

# Organisational performance and customer satisfaction equation.

[Business](#), [Marketing](#)



As the Chief Executive Officer of Sierra Lighthouse Hotel Freetown, I've been provided with an Organisational Performance and Customer Satisfaction equation:  $Consumer\ Expected\ Quality - Organisational\ Actual\ Quality = Customer\ Perceived\ Quality$   $EQ > AQ \Rightarrow Dissatisfaction$   $EQ = AQ \Rightarrow Mere\ Satisfaction$   $AQ > EQ \Rightarrow Delighted\ Customer$  An Organization Performance includes multiple activities, that help in establishing the goals of the organization, and monitor the progress towards the target. It is used to make adjustments to accomplish goals more efficiently and effectively.

Organization Performance is what business executives and owners are usually frustrated about. This is so because, even though the employees of the company are hard-working, and are busy doing their tasks, their companies are unable to achieve the planned results. Results are achieved more due to unexpected events and good fortune rather than the efforts made by the employees. Customer satisfaction, a business term, is a measure of how products and services supplied by a company meet or surpass customer expectation.

It is seen as a key performance indicator within business and is part of the four of a Balanced Scorecard. The balanced scorecard (BSC) is a strategic performance management tool - a semi-standard structured report supported by proven design methods and automation tools that can be used by managers to keep track of the execution of activities by staff within their control and monitor the consequences arising from these actions. In a competitive marketplace where businesses compete for customers,

customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

Organizations need to retain existing customers while targeting non-customers. Measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace. Customer satisfaction is an abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate.

The level of satisfaction can also vary depending on other factors the customer, such as other products against which the customer can compare the organization's products. Consumer Expected Quality - Organisational Actual Quality = Customer Perceived Quality Analyzing the equation showing how it could lead to all the possible customer perception outcomes: EQ ; AQ =; Dissatisfaction EQ = AQ =; Mere Satisfaction AQ ; EQ =; Delighted Customer The above figure provides a view of the process in which customers needs and expectations are translated into output during the design, production and delivery process.

True consumer needs and expectations are called Expected Quality ( EQ ). EQ is what the customer assumes will be received from the product. The producer identifies these needs and expectations and translates them into specification for products and services. Actual Quality ( AQ ) is the outcome

of the production process and what is delivered to the customer. AQ may differ considerably from EQ. This difference happens when information gets lost or misinterpreted from one step to the next.

Perceived Quality ( PQ ) is the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. The quality of the product may considerably differ from what the customer actually receives. Because PQ derives customer behavior, this area is where producers should really concentrate. Any difference between the EQ and AQ can cause either a delighted customer (  $AQ > EQ$  ) or dissatisfied customer (  $EQ > AQ$  ), but when  $EQ = AQ$  results in a merely satisfied customer.  $EQ > AQ =$  Dissatisfaction

This is where in the actual quality of a product or service is greater than what the customer expected i. e. the expected quality. Example, a person may have heard only good things about the food at Sierra Lighthouse restaurant and decides to eat there. The food is expensive since it's a five star hotel. Upon arrival he orders a dish and instead of being served within 20 minutes like it's supposed to be the dish comes after 45 minutes. The customer tastes the food and it's tasteless, the customer would be dissatisfied and would never visit Sierra Lighthouse.

The customer would also tell his friends and family about his/her bad experience and they too would never visit Sierra Lighthouse.  $EQ = AQ =$  Mere satisfaction This is where in the what a customer expects ( EQ ) is exactly what the customer gets ( AQ ). Example, a person is used to eating

grilled shrimps at Kimbima's Restaurant then a friend comes along and offer to take him/her to Sierra Lighthouse for Dinner. The customer orders grilled shrimps at the Sierra Lighthouse and when customer taste the food it's tastes the same as Kimbima's.

The customer would have a mere satisfaction because that's the taste he/she has been used to already. All the customer would have is another place to eat his/her favourite dish in case Kimbima runs out of shrimps.  $AQ > EQ =$  Delighted Customer This is were in what a customer gets from a product or service ( AQ ) is more than what the customer expected ( EQ ). Example, a person is used to eating Pizza at King David's restaurant and one day a friend tells him the pizza at Sierra Lighthouse is better. The person decides to visit Sierra Lighthouse with already high perception of the pizza prepared there.

The customer orders a large pizza and was told that by ordering a large pizza he/she gets 1 small pizza free. When the pizza arrived and the customer tasted it, it was more delicious than he/she imagined. The customer was delighted because he/she not only at a very delicious pizza but he had an extra one to go home. As the CEO of Sierra Lighthouse Hotel I would like to show in details how I can create dissatisfaction, mere satisfaction and Delight in my customers using my hotel. A Japanese professor Noriaki Kano, suggests three classes of customer requirements: Dissatisfiers Satisfiers

Exciters/Delighters Dissatisfiers- These are linked to customer dissatisfaction. These are requirements that are expected by customers in a

product or service which are generally not stated by a customer but assumed to be there. If these features are not present the customer would be dissatisfied. Example, a customer takes a room at Sierra Lighthouse hotel for a week, he/she knows that it is a five star hotel and it should have certain standards. Five star hotels most have a hair drier, hot water, air condition, towels ( both bath and hand towels ), 24 hour electricity, internet connection and cable TV.

The customer who is a woman after unpacking and going for a shower and washing her hair realizes there is no hair drier. The customer would be dissatisfied because it is a most for a five star hotel to have a hair drier in their bathrooms. Satisfiers- These are linked to mere customer satisfaction. These are requirements that customers say they want. Although these requirements are generally not expected fulfilling them creates satisfaction. Example, a customer calls and books a room at Sierra Lighthouse and tell us if possible he/she would like a room with a bath tub and a balcony with sea view if possible.

When the customer is show his/her room it's exactly what he/she asked for, the customer would be merely satisfied because he/she know that my hotel would always meet customer wants. Exciters/Delighters- These are linked to delighted customer. These are requirements that a customer doesn't ask for or expect. These requirements are generally not asked for or expected but are offer to create delight. Example, a customer calls from over seas and books a room with Sierra Lighthouse hotel and gives us the date and time of his arrival.

The hotel sends a car to the airport to pick up the customer, the customer would be delighted. This is because he/she didn't ask or expected to be picked up but was delighted to see that the hotel offered an extra service.

The effects of the three possible performance outcomes on the profitability or other wise of the organisation: Dissatisfaction When a customer's expectation about a product or service is greater than the actual quality of the product or service, the customer will be dissatisfied. When a customer is not satisfied he/she would simple stop requiring the product or service I. . stop buying them. When a customer stops buying a product or service that mean the organisation looses that customer because the customer would go and look for a better replacement. If customers of an organisation are not satisfied with the product or service that, that organisation produces, then the organisation is not only loosing it customers but also looses itmoney. An unsatisfied customer is a customer who'd give bad publicity to the business, and as long as the word is out the business would start losing money because there would be no customers to buy their products or services.

Dissatisfaction has a negative impact on the profitability of the organisation, which would eventually turn into loses and the collapse of the business. Mere Satisfaction When a customer is merely satisfied, it means that customer expectation is equal to the actual quality of the product or service. Merely satisfied customers are not enough for an organisation to become very profitable, instead the organisation maybe on the edge of collapsing.

Customers may patronize the organisation out ofloyalty, but for most customers, they'd be looking for somewhere to get extra value for their

money's worth. An organisation which offers products or services that merely satisfy its customer wouldn't be very profitable. Either the organisation works on their quality to get delighted customers or shut down for good because in the long run the organisation would collapse. It will collapse because at the end of the day all the customers would leave to look for an organisation that will offer them better products or services.

**Delighted customer** When a customer is delighted, it means that the actual quality of the product or services exceeds the customer's expectation. A delighted customer has little incentive to even consider other brands. On the contrary, by changing brands they risk losing some of their current delight. The organisation which delights its customers would become very profitable and have a great publicity. Old customers will keep on buying from that organisation and bringing new customers to the organisation.