

Extranets and Customer Service Monitors

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Technology is enabling organizations to more efficiently collect and report data to meet new and evolving standards and expectations. Using the intranet is allowing management to get critical reports on their screens in a matter of seconds rather than having to wait weeks. These information networks are sometimes referred to as "extranets." Unlike many other technologies that require new investments in systems and technologies, intranets capitalize on existing hardware and software investments. Extranets can be a powerful real-time feedback tool but it all depends on having an effective measurement process in place.

INTRODUCTION

Customers, rather than sales people, are assuming greater control. Customers tell suppliers what they want, when they want it, and how much they are willing to pay for it. Owens & Minor Inc. came up with a new twist. They gave its customers access to data that helped their customers manage their own purchasing budgets, monitor order-fulfillment rates for service-level compliance, and check their eligibility for volume rebates. Customers paid only a nominal fee to access the data warehouse, named Wisdom, via their extranet but it helped bring in more than \$60 million worth of new business in the first year (Whiting, 2002).

Now the company has a more advanced version called Wisdom II. Most company extranets offer information that's often a by-product of a company's main business, but Wisdom II is different. Data provided by normal extranets is usually provided as an additional free or fee service. Such services can bring in new revenue, but to most businesses their real value lies in attracting and keeping customers. Owens & Minor business-intelligence extranet is seen as a tool for helping their customers keep track of the big picture.

TRACKING THE BIG PICTURE

Patricia Windle Todd, the Lilly University evaluation consultant at Eli Lilly and Company, says, "Technology is enabling organizations to more efficiently collect and report data to meet new and evolving standards and expectations. Through the advancement of technology and an organization's ability to provide the infrastructure and support, organizations can now more

easily test employees' knowledge and evaluate the effectiveness and impact of learning programs" (Davenport, 2006).

Owens & Minor's extranet system is a data warehouse that collects data from hospital purchasing systems for everything from bedpans to capital equipment. The data is then organized and analyzed and shown to their customers using their extranet. "It's a complete picture of all the money they're spending on purchasing activities," information management director Don Stoller says. It has been a big success for the company so much so that they have created a new version called Wisdom II. Owens & Minor is charging each customer a one-time fee starting at \$75,000 for the installation of the system, plus an 18% annual maintenance charge. Nine health-care institutions have signed up so far. It may be expanded to include hospital accounts-payable and budget data, and might even be used to create purchasing benchmarks so customers can measure the performance of its purchasing activities. The company is also in talks with several online health-care marketplaces to host their business-intelligence extranets. Stoller emphasizes, "It's opened up a lot of new areas for us."

Federal Express Corp. also is using a business-intelligence extranet that lets shipping companies using FedEx service in countries outside the United States gain access to reports about revenue, shipping volumes, transit-time analysis, and other performance data. Queries such as "How many packages arrived in Vietnam after 5 p.m.?" will be possible (Whiting, 2002).

This parallels Federal Express's use of its internal intranet to improve the big picture view within their organization. In June, the \$13.3 billion Memphis, Tenn., company rolled out a new system that uses its intranet and a self-service data warehouse to help company executives make up-to-the-minute decisions about where it should locate the service centers and drop boxes that customers use every day. Gaining a big picture of what is going on, FedEx officials say, will be better customer service and lower operating costs. "We want to be located where our customers are, and now we think we have a better way of doing that," says Ron Houston, manager of systems and support with FedEx's retail division.

"The old system took too long, and it didn't allow analysts to ask follow-up questions," Houston says. "It just didn't support quick decision making." So FedEx decided to give analysts direct access to information. In June, the company deployed a Web-based version of the Focus database, WebFocus, which allows 120 analysts to tap directly into up-to-the-minute drop site usage data from any PC equipped with Netscape Communications Corp.'s Navigator browser.

"Using the intranet, analysts can now get reports on their screens in a matter of seconds rather than having to wait weeks," Houston says. "With that information, we will be able to begin more actively managing the location of our service centers and drop points as populations shift and customer habits change."

In addition to more accurately tracking drop point usage, FedEx analysts will be able to get fresh information on the profitability of each service center and drop box. Turning the decision-support system into a self-service, intranet-based application will have another major benefit for FedEx: It will be easier for the company to get a more complete picture of population shifts and other customer trends by combining its own drop point usage data with demographic data purchased from vendors such as Dun & Bradstreet Corp. Programmers who had previously been developing reports from FedEx's mainframe Focus database are now integrating such external data with the data in WebFocus (Moad, 1998).

EXTRANET AND CUSTOMER SERVICE

Customers are increasingly demanding products and services designed to meet their individual needs and the extranet can be a tool to deliver that service. In the future, customers and not sales people will have the upper hand, in no small part because of easy access to more information. Before, the most important variable in sales was price. Now, similar services and products are sold on different bases including quality and pre and after service. It is not just price that guarantees success.

Some companies are extending access to their internal Internet to customers and suppliers to reach broader markets. These information networks are sometimes referred to as "extranets." For, example, Alliant Foodservice, Inc. uses its extranet to plot how delivery trucks can be routed for optimal cost efficiency and to tie customers and suppliers into the company's ordering, distribution, and payment systems (Ubois, 1996). At Cisco Connection Online site, customers can come into the extranet, configure a product based on their own requirements, and get contract pricing based on pre-negotiated contract rates.

Then, as an order is being logged in, it drives into inventory to determine if the product or service is available from stock and checks existing business applications that monitor inventories. But the trail doesn't end there. Once an order is executed, the data from that transaction updates logistics, purchasing, finance and manufacturing department applications at both the site of the vendor and to suppliers to ensure that all companies are running strong (Frook, 1998).

In yet another case, Condea Vista (Houston) has a new extranet site, www.CVCustomer1.com, which enables customers to track orders 24 hours/day, seven days/week, as part of its efforts to provide a comprehensive array of customer relationship management (CRM) services. The site provides customers with information on orders being shipped by rail and barge, including the precise location and the estimated time of arrival. It also provides normal documentation, including the bill of lading, material safety data sheets, certificate of analysis, emergency response instructions. Customers can download and print the data from the Internet (Hunter, 1999).

Unlike many other technologies that require new investments in systems and technologies, intranets capitalize on existing hardware and software investments (Ubois, 1996). Intranet technology enables companies to exploit their information infrastructures to promote internal communications but only if it are properly used.

MEASURE YOUR TRADEOFF

Creating an effective extranet tool for improving service begins with the measurement process. It is all about measuring what's important, not what is easy to measure. A study of Fortune 500 companies showed clear evidence of this not "walking the talk." While it is true that many companies do go to the trouble of collecting non-financial measures, most however do not use it in their planning process. One survey showed 84 percent of respondents indicated they measure customer service performance, but only 55 percent actually use the data (Mannochehri, 1999).

If you are serious about service then you have to walk the talk and that means measuring things and rewarding performance. It starts with creating good objectives and usually means putting a number to it. Strategic objectives must be crystal clear. A strategic objective, for

instance, concerning improving customer retention might include increasing revenues by 15 percent. Production objectives, on the other hand, might concern improving on-time delivery or reducing scrap and rework by a particular percentage. Marketing objectives and other areas could have more subjective outcomes like improving your customer's perception of your product or services.

One key step to writing good strategic objectives is being able to identify the tradeoffs that specific objectives imply. It is impossible to have everything. Everything has a tradeoff. Normally, you must continually make choices favoring one thing over the other. Doing a good job in recognizing tradeoffs will require you to identify:

- Potential conflict areas and decide what is ultimately important
- Make choices consistent with the organization's core values, and
- Recognize what is being favored.

A group or organization can delight customers up and until they go bankrupt. There can be so many customer service personnel working that you go out of business. An effort to improve one aspect of a business often does occur at the expense of something else. Quality at any cost, for example, or improving on-time delivery rates may mean letting inventory rise.

Failure to address tradeoffs only results in inconsistency. It is impossible to make a series of choices that maximize customer service, quality, improves speed, lowers cost, makes money, improves employee involvement, while enhancing control and yet makes work more enjoyable. Almost every decision requires choices and tradeoffs. Open discussion about these concerns can lead to a better sense of where you are at and so group members can ask, "Is this what we want, is this where we want to go?"

If the leadership cannot see the tradeoffs involved, then they have not been specific enough with their measures. Words like *efficiency*, *low cost*, and *productivity* have as much meaning as a boss saying we need to motivate or communicate with our personnel. Imagine how it would be if you operated with only a general idea of how and where you wanted to go. Can you imagine saying you just want to "fly" and expect to get anywhere. An airplane, or an organization for that matter, must be designed with tradeoffs in mind. Relevant to airplanes, decisions will have to be made about cruising speed, takeoff and landing distances, initial cost, maintenance, fuel consumption, passenger comfort, and cargo or passenger capacity.

It is not possible to design a 500-passenger jet that can land on a carrier and break the sound barrier (Skinner, 1969). It is the same with organizations. Something must take precedence; objectives are not of equal importance. There are always tradeoffs to be assessed in directing an organization as well. The trick is to recognize them.

For instance, different marketing strategies require different tradeoffs. A low-cost line of products with a wide consumer advertising might require a decentralized finished goods inventory, easily available merchandise, and extremely low cost. Production-wise, this might mean fairly large lot sizes, specialized facilities, and using a large percentage of low-wage, medium-skilled workers. Contrast this to a high-priced, customized product. Higher prices and longer lead times mean more leeway in the plant, but it also creates higher expectation on the part of your customer. It means production will be involved in producing and tracking many models and style changes and extremely high quality standards. All of this may require the ability to get new models into production quickly, more extensive coordination, and technically trained supervisors and higher skilled technicians (Skinner, 1969).

MONITOR THE CRITICAL STUFF

Anyone can talk about the need for customer service, but it takes actions and activities, not talk, to make a difference. If customer service is part of your mission or if trying great service is part of your ultimate destination, then the customer's needs must be measured. Specific organizational customer service measures you might want to monitor could include:

- The percentage of repeat customers
- Number of complaints from customers
- Number of warranty adjustments and claims
- Degree of client satisfaction

The percentage of time a department devotes to consumer (or other areas) training and education. Departmental, business unit level, or group customer service performance measures include:

- Market share
- Number of referrals from customers to new customers
- The number of compliments or awards received.

The skill level of employees versus skills required performing key duties could be some of your critical stuff. Obviously, it is first essential to explore a group's core values and purpose before deciding on these specific destinations. Tracking specific customer service measures should only occur after you agree on what you think are your most important concerns. Objectives vary from one organization to another and so do the tradeoffs that need to be specified. Potential candidates for useful service measures could include:

- Conformance to customer needs
- On-time delivery
- Number of compliments/awards
- Number of complaints
- Survey degree of satisfaction
- Number of referrals from your clients to new ones
- Percentage of projects late
- Percentage of on-time jobs
- Customers ratings (what you did versus what they wanted)
- Percentage of time using positive events (smiling, praising, approving) vs. negative (shouting, scolding, criticizing)
- Ratios of deadlines met vs. those missed
- Average response time to client inquiries
- Reliability (maintainability).

Collecting data and measuring the right stuff will be a waste of time if the information is never acted upon. Good management is a communication and feedback issue. Look at your own work and ask, "How do you regularly communicate these key customer service concerns to all areas?" Getting feedback on what happened that is three months or even a year old really should not be thought of as really feedback.

Consistent action can only occur when everyone in the group understands what is going on — now. It is not helpful to simply be told of something that happened three months or a year ago.

The aim of good customer service management should be to provide this relevant and rapid feedback so group members stay focused and see the key connections. This need to continually keep everyone up to date and focused on customer service has always been a challenge. But, today, we finally have a tool that is ideal for this purpose.

“EXTRA” CUSTOMER SERVICE

According to the report, which collects data from ASTD’s Benchmarking Forum (BMF) — a consortium of private and public sector organizations — and the ASTD BEST Award winners, companies are making substantial investments in employee learning and development. Companies are using dashboards and other business measurement tools to gauge the efficiency and effectiveness of their learning functions, and they are aligning learning with performance goals (Ketter, 2006).

Computer desktop screens can be designed to track and graphically display an organization's decision-making, attitudes, efforts, and capabilities to meet customer service concerns. Tracking and displaying these performance measures allows you the chance to manage them rather than simply reacting to after-the-fact data. The extranet can give management a chance to intervene before bad customer service, effort, or capability becomes an after-the-fact statistic.

Extranets can be a powerful real-time feedback tool. It can be a technology that possesses the potential to revolutionize the customer service process. The revolution rests on its ability to provide real-time feedback. It can give you a truer picture of what is really going on both inside and outside your organization. It can be used to show you where you really are in terms of customer service in a rapid manner and be used to provide continuous feedback on a daily or weekly basis. Used in manner, it tracks and displays information critical to your key objectives. Supporting software can also be used so key display information is more easily grasped.

Consistent action only occurs when everyone within the organization understands what is going on in real time. The aim of companies’ extranets should not be only sharing information, but rather to provide this relevant and rapid feedback so group members stay focused on the big picture. The extranet’s true value is as part of a feedback system that helps group members see connections between their individual activities, attitudes, choices, and formal strategic objectives.

Employees, using their own desktop, can be greeted every day with visual feedback about what is important, where they are headed, and how they are doing. It can be used to better focus efforts around critical customer service concerns and issues. Such a system could give employees a direct connection between what they do and overall corporate strategy. Extranets can be the agent of change creating a more effective and connected workplace. We have always known the powerful effects of rapid, relevant, and specific feedback. The extranet can be that tool to deliver it.

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