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Get the Customer to Do It

A growing number of product and service provider organizations are simplifying their processes by asking the customer to assume responsibility for some task previously performed by the organization. The customer is happy to assume responsibility for the task because it generally means a reduction in the cost of the product or service and it provides him or her with more control over the process. The organization is happy because it simplifies their process, reduces their cost and provides improved customer satisfaction. Following are some examples from the recent past that changed the way processes are performed. As you think about the ways in which these processes have changed, think about the innovative ways in which you might improve your organization's process performance today by "getting the customer to do it."

Some Examples

When I was growing up, we drove our car to a gas station, a guy came out and said "Hi." He proceeded to pump gas into our car, checked under the hood and cleaned the car windows. When the tank was full and the tasks performed, he took our money to the cash register and returned with any change due us. That largely came to an end in the US in the Seventies, during the first gasoline crisis. Suddenly, to keep costs down, gas stations put in new pumps that provided

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A Guide for Business Managers and BPM and Six Sigma Professionals

Second Edition

Paul Harmon
Foreword by Sir George

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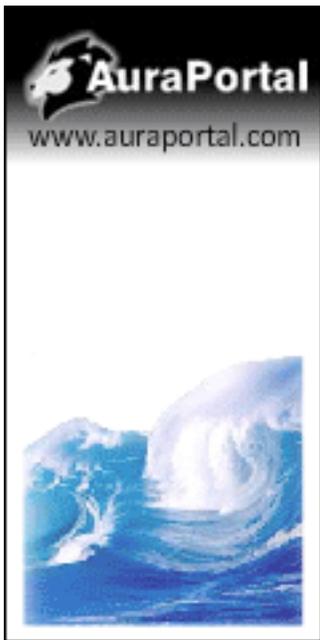
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customer controls, and we began to pump our own gas. Now, I drive in, swipe my credit card at the pump, select the type of fuel I want, pump my own gas, replace the nozzle, and get a receipt at the pump. If my windows are dirty, I can always take a window wiper from a water tank and clean my own windows and check under the hood. Today, most gas stations in the US offer two options to a customer – full service or self-service. If one chooses the full service option, an attendant provides service and the gas costs a bit more per gallon. If one chooses the self service option, one pumps one's own gas and pays a bit less. In addition, at times when the station is closed, the self service option is still available, making it possible to fill one's tank at any time of the day or night. Most everyone in the US today elects the self service option and no one worries about what hours the gas station might be open, because they know they can pump their own gas whenever they want. This is a big win for everyone. The gas station has reduced its costs, the customer has reduced his or her costs and has more flexibility. IKEA is famous for shipping furniture components requiring customer assembly. The company is located in the Netherlands and ships Scandinavian designed furniture all over the world. Given shipping costs, the furniture would be much more expensive if it were shipped assembled, and IKEA would never have achieved the success it enjoys today. By eliminating the need to assemble its own furniture, IKEA found a way to reduce shipping costs and to pass some of that savings on to the customer. In many cases, people pick up unassembled furniture from IKEA stores, put it in the trunk of their car, take it home and assemble it. If it were preassembled, customers would have difficulty transporting it and would have to pay the added cost of delivery and wait for the scheduled delivery.



I bought my last office chair at Home Depot. It came unassembled in a small box and I took it home and assembled it in my office. I was happy to do it because it meant I could dash over and grab the chair, put it in my car, dash back to the office, assemble the chair and be sitting in it within two hours of deciding I needed it - less expensive and much more convenient than ordering the chair online or directly from the store and waiting two weeks for delivery.

In the Seventies, I worked on a project with a major bank that was introducing ATM Machines – terminals that bank customers could use to deposit or withdraw money from their bank. (The approach rapidly expanded to include other services allowing withdrawals from other, associated banks.) In this case, rather than going inside the bank and filling out a deposit or a withdrawal slip and then going to a teller to complete the transaction, one interacted with a machine that identified you via a bank card and recorded your deposit or dispensed cash to you. When the bank first introduced ATMs they were very concerned about public acceptance of the change. In fact, within a short time, the public preferred this service – greater flexibility, reduction in human error and faster service. Within a year, the bank had significantly reduced its teller staff, as in-branch deposits and withdrawals plummeted. Those of us who travel abroad have learned that it is usually cheaper and simpler to withdraw money from an ATM in a foreign country than it is to find a bank or use an airport exchange service.

Today, I can print out my own boarding passes for my airline flights, or use terminals at the airport to quickly generate my boarding pass or, I can even load my boarding pass on my cell phone and have it scanned at the boarding gate. I'm sure there is a whole range of things

that will soon migrate to smart phones that will offer travelers more convenience while reducing the service providers cost, significantly.

In spite of having grown used to pumping my own gas, cashing my own checks, assembling my own furniture and creating my own boarding passes, I was still surprised to discover that I could handle my own checkout at the supermarket. Rather than waiting in a checkout line, I went to an automatic checkout station where I scanned each item, agreed to the charges, swiped my credit card and received a receipt. And, San Francisco is rapidly rolling out parking meters that accept credit cards. It won't be long before there will be a scanner application that will allow customers to make most any purchase via their cell phones. All these applications increase customer convenience and satisfaction, reduce the amount of time associated with completing the task or process, reduce the incidence of human error and reduce costs for both the product or service provider and the customer.

Improving a Process by Delegating to the Customer

So far, we have only discussed situations where we shift a delivery activity from the product or service provider to the customer. We could just as well talk about shifting the sales or purchase activity to the customer. There are an increasing number of product and service providers that have websites that allow customers to order online, eliminating the need to speak with a sales person.

Any process redesign team that is concerned with costs, especially if the process in question is a service process and the customer interface is well-defined, will want to ask themselves if there are activities they can shift to the

customer. An example of this is a small software application developed by Federal Express that its customers can incorporate into their websites to allow them direct access to shipping status information from Federal Express. By allowing the end user to get shipping status information directly from a Federal Express website, several labor intensive, time consuming and costly steps are eliminated from both the vendor's process and from the Federal Express process. And, the end users get timely and accurate information easily and quickly whenever they choose.

Today, computers and smart phones provide end users with the ability to get information and services quickly, easily and from wherever they are, whenever the need it.

As companies begin to consider how to take advantage of today's technologies, a whole new range of services are going to be made available to customers willing to do a bit of work in exchange for having the control to do things when and where they like.

Let's see if we can generalize a bit. An organization can reduce costs if it can shift process activities to its customers. This can be done if...

- The cost to the customer can be reduced by letting the customer substitute his or her labor for labor that he or she would otherwise have to pay.
- Customers are given more control over an activity or a service they need.

At the same time, it is important that the work you shift to the customer is something the customer is willing and able to do. Asking the average customer to assemble a bookshelf or a bike is

probably reasonable. Asking the average customer to assemble a car or create a fine piece of furniture is probably not. Clearly, careful research and testing will be required to determine whether or not customers are willing and able to perform particular tasks. And, it will be important to provide explicit step by step instructions that are easily understood, easy to perform and don't require lots of time in order to produce successful results.

As you consider ways you might improve the efficiency of a process, ask yourself what types of activities in your organization's processes can be shifted to the customer that will improve customer satisfaction and save your organization costs associated with labor intensive, time consuming and otherwise costly tasks.

Till next time,

Paul Harmon

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