

## **Article 2 of 6**

### **Identifying customers' requirements**

A key principle underpinning the ISO 9000:2000 Standard is that organizations' reason for being is to meet customers' requirements. In markets where customers have choices this has long been a basic fact of commercial life. Increasingly, however, in non-competitive situations, it is recognized that organizations will have a long term future only if they do meet the requirements of their customers. The Standard makes many references to 'meeting customers requirements' but provides little explanation of precisely what 'requirements' are or how they should be identified.

### **What does the Standard require?**

#### **1 ISO 9000:2000 definition**

ISO 9000 defines 'requirement' as "*need or expectation that is stated, generally implied or obligatory*". The implication is that customer requirements are all embracing and that 'customer requirement' can include any factors on which customers base their judgement of your organisation. My preferred definition is somewhat simpler:

*A customer requirement is anything that is important to the customer.*

#### **2 Determining customers' requirements**

Clause 7.2.1 of ISO 9001:2000 states that: "*the organisation shall determine*

a) *Requirements specified by the customer, including the requirements for delivery and post-delivery activities*".

Combined with the ISO 9000 definition outlined above, this suggests that all aspects of the organisation's activities should be covered. In other words, customers' requirements do not apply just to the core product but also to everything about how the product is 'delivered' or provided. The word 'delivery' should not be interpreted in a narrow sense, as in physical distribution of goods, but in its broader context, covering all aspects of the supply of the product. However, whilst clause 7.2.1, states that the organisation must determine its customers' requirements, it does not explain how this should be done.

### **3 The customer's role**

Luckily, the Introduction to ISO 9001:2000 provides the answer. Section 02, "Process approach", based on the continuous improvement diagram, points firmly at customers. It states: *"This illustration shows that customers play a significant role in defining requirements as inputs."* As we will see later, an accurate understanding of customers' requirements will be provided only through 'the lens of the customer', and not through 'the lens of the organisation'.

### **4 Whose responsibility is it?**

The Standard leaves no room for doubt on this question. Section 5.2 places the responsibility for customer focus firmly with senior management. It states: *"Top management shall ensure that customer requirements are determined and are met with the aim of enhancing customer satisfaction"*.

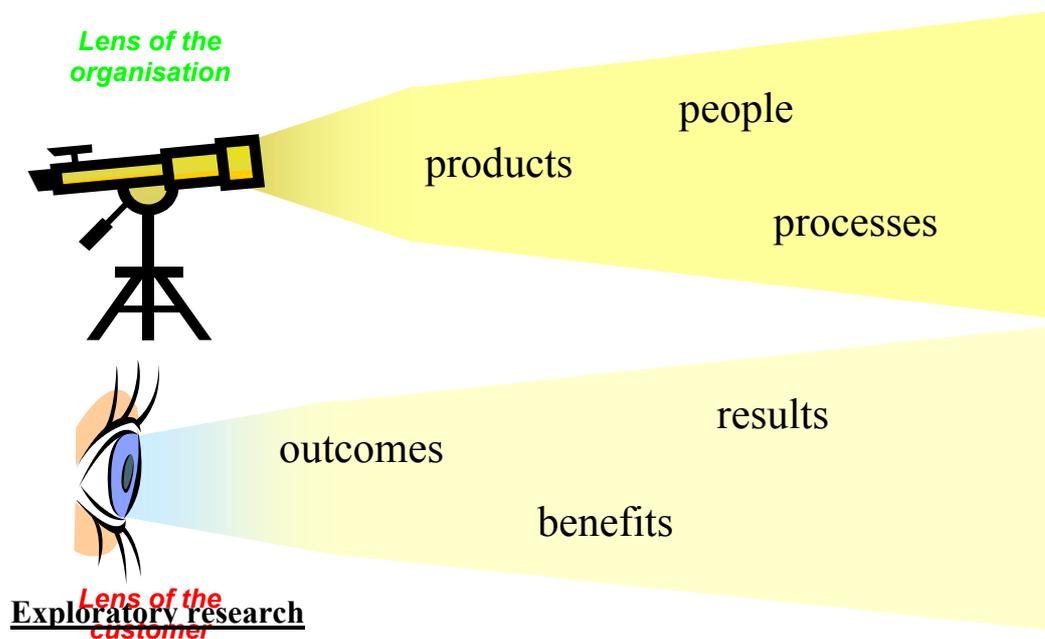
### **The importance of identifying customers' requirements**

ISO 9001:2000 is based on the sound premise that meeting customers' requirements is often the key ingredient of business success. The purpose of customer satisfaction measurement is to clarify the extent to which the organization is achieving that goal. To get a reliable measure of customer satisfaction you must have an accurate understanding of the customer requirements that the organization has to meet. One of the most common mistakes that organizations make is to assume that they have an adequate understanding of customers' requirements. All the evidence suggests otherwise. The purpose of this article is to explain how to use exploratory research techniques to reliably identify customers' main requirements.

### **The Lens of the customer**

In their book "Improving Customer Satisfaction, Loyalty and Profit", Michael Johnson and Anders Gustafsson from the University of Michigan introduced the concept of 'the lens of the customer', which they contrasted with 'the lens of the organization'. Suppliers and their customers often do not see things in the same way. Suppliers typically think in terms of the products they supply, the people they employ to provide them and the processes that employees use to deliver the product or service. Customers look at things from their own perspective, basing their evaluation of suppliers on whether they have received the results, outcomes or benefits they were seeking.

Figure 1: Whose perspective?



The essential starting point for customer satisfaction measurement is to carry out exploratory research to let the customers highlight the main things that make them satisfied or dissatisfied. Only if the questionnaire is designed through the lens of the customer will the survey provide an accurate measurement of how satisfied customers feel. If the questionnaire is designed through the lens of the organization, the survey will determine how well the organization is performing in those areas it chooses to cover, but will not measure customer satisfaction. To conduct exploratory research for CSM you have to talk to customers. You can either talk to them one at a time in depth interviews or in groups known as focus groups.

### **Depth interviews**

Depth interviews are usually face to face and one to one and last for 30 to 90 minutes depending on the complexity of the customer – supplier relationship. Depth interviews are more commonly used in business-to-business markets. Typically you would conduct 12 depth interviews in a business market. A very small customer base

might need fewer. A complex customer base would need more. There are two main things to consider before conducting depth interviews.

**(i) Who to see**

To select this small sample it is normal to use ‘best judgement’ to ensure a good mix of different types of customers such as high value and lower value, different business sectors, different geographical locations and a range of people from the DMU (decision making unit). This last point is important because if your customers are other organizations there will usually be several individuals who are affected by your product or service and they will communicate with each other to determine whether the organisation is satisfied. To be accurate, your exploratory research, and later your main survey, must reach the full spectrum of these individuals.

**(ii) What to ask**

A depth interview needs to find out what’s important to the customer and who is involved in the decision to select the supplier and evaluate its performance. A good way to start is to ask the customer to imagine that his/her organisation did not have a supplier of (product) and to explain the sequence of events that would occur from the first suggestion that a supplier was needed to the final selection and subsequent evaluation of that supplier. The respondent would be asked to mention the different people who would be involved, the roles they would each play in the process and the things that they would each be looking for from that supplier. This would produce a list of customer requirements, which should be broken down further if they are too general, giving a detailed list, often with 30, 40 or even 50 customer requirements. To understand the relative importance of the requirements ask the customer to rate each

one for importance, possibly using a 10 point scale. At the end of the process, the 15 to 20 requirements with the highest average importance scores will be included in the questionnaire for the main survey.

### **Focus groups**

Typically used in consumer markets, focus groups involve a discussion with six to eight customers. It is normal to run 4 focus groups, although more would be held for a complex customer base requiring segmentation. There are two key issues for focus groups.

#### **(i) Recruitment**

Recruiting focus groups can be time consuming and difficult. Participants have to spend 90 minutes taking part in the group, typically in the evening after they have done a day's work, and they will have to travel to the venue. Therefore focus group participants should be invited personally, be reminded the day before, and offered an incentive (£25 on average) to attend and to ensure a representative sample. Focus groups are run in a wide range of venues including hotels, the supplier's own premises, people's homes or professional studios. It is a good idea to consider what kind of venue will make the participants feel most comfortable. It needs to be somewhere they are familiar with and somewhere they see as convenient. The local pub's function room will often work better for attendance rates than the smart hotel a few miles down the road.

#### **(ii) Running the groups**

For the first half of the focus group session the moderator would use a variety of stimulus material and techniques to generate discussion around customer experiences and customers' requirements. This will generate a long list of issues that are important to customers. The second half should be much more structured, asking participants to rate the relative importance of the list of requirements. This part of the exercise would be done individually not as a group, with the scores from all participants averaged to identify the issues of most importance to customers so that the 15 to 20 most important requirements can be established for the main survey questionnaire.

### **Conclusions**

- (a) ISO 9001:2000 states that organisations must identify customers' requirements.
- (b) Customer requirements include anything that is important to customers.
- (c) The only way to accurately identify customers' requirements is to consult the customers.
- (d) Consulting customers through exploratory research will ensure that you use the lens of the customer rather than the lens of the organisation as the basis for your customer satisfaction survey.
- (e) Depth interviews are typically used for exploratory research in business markets whilst focus groups are more common in consumer markets.
- (f) Exploratory research must also clarify the relative importance of customers' requirements.
- (g) The 15 to 20 most important requirements should be used for the main survey questionnaire.

