

Performance measurement



Introduction:

This report is about operations Management in general and performance measurement in specific, which is broadly a study of an organization's performance. LYCATEL has been chosen as Model Company in order to measure its performance. This report will focus on studying the different areas of their operations. This report will also look at the positive or negative impacts of operational decisions taken by the company. This report will positively contribute to highlight some issues which may lead company towards betterment or vice versa. Finally the conclusion will proceed to some recommendations based on our analysis.

This report will begin with brief explanation of performance measurement and its related concepts. The next section will introduce the Model Company and description of the problem. Finally the company will be analyzed on the basis of performance measure tools and recommendations will be made.

Performance Measurement:

Performance measurement can be defined as: a process in which we check or evaluate the company from different angles that how they are performing in their field. If we explore history, organisations have always measured performance in some way through the financial performance that they are making profit or not.

However, traditional performance measured, based on cost accounting information; provide little to support companies on their quality journey. They never check the performance of an organisation seen by their customers that how they think about organisation's performance.

According to an article published in PMA Newsletter:

“Evaluating performance is important, but we can not limit the performance measurement to this purpose. If we want to manage for results and manage through measures we should consider the performance measurement not just as a rear-view mirror to evaluate our past performance but as a tool to support decision making process in the organisation day by day.”

Now a days in a successful total quality organisation, performance measures by the improvements seen by the customer as well as by the results delivered to other stakeholders, such as the shareholders.

In the issue of Perspectives on Performance, Max Moullin recommended his personal definition of performance measurement and explained the aims of it.

We would like to contribute to the discussion what he asserted. Here is how Moullin defined performance measurement:

“Performance measurement is evaluating how well organisations are managed and the value they deliver for customers and other stakeholders”

“We are not totally agreed with this definition because the word he used ‘how well’ should be decided after the measurement, we can’t say that the organisation is doing well or not before the measurement.” But as far other concerns it covers the both sides that the performance measurement tells the customer satisfaction and the stakeholders. Obviously if the customers are happy with the products or organisation they will stick with them and organisation will make profit, it’s just the different angle to see the things.

Tools for Performance Measurement:

When we talk about measuring something the first concept in the mind comes that measurable things should be tangible. So question arises here how we can measure intangible things? Then there should be some tools to measure the performance like if we want to measure the speed we measure in km/hr or if there is some liquid then we measure in litre and length in meters but for organisations we check that how good is their performance.

It is really easy to say that in some organisation, some operation is not doing well or its performance is not very good but how we can say that what exactly we mean by these words “ Well” or “ Good”.

To justify this we need something to measure the performance of operations in an organisation, some tool to do that. For this we will use Slack’s theory as a tool and measure the performance. His theory is also a best match with our case. In his theory he is using Quality, Speed, Dependability, Flexibility and Cost as tools to measure the performance.

And these tools can be used to measure that the organisation is:

Gives

Doing things Right a Quality advantage

Gives

Doing things Fast a Speed advantage

Gives

Doing things On-Time a Dependability advantage

Gives

Changing what you do a Flexibility advantage

Gives

Doing things cheaply a Cost advantage

The LYCATEL Group

In this section a brief introduction is given about LYCATEL which is a dynamic, fast growing alternative provider of telecommunications services for consumers and businesses throughout the world. We will assess their performance in the UK market that how they perform in the market from customer's point of view. LYCATEL Group covers several countries all over the world but we will check its performance specifically in the UK.

The LYCATEL Group offers a broad product portfolio comprising of prepaid telephony solutions including:

Carrier to carrier wholesale services

Calling cards

Residential Indirect Access Services (1xxxx)

Mobile services (MVNO)

Through a relentless focus on providing high voice quality by partnering with over 70 global telecommunications carriers, the LYCATEL brand serves its growing base of over 2 million customers who want to make low cost international calls.

LYCATEL Group's FUTURE

The LYCATEL Group is committed to being the first choice telecommunications provider focused on serving global niche segments that have a need to call internationally whilst managing their monthly budgets through prepaid solutions.

Vision

To create a world-class telecommunications organisation where their talented people team up with their business partners to continually drive down costs and deliver superior value propositions to their customers.

Mission

To be the global market leader in the prepaid international calling card business by 2008.

To diversify their revenue mix by developing prepaid carrier to carrier wholesale, prepaid residential and prepaid international mobile businesses, accounting for 40% of revenue streams by 2008.

To delight their customers by providing low cost, high quality telecommunications services.

Performance & Key Facts

Generates over 700 million minutes of voice calls every month – handling over 1.2 million completed calls daily.

Operates a state-of-the-art global network comprising over 2,500 E1s – combining modern VOIP and traditional TDM technology.

Employs over 150 talented professionals in the UK, Ireland, Spain, Switzerland, Italy, Germany, France, Norway, Denmark, Finland, Austria, Netherlands, Sweden, Belgium and Portugal.

Interconnects with over 70 blue chip telecommunications carriers.

Operates through a broad European distribution network of wholesalers providing access to over 300,000 outlets, including own controlled outlets in key locations.

Provides customer services through a 24-hour multi-lingual call centre.

Brand is recognised and used by over 2 million pan-European consumers.

Is the European prepaid calling card market leader with an estimated market share of 25% in the UK, 20% in Holland, 20% in France and growing rapidly in Scandinavia, Italy, Germany, Spain, Austria and Switzerland?

Has annualised global revenues in excess of \$300 million and on target to achieve global revenues of \$500 million in 2006.

Calling Cards

LYCATEL calling cards enable their customers to make international calls easily and cost effectively.

Providing over 100 calling card product brands to the market place including Uni Asia, Uni Tel, Lyca India, Latino Tel, Euro Tel, Africa Tel, They originate over 350 million minutes per month, of which we terminate over 60 million minutes to the Asian Sub-Continent, 70 million minutes to Africa, 20 million

minutes to the US, 35 million minutes to Europe and 20 million minutes to the UK per month.

The LYCATEL Group produces and distributes 6 million calling cards a month making us one of the biggest European operators in this sector. They achieve this through an extensive network of wholesalers ensuring that their customers can easily purchase cards at over 300, 000 retailers across Europe including own controlled outlets in key strategic locations or online through their e-shop at [www. LYCATEL. com](http://www.LYCATEL.com). (3)

Measuring the Performance of LYCATEL:

As we all know that there is a big competition in telecommunication companies now a day in the UK and all over the world. Everyone is trying to give the best to their customers in this competitive market and want to bind the customers with them forever because they know the values have been changed. Now the customer's satisfaction is a very big issue for the companies in the UK and all over the world.

In telecommunication companies if someone needs to contact any one in the company, need any information, or they have any complaints or any sort of matter they have, they go through customer services. So it means customer services play a vital role in these companies and leave a deep impact on the customers as well. That's why we decided to measure the performance of their (LYCATEL Group) customer services.

We gathered views of people about LYCATEL's customer services and measure them using our tools to get their performance.

Now we will try to measure their performance using different tools. No doubt that the facts & figures they are showing in their charts are very good and the company is progressing but it is not enough if we compare with their competitors especially in the UK. We will assess their performance using some tools like Quality, Speed, Dependability, Flexibility and Cost. We took review of the people about their customer services in which we will check these certain areas:

Quality:

One of the main factors in quality measurement is to evaluate the level of complaints. There are many sources to check the customer's complaints. Different businesses use different strategies in order to get feedback. There have been many companies and websites formed in order to collect the positive & negative reviews of the company. We have measured company's customer services on the basis of customers complaints registered on one of the authentic web source, which is famous to collect customers views. There have been many complaints registered regarding their poor customer services depicted in one of the customer's view as:

View:

“ Bought Africa tel lycatel phone card and it gave me 5 minutes to talk yet claiming I had more minutes. I guess they disappeared in the thin air. I then proceeded to call customer service, who do not seem to know what they are talking about, did not answer or help me in any way shape or form, they just wanted me to get off the phone by giving me false information.”(4)

In our research we found that customers were not much dissatisfied with the products of the company but with the customer services. A number of <https://assignbuster.com/performance-measurement-essay-samples-2/>

complaints were found regarding language barriers especially accent related issues.

The customer services don't seem to be well trained. They have not been equipped with proper information as reflected in the view which clearly shows the communication gap between management and staff.

We also found many complaints regarding warrant claims and mean time between failures when measured the performance of customer services.

Another person's view as follows:

“ Very bad. Customer service too bad. I have online account with lycatel and I paid through credit card and they took the money and did not credit my account. Trying to contact them but call center could not help me on this. Very bad service.”

Speed:

Communication is known as a backbone in the field of customer services. LYCATEL's customer services lacking in the field of communication due to their pronunciation problem as their most of the staff is non English. The consequences of this factor is influencing very negatively on their customer query time. The bad communication leads to misunderstanding, repetition and finally frustration. This does not only results in delaying customer query but also increases the order lead time.

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talking about, did not answer or help me in any way shape or form, they just wanted me to get off the phone by giving me false information.”

Dependability:

In this regard we would like to share personal experience of one of our colleague's, who was dealt with many of the customer assistants including their supervisors. He experienced that every person he spoke to was not dependable at all. Every assistant provided different information on a same query but no one could solve it. Finally it was found that information provided by each of the members of the staff did not exist in the policies of the company. The same issue was also reflected in many other views.

View:

“ It's so annoying when the card tells you have 195 minutes for the call. You make a call for one hour. A couple of hours later you go back and the card tell you have no funds. What happened to the other 2 hours? You call the customer service team (at YOUR expense), am left holding for over 15 minutes only to be told that the computer does not update for 6 hours. You call back again in the morning over 9 hours later only to be told the same thing.”

Flexibility:

Our research found that LYCATEL is not flexible enough to provide solution for diversity of queries. Very minor issues are discussed with supervisors or transferred to others. This causes dissatisfaction and finally shows inflexibility. The customer assistants are not equipped with the variety of information that's why they depend on their seniors.

View:

“ I bought a £5 card, used it once for about 20mins, (out of an apparent 1000+). And then, despite it still having credit, I could never call a single other number on it again. Needless to say their customer services are the very kind you fear coming across, i. e.: a million miles away, deaf to your concerns and completely unable to do anything to rectify your loss of time, money and whist.”

Cost:

Minimizing the cost is one of the main objectives of any organization. When companies try to minimize their costs they must consider many factors in order to make decisions. Lyca tel seems to increase cost due to the delay of handling costs. These problems eventually result in dissatisfaction and obviously if one customer is dissatisfied hundred of other are affected due to the word of mouth. Hence labour productivity effects directly on the increasing costs and puts bad impacts on efficiency.

View

“ I am so frustrated with my attempts and loss of time that I will not buy this card again and will relay my experience to my friends too.”

“ There was nothing good in my experience about Lycatel and their calling cards. Open a card without using it, and you will be surprise Lycatel’s computers will use the card for you. I thought I would have received loads of minutes on the cards but Lycatel. com never fulfilled this for me. I therefore do not recommend Lycatel. com.”

Problem Description:

Analysis has pointed out a problem in their customer services. Being business doctors it is diagnosed that actually the problem doesn't exist directly in the customer services but in their operations.

The statement we arrived at as diagnosed above is based on our detailed analysis by utilising the performance tool in the early section. Our research has found that the root cause of the problem exists in operations management because that the call centres of LYCATEL's are based in India which is purely an operations based decision as the service layout is wrongly designed. Due to the cheap labour most of the customer services staff is hired from the mentioned country. LYCATEL deals with millions of customers in the UK market every day. Further more it is found that many other problems link to this decision.

Solution/Recommendation:

It is recommended that LYCATEL should realize the customers concern and they should change their layout of call centres from India to UK.

Our conclusion is based on our detailed analysis where all factors are analysed and we find that in order to improve quality, speed, dependability, flexibility and reduce cost the service layout must be redesigned and call centres should be based in the UK. And British people should be hired. This will not only reduce the customer's complaints regarding language barriers but also improve quality satisfaction.

Properly trained employees with better communication will increase the speed of handling calls which will eventually reduce the cost and also reduce the waiting calls time.

LYCATEL's call centres are basically structured in India due to the cost effectiveness. They have surely seen one side of the picture but have totally ignored the other side. Our calculations show that if one person is dissatisfied it can distract 100s of customers. If LYCATEL satisfies one customer it means he is saving hundreds of customers which is actually cost effectiveness. Another angle of cost reduction can be considered by employing well trained staff who can satisfy three times more customers as compare to less trained staff. As LYCATEL is operating in different parts of the world, We recommend that small scaled call centres should be established for only UK based customers which another way of considering cost effectiveness.

Our research has also found that people living in India are not much familiar with the cultural values of the UK, this is also one of the reasons which results communication gaps when dealing with totally different cultural background customers.

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