Chapter
5

Chapter 5: Recommendations and Conclusion

5.1 Major Findings of the Study

Lucent has partially met its four (4) basic objectives set up for the study as stated in Chapter 1 that is,

- To examine how Lucent Technologies endeavoured to deliver excellent service.
- To understand what the customers in the telecommunication industry want and how to increase customer loyalty.
- To explore the means to reduce unsatisfied customers and
- To gain insight on how Lucent Technologies secures new business contract and how it stimulates continuous business clientele to increase profitability.

From the survey results, Lucent was able to gauge where it stood in delivering quality service to Celcom. It was able to understand what the client wanted by the scores and comments given. An Improvement Process committee was set up to provide corrective action for weaknesses identified in the survey. With the Improvement process in place and the corrective action planned, Lucent hope to increase customer satisfaction and loyalty. However, management commitment is still lacking.

One of the major findings from the survey is that Celcom rates Lucent as only having a 50% chance of being selected as Celcom's supplier again if given the opportunity. This certainly shows the seriousness of the situation, as Celcom is *the* major customer of Lucent in Malaysia.

5.2 Observation and Comments Regarding The Survey

5.2.1 Customer Retention

One cynic alleges that while most businesses are quite good at gaining customers, they are even better at losing them!. Therefore an important **performance evaluation** for business is **customer retention rate**. In the corporate philosophy of Saatchi & Saatchi, it was stated that :

"We want to grow - but most of all we want to grow with our existing clients. The new business won from an existing client is doubly rewarding - it means not only the increase in billings that comes with any new account, but also that you have strengthened a worthwhile relationship. (And, a track record of gaining more and more business from one existing client is in itself reassuring and attractive to potential new clients.) In every way, this seems to us the most desirable form of new business and we try to set the standard of service with this in mind."

The above point is obvious, as it is very expensive to gain a new customer, it is vitally important to retain as high a proportion of existing customers as possible. Indeed, for many businesses, one easy way of improving profitability is to increase customer retention rate.

Lucent has not indicated whether it is able to retain Celcom for long term and as such, Lucent needs to address this issue if it wants to lock in Celcom as its

long term business partner. The survey has certainly indicated areas of weaknesses that need improvement.

5.2.2 Market Share and Profitability

It is Lucent's aim to study the CVA, as a higher CVA indicates an increase in customer satisfaction and will correspondingly lead to an increase in market share and profitability. Hence the aim of the survey is to basically increase market share through increasing customer satisfaction. However, as shown in Chapter 2, this may not necessarily be the case as increasing market share may actually lead to a reduction in customer satisfaction.

The author believes the CVA score should be used solely as a means to increase customer satisfaction and to improve competitiveness in the global market. While this may not lead to a higher market share, it can be used to improve the current process to ensure that it is efficient and effective. By being efficient and competitive, Lucent will be able to provide value-added products and services at a competitive price to its customers.

Increasing customer satisfaction will help in generating customer loyalty. This makes it more expensive and costly for Lucent's competitors to take the loyal customer away from Lucent.

As this is the first customer satisfaction survey conducted on Celcom, there are no comparison figures on the market share as well as the profitability of the GSM Project. Hopefully for future surveys, this aspect is taken into consideration during the design of the survey.

5.2.3 Customer Loyalty

Lucent's survey should look into the aspect of customer loyalty. Customer loyalty is one of the most important issues facing businesses today. Unless companies retain the loyalty of their customers, they will not be able to ensure repeat business and their long-term future will be uncertain

Companies that sell products with short sales cycles, for example, food or newspapers, can use short-term promotional techniques to stimulate repeat purchase. However, companies with longer product sales cycles, such as cars or computers, have to maintain contact and build loyalty over a much longer period of time. Lucent's GSM product has a long sales cycle and it has to invest time and resources to build up customer loyalty with Celcom.

Retaining customer loyalty is an essential element in long-term planning. Understanding the changing needs of customers and being able to predict future purchases with a degree of accuracy contribute to new product development and the introduction of services to support Celcom and its customers.

Customer loyalty programmes may help stimulate repeat business. When customers enjoy high levels of satisfaction, they are less likely to be attracted by competitive offerings. The best way to retain customers and deal with the competition is to provide the highest standard of customer service. In business-to-business markets, companies use partnership and loyalty programmes to reduce competition. By adding value to the relationship and helping customers to develop their own businesses, a company can build close relationships with its customers.

5.2.4 Questionnaire and Respondents

It would seem that the survey questionnaire is too ambitious as it tried to measure all the attributes in a single questionnaire, which resulted in a very lengthy questionnaire. Respondent may feel bored trying to answer all the questions. By the time they are half way through the survey, they would probably have lost concentration on the questions and may even skipped or leave some of the questions unanswered.

It is suggested that for future surveys, there should be different sets of questionnaires designed according to the needs of the customer. The survey can also be conducted in several stages, with each interview covering only certain aspects of the surveyed attributes, e.g., there can be one interview for Engineering aspect only, followed by another on User documentation several days or a week later. By breaking up survey, the respondents are less likely to feel bored by a long interview process and will be less likely to avoid giving "safe answers", e.g., 5/10 or 4/10 just so that they can end the interview.

Lucent personnel conducting the survey should encourage their counterparts to answer all the questions during their interviews. While this may be somewhat inconvenient for the interviewees, this would ensure that questionnaires are correctly filled up, which makes analysis of the results more meaningful.

Selection of the respondents should also be carried out with care. As can be seen from this current survey, the Eastern region and Sabah region have only one respondent each whereas the Northern and Sarawak region have four each. The selection of respondents was not conducted fairly or it could reflect a bias of the selection team.

A criterion should be established on how respondents are selected. Respondents should be carefully matched against the attributes that are to be

measured. Obviously someone in the marketing department should not be asked to give inputs on "Providing accurate and timely RF engineering documentation".

5.2.5 Management Support and Follow up Actions

This survey highlighted, unintentionally, the weak management support within Lucent for customer satisfaction. The committee set up following the survey has yet to move beyond a few preliminary meetings and a rough Action Plan. The initial excitement of the survey has died down and now it is back to "business as usual" again. There should be a dedicated and committed leader to lead the customer satisfaction survey. This person should ensure that the customer satisfaction survey is carried out thoroughly with follow up on the improvement process. Unfortunately, no such person has been designated and this can be viewed as a lack of commitment from the top management of Lucent.

5.3   Recommendations

Management commitment is very important if Lucent wants to be successful in retaining customer loyalty and satisfaction.

As Lucent is in the telecommunication industry that is highly competitive and is undergoing rapid growth and technological changes, the author would like to propose some course of action deemed appropriate for Lucent:

5.3.1 Research on New Work Practices

Lucent needs to re-evaluate its current process and procedures to explore innovative ways of working. This is to enable Lucent to provide efficient, competitive and quality services to its customers. It is important to weed out inefficient practices and to invent new ways and methods to deal with unexpected difficulties and to solve immediate problems.

5.3.2 Innovating With the Customer

Lucent must work together with its customer. This means that Lucent must interact with all relevant parties of the task right from the beginning. Perhaps there is a need to organise work assignments based on the needs of the customer.

In fact, companies may generate that competitive advantage not just based on selling its products and services but rather coproducing the products and services with the customers, that is, customising technology and work practices to meet their current and future needs. Lucent must be proactive in working with Celcom on their future requirements and propose comprehensive solutions for Celcom to enable Celcom to provide a better and efficient services to its end users (the mobile phone consumers).

5.3.3 Knowledge Base of Employees

Lucent's employees do not poses sufficient knowledge to provide quality services to Celcom. The employees must be given proper training in areas identified as weak in the survey, namely engineering.

By increasing the knowledge base of the employees, Lucent will be able to provide better services and transfer technology know-how to Celcom which will lead to a increase in customer satisfaction.

5.3.4 Continuous Improvements

Lucent needs to continuously improve, innovate and learn from past experience to maintain and increase customer satisfaction. For example, the next customer satisfaction survey must be look into the selection of the respondents.

5.3.5 Management Commitment

As stated many times in this paper, Lucent's top management must be committed in the activity of customer satisfaction. Without management support and backing, all efforts put into customer satisfaction will be a wasted effort and ineffective. A start would be to dedicate a lead person for the next survey.

5.4   Conclusion

In order to be successful in providing excellent service and attain high customer satisfaction and customer loyalty, Lucent's management must be seen to be committed. In a context of poor customer service, great technology alone cannot carry a company very far.   To be competitive in the global market, Lucent must invest in developing its human resource capability to ensure the provision of services to its customers.