Quality in the Age of the Customer

The Age of the Customer is transforming how product quality impacts a company's profits. What is the Age of the Customer? It's today's age of always-on news and social media when customers have much greater transparency to product news, when they expect faster responsiveness with product issues, and when they can easily share more information with each other than ever before.

One recent example of product quality issues in the Age of the Customer is the Samsung Galaxy Note 7. From an immediate financial perspective, product quality issues led to millions of smartphones being recalled and $5 billion in scrap. The brand and customer impact were even greater and longer lasting. Consumers made 30,000 negative tweets a day, Samsung lost $17 billion in projected revenue, and their market capitalization was hit by $22 billion.

Assess Your Quality Strategy

What are some warning signs that your company is not as prepared as it should be for the Age of the Customer?
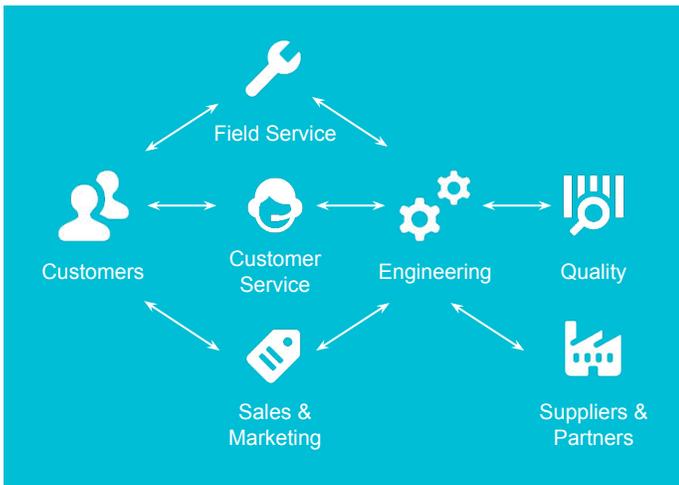
- Your quality initiatives are driven primarily by Quality and Engineering, but neglect departments, like Customer Support, Field Service, Marketing and Sales
- Your quality systems are not tightly integrated to customer data in your CRM, marketing automation, or operational systems like ERP
- Your quality processes are focused on resolving product issues, but are lacking in communication with customers, sales teams, distributors and partners

By expanding quality outward to involve customers, your company can impact a broader set of Cost of Quality drivers:

- Customer drivers: customer loyalty, brand equity and future revenue
- Return costs: warranty, freight, field service and restocking costs
- Operational costs: scrap, rework, downtime, redesign and supplier costs
- Other financial drivers: time to launch, market capitalization and litigation costs

Creating a Closed Loop with Quality and Customers

In the Age of the Customer, companies need to ensure that their customers - their perceptions, issues and complaints - are part of their closed loop quality process. While

A closed loop quality process needs to include inbound and outbound communication with customers.

many companies strive to create a closed loop, those processes have been typically internally focused with quality, engineering and operations teams. Instead, they should also include outward communication and action with customers, sales teams, and all sales channels.

The first part of the closed loop quality process is the customer itself. Companies need to be sure they're actively listening to customer discussions, as well as providing an easy way for customers to log product issues. The same goes for sales teams, channels and distributors. Ideally, quality management should be built into customer service and CRM systems versus creating multiple integration points and potentially disjoined processes. This way, there's just one place for everyone to see all the details on customers, their issues, impacted products and components, failure modes and more. Companies can more quickly and intelligently respond to product issues by issuing RMAs, sending out field replacement units and/or a implementing a longer term product design update.

Customer-facing systems should also be directly tied to other internal systems, including Product Lifecycle Management (PLM), software development, project management and ERP. By having all these integrated together, companies can have a closed loop process from a customer to service rep to quality team to engineering and operations.

Just as critical is the outbound portion of this closed loop. Once the cause of the problem has been identified, companies can more effectively reach out to impacted customers, partners and channels regarding next steps. And tying all this to on-hand inventory, product lead times and field service availability is key to setting customer expectations on when they should get their issues resolved.

A Customer-First Quality Checklist

When it comes to quality, companies need to ensure they focus on the customer first. When thinking about their systems, processes and people, companies should use the following checklist to ensure they are customer-focused:
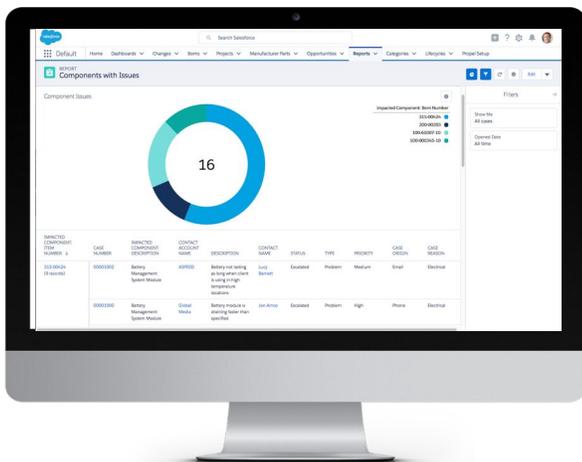
- **Complete view of products, customers, channels**: companies need to ensure they have a holistic view of how products, customers, channels are related, so they can understand the impact of quality on their customers, partners and suppliers.

- **Complete closed loop including customers**: companies should tie CRM, customer service, quality, PLM and ERP systems and processes together to better execute quality strategies and serve their customers.

- **Configurable and linked processes**: systems and processes should be easily configurable, so companies can deal with changes to the business, including mergers and acquisitions, new business offerings, new markets or new systems.

- **Easy and secure access anywhere**: everyone should be able to see the information they need - whether it's at their desk or out in the field on their mobile device. This information should be available without requiring technical hurdles like VPN access, especially when customers and partners are involved. Information needs to be secure enough so that people can see only what they should be able to see.

- **Reporting**: quality analytics should be embedded into systems and processes, so that trends can be identified early on and prevent quality issues before they occur. It should also be easy for anyone to create a report whenever they want, without requiring technical expertise. And reports should be able to tie customer, product, quality and operational data.

- **Auditability and certification**: All quality, customer, and product information should be tracked, so it can be auditable and pass internal or external compliance standards.

A customer-first quality approach should have a central and easy way to manage customer, product and quality and product data.

A Modern Action Plan for Quality

In the Age of the Customer, your company needs to embark on a customer-first approach to quality. Here are three things to consider:

- **Analyze your process and identify gaps**: make sure you take a complete look at your processes from your customer all the way to engineering. How integrated are your processes with initial customer issues, field service repairs, quality, engineering, operations and outward communications?

- **Review your current technologies**: are your current systems capable of supporting a customer-facing closed loop quality process? Can they be easily accessed and updated? You may have to obtain a complementary technology or, worst case, even replace many of your systems, especially if they're too rigid or too expensive to modify.

- **Make sure everyone is on board**: many companies have done a great job in getting quality, engineering, and operations to work together. However, you should also make sure your customer-facing front office teams in marketing, sales, customer support and field service are also working in sync to improve product quality.