ServQual 2.0 – A Novel Approach to Delivering Scalable Quality in Knowledge Services

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Abstract. With the growing prominence of knowledge services in the global economy especially in the context of outsourced knowledge services, it is imperative that organizations have a robust framework to manage service quality. Quality in the service industry is driven by multiple points of contact with the customer and "Quality Experience" dominates over mere fulfillment. Each team member being an efficient cog in the mechanism is not enough. It is clearly the age of empowerment with common vision rather than process and compliance.

Given the nuances of service quality, we propose a framework that will allow organizations to discover customer needs better and overlay such needs with their delivery models. The framework builds on the original ServQual Model and is named the "4 Quadrant – 3 Gap Model". This model gives managers in service organizations an approach to structure their delivery framework, allowing them to scale simultaneously and ensure customer delight.

Keywords: Service Quality, Knowledge Services, Quality framework etc.

1. Introduction

Quality does not happen in the boardrooms. Quality happens at the myriad "contact points" and "moments of truth". A strategy of operational excellence is well served in execution with Six Sigma kind of an approach. The managerial talent and experience is also readily available to make this happen. Six Sigma is based on an input-output thought architecture, i.e., if one can decipher cause and effect relationships, then one can control outputs (in this case variance) by controlling the inputs. So the questions arise – what is the Six Sigma equivalent of service quality? What is the mantra of ensuring superlative levels of quality in a knowledge services context (regardless of whether your customer is internal or external)?

2. Service Quality Framework

2.1. Nuances of knowledge services organizations

The services industry has certain challenges unique to the business:

1. Service companies have to choose a dominant strategy between Operations Excellence (most IT operations), Product Leadership (consulting in case of service industries) and Customer Intimacy (domain and field specialization) {Kaplan and Norton}. The strategy chosen here needs to be operationalized and followed through in all customer dealings. In the service industry, especially Knowledge Process Outsourcers (KPOs), Product Leadership and Customer Intimacy are very close to each other.

2. The customer 'perception' is critical. The formal feedback form does not tell the whole story. The customer seems to be satisfied at a micro level about the project but at the same time he/she has formed an opinion about the capability and positioning of the vendor. A large part of what we call user's 'perception' of the service is built not just on tangible knowledge products like reports or

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analyses, but also on elements of "experience" – communication, engagement, levels of proactivity and handholding.

3. There are multiple touchpoints both from the customer's side and the vendor's side. Each of these touchpoints and the resulting interaction is a moment of truth. Opinions and perceptions are being built all the time. The quality concept has to permeate and be operable at all levels.

2.2. 4 Quadrant – 3 Gap Model

So what we are looking for here is a model that will allow us to be sensitive to the customer in a multi-dimensional way. More importantly provide the frontline organization with a working model to have the right perspective on how to generate customer satisfaction, and to prioritize the improvements that are to be put in place.

Here is an attempt to present the frame work that we have developed and successfully implemented in our company.

Our model took us towards two main principles:

1. How do we look at the customers' needs?
2. What do we put in place to satisfy these needs in a structured manner?

To answer the first question we developed the 4 Quadrant approach. This served as a powerful lens that could be used across the organization to view all customer situations. For the second part, we developed on the foundations of thought architecture for quality in services laid way back in the 1980's by Parasuraman and Zeithaml [1] through their seminal work on the ServQual Model. The model states that in the services space, quality is ultimately about closing the gap between what the customer's actual needs are and the perception of how those needs were met by the service provider.

First let us examine the 4 Quadrant approach. The question for us was to identify what tool to provide to the frontline, to be able to decipher customer needs? This led to the 4 Quadrant thinking on customer needs.

Essentially the customer has two sets of needs to be fulfilled in a project:

- **Core Delivery:** This is basically the 'Why' and 'What' of the project; the reason the customer is willing to put money on the table.
- **Expectations:** This is the 'How' of the project. This does not add to the core needs but shapes the transaction and is integral to the overall experience.

On another axis the customer's needs are further divided into Explicit and Implicit:

- **Explicit:** These are requirements in the customer's mind which are quite specific and can be articulated. These may or may not be documented, at the same time there is no ambiguity in the requirements.
- **Implicit:** These are requirements in the customer's subconscious mind. These may not be well-expressed or well-articulated, but still play a role as a paradigm when evaluating a project's performance.

Intersection of these two dimensions of customers' requirements generates the 4 Quadrants as shown in Fig. 1. Elaborating on the 4 Quadrant thinking:

- **Quadrant 1:** Here the customer requirements and the core objectives of the project are usually well documented. Success in this quadrant can be easily ascertained objectively.
- **Quadrant 2:** The requirements in this Quadrant may or may not be documented. Conformance is expected nevertheless in both cases. Here again success can be easily determined.
- **Quadrant 3:** This Quadrant is the unstated 'Why' and 'What' of the project. These needs are rarely documented. The customer may also find it difficult to articulate these crisply. As the project progresses, new realities may emerge here. It is difficult to evaluate success here, but the customer will be clear that there was a lack of 'Why' thinking.
- **Quadrant 4:** These customer needs are again undocumented and not clearly articulated. The customer management team needs to be more sensitive to these needs. Success results in deeper trust and an improved relationship.
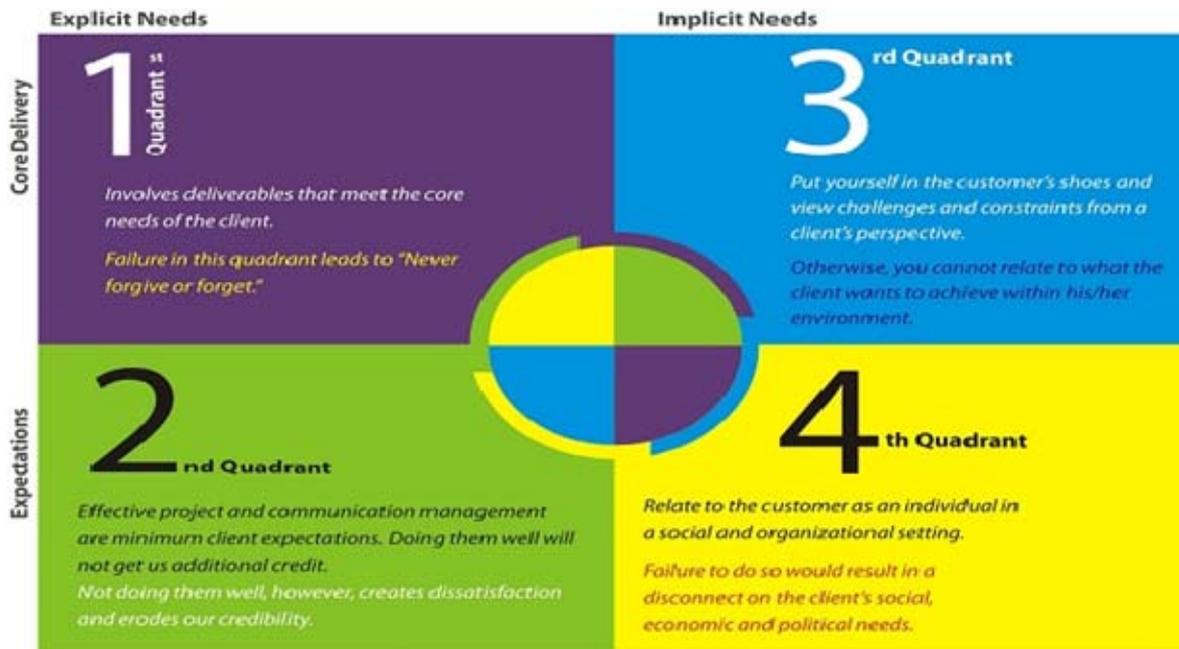
Fig. 1: The 4 Quadrants of customer needs

The essence of 4 Quadrant thinking is in acknowledging needs of a service customer at multiple levels:

- At a tangible level in terms of work products,
- At an intangible level in terms of experience and business context in which a particular customer operates, and
- At an intangible level in terms of individual motivations of the customer that are intricately tied to a particular project

Capturing the needs of a service customer in this fashion allows the service provider to plan and address them in a holistic fashion, thereby paving the path for customer delight.

Once we comprehensively understand the needs of a service customer, how do we go about closing the gaps? This is where the second part of our framework comes into the picture which we call the 3 Gap Model. The 3 gaps are those which can occur along the lifecycle of a project, and so superimposing these gaps onto a project lifecycle allows a service provider to take steps to close them.
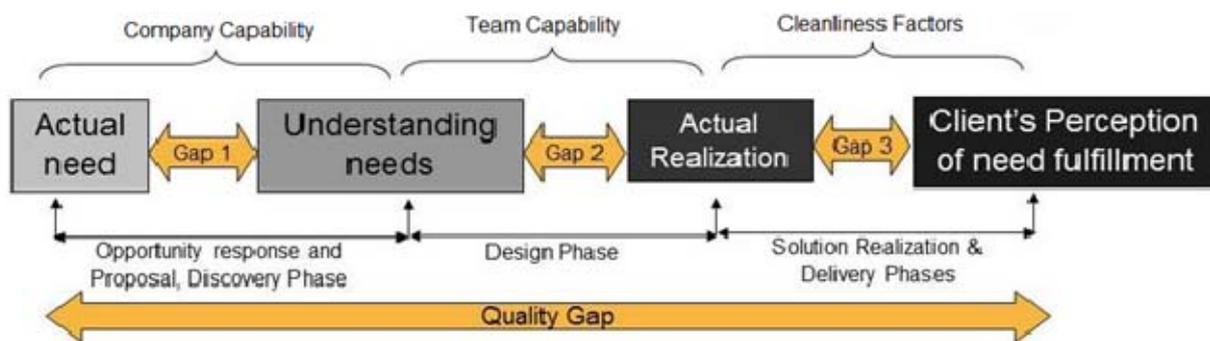

Fig. 2: The 3 Gaps in Delivery

The above diagram clearly shows the stages in turning a customer requirement into a deliverable and the gaps that can occur in between. The power of the 3 Gap Model is in the realization that all quality management ultimately begins upstream. Gap 1, at the opportunity response phase of a project is the mother of all gaps. In our studies, we observe that 80% of all symptoms of bad quality can ultimately be traced to seeds sown at the opportunity response phase. This is not to say that other gaps are not important, but the gap that needs systemic attention in an organization is gap 1.

2.3. Implications of the Framework

This insight has many implications for service organizations:

- Traditionally, quality management in services organizations have focused on downstream quality. The clichéd maker-checker model is one manifestation of this thinking. However realizing that quality gaps begin upstream implies that service providers have to pay greater attention to how they respond to opportunities from potential customers
- The second implication is to bring about a shared understanding of quality in the organization – that every person in the value chain must see interactions in the same perspective and must be motivated and empowered to contribute towards closing any of the gaps. This is opposed to the rigid process structure where the flow is smooth but ideas are lost, since people see themselves as a part of the internal supply chain and lose focus of the external customer who should in actuality be the prime motivator

Key benefits of the 4 Quadrant – 3 Gap Model:

- Quality model comes alive as a working model rather than a philosophical definition.
- Common view of the value creation cycle and the customer needs creates an image of the big picture in the minds of all the team members. This leads to empowerment and contribution towards customer satisfaction at all levels.
- A strong but clear framework removes compliance rigidity and allows for flexibility of implementation.
- Mapping the 4 Quadrants onto customer feedback results makes it a power tool to prioritize actions.
- Provides a common lens for all team members to view and determine a corrective action in a customer situation.

3. Institutionalizing the Framework

3.1. Organization levers

Given the implications of the 4 Quadrant – 3 Gap Model, how do service providers institutionalize this thinking to realize gains from it? A key aspect of such institutionalization is to focus on three areas in order to empower people to deliver their best to a customer:

1. **Role Clarity:** In the knowledge services industry every interaction with the customer is a Quality builder or breaker. The reactions and the exchange cannot be pre-planned and programmed but the need was felt to provide some clarity in terms of "who does what?" within a project context
2. **Knowledge Management:** Role clarity along with support systems of Knowledge Management is a powerful tool to achieve customer satisfaction. Knowledge management is achieved through creation of process assets. Any process to be complied with easily needs supporting artifacts. Things like SOPs (Standard Operating Procedures) and QC (Quality Check) protocols are artifacts which have been around for a while. But in light of our definition of quality, we propose creation of additional artifacts. Three such process assets are worthy of attention – Question Banks, Risk Registers and Work Breakdown Structures (WBS). The presence of these artifacts enhances the comfort level of service providers to gauge risk when an opportunity walks through the door and estimate efforts which are closely aligned to the work products that a customer is seeking. The other critical success factors are building on these continually based on experience, and making it available on demand in a useful manner to the users.
3. **Culture:** Now that the organization is equipped with the required empowerment, skills and knowledge, they need the rules of the game and the boundary conditions. This comes in various forms and messages perpetuated within the organization. Some of these are unconsciously built up over a period of time. These norms enhance fearless empowerment and still maintain alignment among team members. Some typical culture builders in a knowledge services organization are:

- Clearly articulated position of top management on the 4 Quadrant needs of the customer.
- Top management participation and intervention at appropriate points to propagate the "Cultural Stories" on right attitude towards a customer

- Constant feed of personal experiences and actual customer feedback through the prism of the 4 Quadrant – 3 Gap Model
- Integrated developmental approach towards team members linking career planning, skill building and appraisal with the actual scores on each project
- Active encouragement of common vocabulary and conversation while dealing with customers and delivery situations

3.2. Benefits of Institutionalization

The more relevant question to ask in this context is, "What are the benefits of institutionalizing quality in this manner?" We see three clear benefits for any organization adopting such an approach to quality:

1. **Scalability:** When one thinks of services, one tends to think of them as people businesses. This is true, but the flip side is people cannot be engineered. Human systems are intricately messy, an outcome of our individuality which should never be lost. Hence 'systems' thinking is required to achieve predictable outcomes, which is what scalability is all about. How do I achieve the same outcome irrespective of whether I am doing one project or a thousand projects? Our framework helps organizations address these problems

2. **Entrenchment:** For organizations which make their living by providing services, there is a constant need to entrench themselves with their customers. This is because in most services businesses, switching costs are not very high. One IT vendor can be replaced with another and a department providing analytics support can be outsourced. With competition constantly on the rise, how do services organizations (both internal as well as external vendors) achieve entrenchment? Organizations have traditionally relied on two approaches to this. Internal service providers have relied on uniqueness of their people, the fact that only a handful of them know how things work, to safeguard their jobs against outsourcing. External vendors have relied on technology and created platforms which lock their customers onto a single vendor. While both these methods work, their sustainability is tenuous. There is nothing better than achieving entrenchment through customer delight – where your customers are your ambassadors against all odds. Our framework on service quality helps organizations achieve this

3. **Return on Investment (ROI):** The fact that quality systems bring in ROI for vendor organizations is a given. What is more interesting is how internal service providers can use this framework to achieve ROI. Increasingly, many organizations are looking inward to their support infrastructures (IT, MIS, Analytics, Marketing) and asking the question – where is my ROI? In the absence of a clear answer, cost reduction becomes the sole lever for higher ROIs. However our framework has helped companies diagnose the needs of their internal customers better. This has led to newer opportunities and areas where this department can support internal stakeholders, thereby shifting the ROI lens on outputs rather than on costs

4. References

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