

UNIVERSITY OF TOLEDO INTERNAL AUDIT DEPARTMENT

MEASURE CUSTOMER SATISFACTION

Control practices

The following control objectives provide a basis for strengthening your control environment for the process of measuring customer satisfaction. When you select an objective, you will access a list of the associated business risks and control practices. That information can serve as a checklist when you begin reviewing the strength of your current process controls.

This business risk and control information can help you assess your internal control environment and assist with the design and implementation of internal controls. Please note that this information is at the generic business process level and many companies will need to go beyond generic models to address the specific business processes that support the financial and nonfinancial disclosures being made. You can combine the insight of this business risk and control information with your industry-specific knowledge and understanding of your company's environment when conducting internal control assessments and designing and implementing recommendations.

Effectiveness and efficiency of operations

- A. Internal suppliers are able to measure internal customer satisfaction.
- B. Management and employees are given the information they need to measure customer satisfaction.

Effectiveness and efficiency of operations

A. Internal suppliers are able to measure internal customer satisfaction.

Business risks

- The external customer ultimately will be dissatisfied.
- Internal operations between suppliers and customers will be inefficient.
- Cross-functional coordination within the company will be poor.
- The internal level of service will be poor.

Control practices

1. Create and support effective internal customer-supplier relationships through communications and training.
2. Ensure everyone in the company shares a common view as to the meaning of terms such as customer, supplier, process inputs, process outputs, customer satisfaction, negotiation, and agreement.
3. Establish appropriate performance measures that are linked to compensation so that everyone focuses on improving internal customer-supplier relationships.

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B. Management and employees are given the information they need to measure customer satisfaction.

Business risks

- Existing customer dissatisfaction will not be perceived.
- Methods of increasing customer satisfaction will not be understood.
- Threats to strategic position will not be recognized.
- Opportunities for profitable new business development will not be identified.

Control practices

1. Use feedback from the most valuable customers to allocate resources to improve processes, enhance service, and redesign products.
2. Establish a four-way communication channel, allowing effective communication from top management downward, from lower levels upward, and communication of customer insights, control, and improvement opportunities across and within processes.
3. Evaluate the quality of the information sharing processes used by cross-functional teams periodically to ensure relevancy and reliability.
4. Implement a process to gather, analyze, and synthesize the data and information obtained in the day-to-day process of serving the customer.
5. Use a comprehensive performance measurement system to integrate internal operating statistics, customer feedback, and other external sources.
6. Compare internal measures to customer satisfaction measures obtained directly from the customer to ensure that internal measures are relevant and reliable.
7. Track customer satisfaction using external resources such as market research and benchmarking programs.
8. Use benchmarking in conjunction with internal quality measures and information obtained directly from the customer, and not by itself.
9. Share customer satisfaction information widely within the company to stimulate change and improve performance.