewski, 2001). Using the SERVQUAL model, measuring service quality is presumed to be a matter of assessing customer satisfaction (in its broader sense against expectations and not just perception).

Early results of studies applying the SERVQUAL approach to public sector organizations in the UK indicate that managers frequently over-estimate customer expectations. Ongoing work piloting the approach in local government service provision confirms this view and has identified a number of modifications to the methodology required to improve the validity of the approach in this arena. As a diagnostic tool to uncover symptoms of service quality shortfalls and establish a starting point for the investigation of deeper problems, the SERVQUAL approach merits detailed consideration by local government managers who seriously wish to assess service quality in a rigorous and testable manner. The approach is readily adapted to investigate the quality of internal as well as direct service provision and offers a mechanism both for tracking service quality over time and for comparing service quality between departments in a council or, indeed, between different authorities.

## **The Business Case**

Leeds City Council (hereafter 'the Council') is in the midst of a major change programme to adopt a customer focus consistently throughout the organisation. The generally accepted concept of a supply chain makes this change relevant to everyone in the organisation, whether they have external or internal customers.

However, there are a number of barriers to be overcome to see this change through, and some of these are around making improvements in customer service.

The Council is the second largest Metropolitan District Council in the United Kingdom (after Birmingham) with an annual expenditure of approximately £1.3 billion. The Council is the largest employer within the Leeds administrative boundary, with upwards of 35,000 employees, directly serving a population of around 720,000 people. It delivers some 700 distinct services to the public and local businesses, making it a complex and diverse organisation. Many of its services are provided under statute, and for most customers the Council is the only provider of the particular service within its geographic boundaries, making it, in effect, a monopoly service provider.

The types of services provided are varied, ranging from universal services such as highway maintenance (e.g. repairing potholes, providing and maintaining street lighting) and emptying bins, through to targeted services such as housing benefit or social services, all paid for through local and national taxes. The Council also charges for some services directly, e.g. car parking, sport centres, and pest control, most of which are subsidised, again through local and national taxes.

A number of drivers are requiring councils to fundamentally challenge the way they operate; some are internal drivers, and many external, mainly from central Government. The Government exerts control over councils through funding mechanisms, inspection regimes, and various forms of statutory intervention. A considerable degree of influence can be exercised over councils, making Government a key stakeholder in council decision-making processes. These drivers are not unique to the public sector (Korczynnski, 2002), and they are by no means the only drivers impacting on councils. Wider elements of the Government's Modernising Public Services agenda, such as e-Government, Best Value, Comprehensive Performance Assessment, and Public Sector Efficiency Review, to mention just a few, are requiring councils to rethink the way they do things. The multiplicity of initiatives and regimes imposed on councils from outside, and all that rides on them (i.e. funding, credibility, freedoms to act within legislation), can stifle progress, and can lead to counter-productive practices. The 'letter of the law' sometimes overtakes the 'spirit of the law' as incentives are chased and longer-term aims sometimes sacrificed. Emphasis on national performance indicators and targets, without thought to overall performance, provides examples of perverse incentives where targets can 'create unintended and unwanted consequences' (Sellers, 2003).

Eighteen months ago the Council completed a significant internal 'best value' review entitled Access to Services (ATS), looking at how accessible Council services are to our customers (focusing on users of Council services). Best Value was introduced by the Government in 1999 as a key component of its Modernising Government agenda, and Best Value reviews are intended to bring about 'significant and continuous improvements to every service for which authorities are responsible' It soon became apparent that any discussion of accessibility needed to extend to actual service delivery if it was to be meaningful. Gaster and Squires (2003) identified 'three broad expectations [that] have been created by the government's modernization agenda. These are:

1. The need to achieve 'results'.
2. The need to work in 'partnerships'
3. The need to 'consult' users and communities.'

The distinction between 'accesses to services and 'delivery' of services became somewhat irrelevant as the Council renewed a commitment to putting the customer first. What this means for the Council is that the customer is the one that decides what aspects of service are important, and that 'access' is just one of those aspects. Therefore the Council has initiated a broad and potentially far-reaching programme of work under the banner 'Customer First'. The programme applies Council-wide and has gained some high level support, being driven by a high level steering board represented by all seven departments. In addition, the Council has recently articulated its values, the first (of five) of which is 'Putting Customers First'.

### Proposed Improvement Tools

Services are not single actions. They form a series of cumulative stages, only the first and last of which may be known or visible to the consumer. As Figure one shows, services can be thought of as a chain of actions, from the stage of the initial request, demand or legal act, through to the end result. Many of its elements are out of sight not only of the public but also of the front-line staff.



Figure 1.  
The service chain.

The management of this chain is a very important part of the quality process. Production lines in manufacturing are, of course, a familiar concept. The mutual dependence of each stage of a production process is built into the system, through the concept of the internal customer (Marsh 1996).

Somehow, though, the idea of a service chain, consciously linking actions by both front *and* back lines, has not yet penetrated (or not very far) local government. The connections between different elements, the knock-on effects of individual actions, rarely seem to be recognized.

This, in a way, is surprising. For despite ever-increasing political, legal and financial constraints, local government in the UK has a great capacity for pushing at the boundaries and evolving new ways of working (Burns et. al., 1994). Hierarchical bureaucracies and departmental and professional territoriality are increasingly viewed as unnecessary, inefficient, alienating and incomprehensible to the public. The need for a more integrated, even holistic, way of providing services has become obvious.

In some authorities, integration has taken the form of generic job descriptions and multi-disciplinary teams at the front line. In others, a strategic shake-up has abolished

traditional departments. In only a very few, however, has the integrated approach extended to rethinking the working relationships between the front and the back offices, or between the locality and the “centre” (Gaster and Hoggett, 1993; Newman 1994). Yet, if the public is to be convinced of a real improvement in the quality of services, it is not a matter just of being better able to make an immediate response to requests from the public. It is also a matter of being able to respond effectively as an organization.

### ***Self-assessment Tool 1: Stakeholder Analysis***

This tool as shown in Figure two seeks to help managers understand their customers better, by considering target groups (“direct beneficiaries”), “indirect beneficiaries”, and “other key stakeholders”, in terms of common characteristics by which they can group customers. The list of beneficiaries should include all who are entitled to the service, and not just those currently receiving it.

In addition to beneficiaries, the service area also needs to consider other key stakeholders, such as staff, government departments, and inspectorates. Each of these groups will have some level of experience with the service. In order to help assess the influence that the views of these groups exert, it is necessary for the manager to score the extent of this influence on service delivery (suggested scale is 1-5 for importance). This will necessarily be subjective, but will enable some transparency around relevant weight placed upon different stakeholder groups.

Next the service manager should consider the ‘moments of truth’ when the beneficiary / stakeholder experiences the service, these can help focus the manager on the key factors, taking account of the dimensions of service quality discussed earlier in the third chapter, literature review. The final three columns are for determining an appropriate approach to customer satisfaction monitoring.



**Figure two:** Self-assessment tool Stakeholder Analysis

<b>Example: Housing Benefit</b>							
<b>Direct Beneficiaries (by customer segment)</b>	<b>Indirect beneficiaries (by customer segment)</b>	<b>Other key stakeholders (by customer segment)</b>	<b>Score importance of beneficiary / stakeholder view (1 = not important, 5 = very important)</b>	<b>Moments of truth (what does beneficiary / stakeholder experience of the service?)</b>	<b>Is satisfaction measurement relevant?</b>	<b>Select areas from Moments of Truth</b>	<b>Select Measurement tool and frequency</b>
Low income residents			5	Information request Application form Call Centre query Letter response One Stop visit Payment receipt			
	Families in low income homes		3	None			
		Audit Commission	2	Reported KPIs			
		Benefit Fraud Inspectorate	4	Reported KPIs Inspection visits			

## ***Self-assessment Tool 2: Satisfaction Measurement***

A number of tools have been developed for measuring customer satisfaction (Robinson, 1999; Zeithaml, 1990; Schmidt & Strickland, 1998). Despite differences between the private and public sectors with regard to customers, there are no serious arguments put forward against the value of customer satisfaction measurement within the public sector. In fact, the Government is positively pushing the need for councils to undertake customer satisfaction measurement as part of the public sector reform agenda (Cabinet Office, 2002, 2004).

This research work has looked at three of the more commonly known customer satisfaction measurement tools: SERVQUAL, the Common Measurements Tool, and the American Customer Satisfaction Index (ACSI). All three tools are far more sophisticated in what they attempt to measure than any satisfaction tools currently in use at the Council. All are designed specifically to measure service quality from a customer perspective, and all consider the role of customer expectations in calculating customer satisfaction.

Both the ACSI and SERVQUAL were developed and initially used for private industry, but both lay claims to successful application within the public sector (National Partnership for Reinventing Service, 2004; Wisniewski, 2001). The Common Measurements Tool (CMT), however, was developed specifically for use within the public sector, for the Canadian government. The CMT was the most recently developed of the three tools, and draws on experience from various sources, including its own extensive research, within the context of the public sector, to identify key drivers of satisfaction.

The SERVQUAL model asks respondents about their 'ideal' service, in relation to a number of determinants of service quality, and assesses the 'gap' between the ideal and the actual service quality. A criticism of this approach is that it inevitably draws out a 'gap', making it more difficult to assess real priorities. The CMT approach also identifies 'gaps', but between 'acceptable' and 'actual', which appears far more appropriate for the Council in identifying priorities for improvement. The ACSI also identifies 'gaps'; in this case between 'perceived quality' and 'customer expectations', and is closer in this respect to the CMT.

Both the SERVQUAL and CMT aim to identify what is most important to their customers in terms of service quality, by asking direct questions of the respondents. The ACSI does not set out to do this as it is more aimed at allowing comparisons across and within sectors.

Each of the three tools adopts levels of sophistication to enable managers to understand the dimensions of quality and measure satisfaction against these. However, the CMT is the one that is tailored specifically to the public sector, and could be potentially most useful to identify priorities. However, there are limitations to this tool also in that while it identifies customer priorities in terms of what they feel is important, research has shown that some dimensions of quality are satisfiers, others are dissatisfiers, and some are likely to have a neutral impact regardless of improvements (Johnston, 1995). The CMT will not necessarily pick this up from customers.

In spite of potential limitations, the CMT offers the Council with the best option for adopting a more useful approach to customer satisfaction measurement: one which can feed directly into service improvement and planning.

The relevant background and paperwork is extensive and is not included here. The paperwork will be available to managers within the Council, as the owners of the copyright have granted use. Background details can be found at the following URL link, but due to copyright the authors unable to include the details within this article: <http://www.iccs-isac.org/eng/cmt-about.htm>

### ***Self-assessment tool 3: Costs of quality***

In spite of the generally positive view toward improving customer service, there is clearly a challenge to make the case for those improvements, and find a way to make the 'headroom' for the necessary investment of time and resources. In identifying the costs of customer service there are two key aspects:

- the cost of providing it, e.g. staff to answer phones at convenient times, training in customer care, 'owning' customer queries; and
- the cost of not providing it, e.g. handling customer complaints, delays in processing changes, poor image.

The costs must include all investment costs: direct and indirect; it is often the indirect costs of management time, impact on other services/staff, project time etc. which get neglected (Local e-Government National CRM Programme, 2004). Care is need in the handling of central recharges to make sure that these are reflective of the actual service being received. These could distort the cost figures significantly, either up or down.

The identification of costs of not providing customer service, i.e. costs of quality, provides managers with an idea as to how they are currently allocating their resources to maintain existing quality levels. The table below sets out the key areas for managers to complete based on accepted best practice from the world of private industry. The tool has yet to be proved within a local authority context, and terminology may need to be reviewed.

In completing the tool, managers should keep this to a reasonably high level accounting exercise initially, and only where particularly high figures start coming out might managers want to be more specific in working out the detailed costs.

**Figure Three:** Self-assessment tool 3: Costs of Quality

Cost type	Examples	Costs
Prevention cost	Customer service training Quality systems (e.g. ISO 9000) Charter Mark	
Appraisal cost	Collection of PIs Internal QA processes	
Internal failure cost	Correcting internal errors, e.g. inaccurately processed forms	
External failure cost	Handling customer complaints Compensation payments Rework	
Intangible failure costs	Poor image of Council Failure to protect the vulnerable	
Unnecessary demand generated	Leaflets with misleading / incomplete information	

There is no set level or % of revenue that they should be comparing against, but if the proportion of costs c) – f) represents 75% (Gaster & Squires, 2003) or more then managers might want to review whether they are putting enough resource into prevention. Equally, managers should be looking at the same cost headings (c – f) to identify opportunities for cost reduction.

The most challenging of the cost headings to complete are items e) to f). For item e), managers should consider if there is anything of significance they feel should be included, even if not possible to quantify. Item f) should also be considered, but is difficult to calculate.

A suggested approach to calculating f) is to:

- work out the unit cost of contact
- estimate the 'additional' demand from the 'average', taking account of seasonal variations, and any other potential causal factors which may have generated demand
- estimate any follow on work, e.g. change of circumstances
- multiply average unit costs of contact with the addition in demand

The workings should be kept reasonably simple at this stage to avoid over-analysis. An initial starting point for some services will be simply getting to grips with the concept of failure costs, and trying to think through the broad areas involved. Detailed workings will come as managers feel more comfortable with the concept.

## ***Self-assessment tool 4: Customer Service Business Case Template***

The project has looked at relevant literature, and considered the key issues within the Council, in developing a business case approach to improved customer service. The previous chapters have demonstrated that customer service is – or should be – an integral part of service delivery. Indeed, the survey of managers across the Council demonstrated that there is little disagreement on this point within the Council. However, in the reality of finite budgets, and the numerous stakeholder interests, service heads necessarily must determine which aspects of the service to focus upon, and where to re-align scarce resources.

Based on the literature review, the business case for investing in customer service needs to be built around:

- understanding our customers better: who they are, and why they contact us
- satisfying customers by improving services around customer needs and wants
- improving efficiency in the operation of customer contact
- managing costs through reducing failure costs and identifying measurable benefits
- realising the benefits through monitoring and control against a benefits realisation plan

The following is a template of key headings provided as a guide to managers in developing and presenting a business case for improved customer service. It is only a broad outline and managers should add sections they feel relevant.

### ***Outline of Proposed Change***

#### **Key Reason(s) for Change**

Service improvement? Efficiency? Externally imposed?

#### **Customer Groups Affected**

In relation to the business case, managers need to understand how proposed improvements in customer service will impact on their customers, and indeed they should be using this information to generate proposals.

- Identify key customers in terms of customer 'segments', e.g. age, ethnicity
- List expected benefits in terms of outputs and outcome measures – should be as measurable as possible
- Assess impact on customer satisfaction using the dimensions outlined in this report, and identifying current and planned measures of satisfaction.

#### **Contribution to Mission, Aims, Goals**

Identify links to mission, aims and goals. Make as quantifiable as possible.

## Efficiency Savings

Whilst managers are concerned about a potential trade-off between customer service and efficiency, it is interesting to note that a number of managers (Leeds City Council, 2004) also see efficiency as being a key driver for customer service improvements. The business case needs to quantify the extent of any potential savings through proposed improvements. These may or may not result in an overall budget reduction; they may lead to lower unit costs, in line with one of Gershon's (2004) definitions for efficiency: 'additional outputs, such as enhanced quality or quantity of service, for the same level of inputs', or 'improved ratios of output per unit of cost of input'.

- Identify type of efficiency saving, i.e. more for same, more for less (see Gershon, 2004)
- Estimate impact on savings using pre- and post-implementation estimates on an activity based costing approach
- Estimate cost of quality using self-assessment tool 3.

## Benefit Realization

If done correctly, the business case will provide the basis for monitoring against the delivery of benefits. As part of completing the business case, managers should be identifying quantifiable (both financial and non-financial) benefits and costs. The benefit realisation plan is essentially the business case, and needs to be revised and updated to monitor progress. Given its dual role, it is advisable to have a section that can be taken out and used to actively monitor benefit realisation.

- Against each identified and quantifiable benefit, indicate likely timescales for realisation of the expected benefits.
- Against each timescale, indicate the method of assessing completion
- Indicate type of realisation, e.g. increased productivity, budget saving, improved result measures.

Management information should enable managers to track the realisation of benefits against the targets set out in the business case. This information should be timely, relevant, accurate, and requirements should be set out at the time of the business case.

## Conclusions

Managers in the public sector are under increasing pressure to demonstrate that their services are customer-focused and that continuous performance improvement is being delivered. Given the financial and resource constraints under which public sector organisations must manage it is essential that customer expectations are properly understood and measured and that, from the customers' perspective, any gaps in service quality are identified. This information then assists a manager in identifying cost-effective ways of closing service quality gaps and of prioritising which gaps to focus on - a critical decision given scarce resources. SERVQUAL, as a method of measuring service quality, has attracted both widespread support and criticism.

The business case for improved customer service is the same as the case for improving the service quality experience of users generally, and needs to be seen within the context of the Council's wider mission, aims and objectives. The concept of 'public value' is useful in providing a framework for assessing proposed improvements, and whatever measures of outcome are used, customer satisfaction needs to be seen as a key element.

Managers have a positive view of customer satisfaction monitoring and measurement, but there are a variety of approaches used, and they do not (on the whole) measure the crucial aspects of expectations and perception, as identified in the literature review. Nor do they consider 'levels of need' as identified in best practice guidance, including that produced by the Government. A more consistent approach is needed which incorporates best practice and will allow managers to identify priorities for improvement.

The Council's understanding of its customers on an organisation-wide scale is hampered by a traditionally departmental approach, and criticisms of being 'passed from pillar to post' abound. The Council has a customer relationship management (CRM) system, but implementation needs to be more consistent, guided by an overarching strategy. This is being tackled now, and needs to link in with customer satisfaction measurement.

The costs of improvements in customer service are often not articulated or quantified. There are two types of cost: firstly the investment costs of implementing something, and secondly the costs of not doing anything, i.e. 'poor quality' or 'failure' cost. The value of this type of analysis to a business case is high, but inevitably there can be difficulties in producing the relevant data.

Clearly, improvements to customer service are, and will continue to be made as part of the day-to-day management of services. However, where significant deficiencies in customer service are identified, or where significant investment is proposed, a business case needs to be made.

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