THE VALUE OF FEEDBACK
IMPROVEMENTS BASED ON THE VOICES OF CUSTOMERS & DEALERS

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Jacqueline Matschke & Heidi Pedersen
“Feedback is the breakfast of champions”

K. Blanchard
Abstract

This thesis investigates the utilization of customer and dealer feedback within organizations. Only few companies seem to fully exploit the valuable information they receive on customer and dealer opinions and preferences. The purpose of this study is to examine how firms can ensure that feedback contributes to the development of improvements in the organization in order to become more customer-centric.

Theoretical approaches to a company’s relationships with customers and dealers, the importance of internal and external customer satisfaction, the creation of knowledge and the role of the organization have been considered. Thereafter, the current processes of feedback utilization in the case company Volvo Construction Equipment Region International have been analyzed, the organization’s internal environment studied and the perspective of its dealers included. These steps have been taken in order to answer the main research question of this thesis, namely ‘How can the administrative functions of an MNC become more customer-centric by improving an existing customer and dealer feedback process?’

Several conditions have been identified in this study, which need to be in place in order for companies to benefit from customer and dealer feedback. Especially the development of adequate processes for feedback analysis, knowledge creation and action-taking, as well as an appropriate organizational culture, appear to be central in this context.

The provided recommendations of this thesis regarding the involvement of employees, procedures in the process of feedback utilization, a framework for company-wide learning, and the role of the dealers shall help to understand how to make better use of feedback in future.

Keywords: Customer Focus, Dealer Partnerships, Encouragement, Expectations, Feedback, Internal Marketing, Knowledge, Monitoring, Motivation, Organizational Culture, Organizational Learning, Quality, Recognition, Relationships, Role Models, Satisfaction
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Jacqueline Matschke
Heidi Pedersen
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<td>Customer Knowledge Management</td>
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<td>CRM</td>
<td>Customer Relationship Management</td>
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<td>CSS</td>
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<td>DSS</td>
<td>Dealer Satisfaction Surveys</td>
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<td>ESS</td>
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<td>MNC</td>
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<td>Quality Leader Network</td>
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The first chapter will give an overall picture of this thesis. The reader will be introduced to the background of the study, and the case company will be presented. This is followed by the formulation of the main research question and its sub-questions, and the discussion of purpose and delimitations. The Introduction section will end with an outline of the subsequent thesis chapter.
1. Introduction

1.1. Background

Becoming customer-centric is the aim of many businesses today. This implies that the whole organization brings the customers into focus and operates from their point of view. Growing competition has made companies aware of the need to shift their attention.

Globalization has offered various opportunities and access to new potential buyers, but at the same time increased the number of international competitors. Furthermore, the importance of a company’s products has declined as, in many cases, other firms can offer similar goods and services. This is not to say that the quality of the core product is no longer a decisive factor for sales, but that alone will not create long-term success and profitability. Thus, providing a total customer experience can distinguish a company from its competitors and provide the basis for being successful in the long-run. Another reason for focusing on customers is the permanent change and increase of their expectations. Companies can only deliver what customers expect if they know about their needs and wants.

A proactive approach and continuous monitoring, analysis and internalization of changing trends and expectations are of great importance. One way for this to be achieved is to conduct market research. Christopher, Payne and Ballantyne (1991: 112) argue that “few companies really understand their customers” and add that even many of those firms, where good research is available, often fail to convert it into “plans, design activities and internal process changes”. Whether a company succeeds in becoming more customer-centric is dependent on a number of factors, which will be discussed throughout this thesis.

Good relationships with customers are the basis for a successful partnership. Academic research has defined the term Relationship Marketing, in response to the shift from single sale guided transaction marketing towards a market-oriented approach aimed at customer loyalty and long-term relationship. The concept of Relationship Marketing is not only relevant for customers, but equally important for other partners and stakeholders, such as dealers. Dealers are crucial for a business as they constitute the face of the company to the customers. As positive dealer relationships are a precondition for customer satisfaction and profitability, companies should listen to their dealers’ needs and expectations in the same way as they do with their customers. The degree of fulfillment of customer and dealer expectations can be measured by asking for their satisfaction level. This is a powerful tool to learn about a company’s strengths and weaknesses, areas for improvement and concrete roots of dissatisfaction that need to be improved. Asking for the satisfaction level and documenting it is only the first step, though. Information is more or less useless until it is used for action. Knowledge creation and knowledge transfer within an organization play a central role in the transformation of feedback into action. Considerable know-how is available in companies that can be utilized to put customer and dealer opinions into perspective and to incorporate them into activities and processes. The exploitation of available knowledge is dependent on the organization, more precisely, the organizational culture. Each employee can contribute to make the company more customer-centric. This, however, is dependent on organizational support. Whether or not a company succeeds in satisfying customers and other stakeholders by fulfilling or even exceeding their expectations, is dependent on such aspects as employee motivation, recognition and managerial support. Only when each employee internalizes the importance of being customer-centric, whether towards end-customers or other business
partners such as dealers, and is supported by the organization to act accordingly, then the company can provide the total customer experience that distinguishes it from its competitors and lay the foundation for long-term success.

1.2. Case Company

Volvo Construction Equipment (Volvo CE) is a part of the Volvo Group, which is one of the world’s leading suppliers of commercial transport solutions. Besides construction equipment, the Volvo Group provides trucks, buses, drive systems for marine and industrial applications as well as aircraft engine components and financial services. The Volvo Group’s core values are Quality, Safety and Environmental Care.

Volvo CE is one of the world’s leading manufacturers of articulated haulers and wheel loaders, and among the world’s foremost manufacturers of excavation equipment, road development machines and compact construction equipment. Volvo CE’s headquarters are located in Brussels, Belgium. The company runs manufacturing plants on four continents. The major global competitors in the market for construction equipment are Caterpillar, Komatsu and Hitachi Construction Machinery.

Volvo CE is divided into four regional departments counting Region America, Region Asia, Region Europe and Region International. This thesis focuses on Region International, which consists of approximately 400 employees including the Volvo-owned dealerships. Region International has its headquarters in Eskilstuna, Sweden. The region is divided into sub-regions and represents approximately 100 markets in Latin America, Africa, Russia, Ukraine & Belarus, Middle East, Turkey & Central Asia and finally Oceania (Volvo CE Region International, 2009a). Volvo CE Region International approaches its customers around the globe via independent dealer partners in most of the markets. In the countries Russia, Turkey and Morocco Volvo CE has established owned dealers and in some markets, where distribution is yet to be established, sales are made directly to customers (Volvo CE Region International, 2008a).

Every year Volvo CE Region International creates several Targets for Operational Development (TODs). This is done in order to manage necessary improvements in operations. Until now 121 TODs have been highlighted and have influenced the way of working in the company. In the General Plan 2009 five new TODs are introduced with a brief description of why each of them is important, when the deadlines are set and which resources are needed to carry out the TODs (Volvo CE Region International, 2009a). One of these TODs for 2009 is defined as: “Find better ways to use Customer & Dealer feedback”. The aim of this thesis is to contribute to the accomplishment of this TOD in order to gain more value from customer and dealer feedback within Volvo CE Region International.

1.3. Research Problem

1.3.1. Research Background

With the ongoing economic crisis, Volvo CE and the global market for construction equipment are faced with considerable challenges. The fourth quarter of the year 2008 resulted in a negative sales development of 29 percent and a total world market decrease by 39 percent (Volvo CE, 2009). Even though the company
achieved an annual net sales increase of 5 percent owing to a strong performance in the first half of the year, the future is very uncertain.

In those difficult times, it is even more important to focus on Volvo CE’s key success factors: product quality and superior service. In order to maintain and strengthen its market position, the company aims at further increasing customer focus and becoming number one in customer satisfaction (Volvo CE Region International, 2009a).

Amongst others, this is to be achieved by using the information received through customer and dealer satisfaction surveys more effectively. Volvo CE Region International makes use of several tools to gain knowledge about the satisfaction level of their customers and dealers and a considerable amount of feedback data is available within the company. Currently, there is no systematic way of handling this information, though. Thus, customer and dealer feedback is not used to its full potential today.

1.3.2. Problem Definition

The need to fulfill customer and dealer expectations and to become more customer-oriented throughout the whole organization is crucial for success. At the same time, knowledge is said to be the most important source of sustainable competitive advantage (Nonaka, Toyama and Nagata, 2000). Customer and dealer feedback and opinions play a vital role in gaining knowledge about their expectations and perceptions. Therefore, the creation, sharing and acting upon that knowledge need to be incorporated in a company-wide process.

Thus, the following research questions have been developed:

Main research question

*How can the administrative functions of an MNC become more customer-centric by improving an existing customer and dealer feedback process?*

In order find answers to the main research question it has been divided into three research questions:

Research question 1

How can an MNC facilitate the process of knowledge creation and sharing in order to enable employees to better act on customer and dealer feedback?

Research question 2

How can an MNC ensure that gained knowledge on customer and dealer expectations is applied and turned into process improvements and problem solving?

Research question 3

How can an MNC develop an internal environment that enhances employees’ motivation to utilize customer and dealer feedback?
In figure 1 a summary of the research problem is presented: The overall aim is to become more customer-centric. As stated earlier, a prerequisite for this is taking action in response to received feedback. Taking action is dependent on two main factors: first, action can only be taken if it can be based on actionable knowledge. This, in return, is developed through an effective creation and sharing of knowledge within the organization. Second, taking action requires the involvement of all employees. Hence, an institutionalization of a customer-centric spirit is necessary. Amongst others, this is affected by the organizational culture and employee motivation.

1.4. Purpose

The major aim of this thesis is to develop a framework for a more effective utilization of existing customer and dealer feedback. In order to reach this goal the following steps will be conducted:

- To examine the current process and outcome of feedback utilization within the MNC, and identify the problem areas that constrain a more effective exploitation.

- To develop a process model that helps to understand the necessary steps in the transformation of feedback data into responsive action, and stress organizational prerequisites for this transformation to be achieved.

- To provide the case company with answers and recommendations to become more customer-centric by making better use of customer and dealer feedback.

1.5. Delimitations

- Focus on survey feedback - Neglect ad-hoc feedback
Feedback may derive from both survey results that are collected in a formal procedure by asking customers and dealers about their experiences, and more informal comments that are made to employees on an ad-hoc basis. This study will only examine the survey results and their utilization within the organization and thus neglect the ad-hoc comments.

- Administrative functions
In order to increase the customer focus, all people involved in the organization have to make their contribution. This research concentrates on the back-office (administrative) functions of the case company and tries to find ways of how they can make better use of customer and dealer feedback.
- **No adaption of survey questions**
  The Customer Satisfaction Surveys (CSS) and Dealer Satisfaction Surveys (DSS) are used by different regions throughout the whole Volvo CE organization. Only a limited number of questions can be adapted by the regions. Therefore, the focus of this work will not be to evaluate and suggest adaptations of the contents of the CSS and DSS, but to concentrate on how the results can be handled within the case company to make its utilization more effective.

- **Focus on the IT systems that are available within the case company**
  In order to handle feedback from customers and dealers effectively, an IT system is normally in place to support this process. As the installation of new technology usually involves considerable expenditure, the focus will center around the systems that are available within the case company and how they can be exploited for the purpose of this thesis. Apart from looking into technology, other forms of data presentations will be considered, including face-to-face communication, such as meetings and presentations.

### 1.6. Outline

**Introduction**
- Background & Case Company
  - Main Research Question
    - How can the administrative functions of an MNC become more customer-centric by improving an existing customer and dealer feedback process?
  - Purpose & Delimitations

**Methodology**
- Research Strategy
  - Scientific Approach
  - Research Method
  - Data Collection
  - Selection of Data Sources
  - Quality of Research

**Theoretical Framework**
- Relationship Marketing
  - Quality and Satisfaction
  - Learning Organization
  - Employee Satisfaction

**Empirical Study**
- Volvo CE Region International
  - Quality Management within Volvo CE Region International
  - Customer and Dealer Satisfaction Surveys
  - Communication
  - Employee Satisfaction Surveys

**Analysis**
- Customer and Dealer Relationships
  - Quality Management
  - Customer and Dealer Satisfaction
  - Learning within the Organization
  - The Level of Employee Satisfaction

**Conclusion**
- An Adequate Analysis
  - An Adequate Learning Process
  - An Adequate Process of Taking Action
  - An Adequate Organizational Culture

**Recommendations**
- Encourage & Motivate Employees
  - Allocate Responsibility
  - Prioritize Customer and Dealer Concerns
  - Create a Company-wide Learning Process
  - Appoint a Driving Motor
  - Improve Feedback to Dealers

**Future Research Areas**
- Business Intelligence
  - Technology Systems
  - Reward Systems
  - Complaint Management
  - Quality Measures
  - Survey Process
The purpose of the Methodology chapter is to present and justify the methods and procedures, which have been used in the research of this thesis. Firstly, the case study as a research strategy will be discussed followed by the chosen scientific approach. Afterwards the research method will be described and in continuation the data collection on the combination of primary and secondary data can be found. The next focus will be on data sampling types and finally the question of validity and reliability will be examined in the part concerning quality of research.
2. Methodology

2.1. Research Strategy

Yin (2003) presents five different ways of doing a research and one of these is the so-called case study. Other strategies include experiments, surveys, histories and an archival analysis, however Yin (2003) describes the case study approach as appropriate when the research questions are asked with words like ‘how’ and ‘why’, which is the case for this study. Furthermore, a case study is preferred when the objective is to understand a complex social phenomenon that cannot be controlled (Yin, 2003). The case study is similar to the historical approach in a number of ways, but what differentiates the case study is that it often includes direct observations and interviews of involved persons. This constitutes as one of the case study’s strengths, because it is possible to work with a great variety of evidence. Nevertheless, the amount of evidence also represents one of the weaknesses as the researcher must be very careful in treating all material fairly, in order to avoid biased evidence. Other advantages mentioned by Blaxter, Hughes and Tight (2006: 74) are that “case study data is drawn from people’s experience and practices and so it is seen to be strong in reality” and that “because case studies build on actual practices and experiences, they can be linked to action and their insights contribute to changing practice”. These statements combined with the fact that a case study allows students to apply knowledge on a case, made the case study a suitable approach for this thesis and therefore, it was decided to use the case study as research strategy.

The case study can be divided into four designs as seen in figure 2. Yin (2003) uses the distinction between single case and multiple case designs. A single case study is analogous to a single experiment, which means that it is relevant when analyzing one case only. In this thesis the objective is concerned with one specific company, namely Volvo CE Region International, which has been assigned to this research as a sample case. Therefore, a single case design has been applied.

A case study can furthermore be divided into embedded and holistic. In an embedded case study the analysis is either concerned with more than one unit or faceted with different perspectives of inquiry (Scholz and Tietje, 2002). A unit can for instance be a department in the case company or a process taking place in the case company. In this study the sample units constitute the administrative functions, dealers and regional offices. These sample units are primary data sources that are considered to be best capable of answering the research questions. Since this study will be analyzing multiple sample units it has been defined as an embedded case study.

Consequently, this study has been classified as a single case embedded design and has therefore been identified as a Type 2 case study design.
2.2. Scientific Approach

A study can furthermore be divided into three different scientific approaches: the exploratory, the descriptive and the explanatory approach.

The exploratory approach is helpful when developing hypotheses, models or theories since it can provide the researcher with an insight into the structure of a phenomenon (Scholz and Tietje, 2002). This approach is used when there exists no or only little information about the phenomenon being analyzed, and when the purpose is to generate interesting questions to be analyzed later. The explorative approach is useful as a pre-analysis of what should be examined later. In this thesis the exploratory approach has been used during the initial identification and definition of problems. The aim of the descriptive approach is to describe an event that has previously been explored with a reference theory or model. In this study the descriptive approach has been applied when describing events connected to the study where theory on the topic already existed. The analysis based on the theoretical framework and the empirical study has been the main area concerning the descriptive approach in this thesis because of the great amount of existing theory that has been tested on the case. The explanatory approach can serve to test cause-and-effect relationships when doing a study (Scholz and Tietje, 2002). For instance to understand ‘which X causes Y to happen?’ and later on to understand whether X will always cause Y, or under which circumstances X will cause Y. This approach has been utilized after the collection of evidence to explain how interacting factors are interlinked and what it has resulted in.

While doing research, the investigator can use various ways of scientific reasoning. This reasoning can be defined as: inductive, deductive or abductive (Dubois and Gadde, 2002). In this study it has been chosen to use an abductive approach that combines the inductive and the deductive reasoning. According to Harryson (2002) the overall benefit of this approach is that both the empirical and the theoretical analyses are continually reinterpreted to create new knowledge in line with the research process. Hence, the deductive approach will be used when explaining a specific case or event based on the theory (Dubois and Gadde, 2002). This approach will be useful when working in the theoretical framework and when working on conclusions. Meanwhile, the inductive procedure will be used when working with what is new to the study. This will mainly be done during the analysis and in the findings.

2.3. Research Method

When doing a case study, the research method can be quantitative or qualitative. The chosen research method affects the way of collecting and analyzing data (Merriam, 1998). The quantitative method will be valuable when striving towards predicting and controlling events and phenomena based on patterns, while the qualitative method is useful when searching for answers in order to gain insight and understanding rooted in individual evaluations and measurements. The toolbox of the quantitative method includes devices such as surveys and systematic reviews, whereas the qualitative method includes the use of participant observation and in-depth interviews. For this reason the qualitative research method is more useful when analyzing sensitive topics than the quantitative research method. In contrast the quantitative method is preferable when the aim is to make predictions about future events and phenomena because it considers patterns as an important factor (Andersen, 2005).
Since the objective of this thesis is to create a deep understanding on a specific case and to develop theory instead of testing it, it has been decided to use the qualitative research method. Furthermore, given that the research questions are ‘How’-questions it would not be possible merely to answer them in a quantitative manner, since this would be done based on numbers and other quantitative evidence.

2.4. Data Collection

Merriam (1998) states that it is advisable to use several sources of data when doing a case study in order to gain a deeper understanding of the case. Yin (2003: 85) compliments this statement with the theory on six sources of evidence consisting of: documentation, archival records, interviews, direct observations, participant observation and physical artifacts and declares that “[…] the various sources are highly complementary, and a good case study will therefore want to use as many sources as possible”. This study has been based on documentation and interviews as the main sources of evidence. Documentation can take many different forms and is a stable source, which can be reviewed continuously and is thus used in nearly all case studies. Interviews are also an essential source of case study information where it is possible to go directly to the core of a case problem, which is one of the aims when doing a case study.

The source and type of data are depending on the specific case and its nature, yet several authors agree that in most cases the combination of primary and secondary data is a useful way to increase the validity of the study. In this study both primary and secondary data will be used to complement and validate each other. Following are to be found separate descriptions of primary and secondary data along with an explanation of how these data types have been employed in this particular study.

2.4.1. Primary Data

Primary data is information collected by the researcher for a specific purpose. For that reason this data is new data since it has been treated by the researcher in order to fit to that particular case. Primary data is most often collected through interviews and observations, and according to Merriam (1998) especially interviews are a suitable collection method. By conducting interviews the researchers can ask questions that will provide the exact answer to what they are searching for. Another benefit of using interviews as a data collection tool is that the researcher can also take into account which environment the interviews were conducted in and also which body language the respondents were using. These symptoms and indicators can be important to understand what is said between the lines or to understand the context of the answers. The disadvantages of conducting interviews are related to the benefits, in view of the fact that interviewing is rather time-consuming. Not only must researchers conduct the interviews, they also spend time on analyzing and interpreting the results to be able to use them directly. This normally requires investing time in summarizing the interviews in writing to be able to look up the content at a later time.

In this thesis the primary data has been collected through qualitative interviews conducted with employees and management at Volvo CE Region International, employees from Volvo Otomotiv Turk and representatives from two international Volvo CE dealers.

The first round of interviews has been performed with a semi-structured character, as the purpose of conducting the interviews was to receive answers to a number of questions in order to enhance the
understanding of the general case. These interviews were conducted with the back-office employees of Volvo CE Region International. The semi-structured interviews have also allowed the respondents to elaborate on certain subjects that have been valuable to the study in order to gain information on related topics that would otherwise not have been integrated into this thesis. This was only possible because of the qualitative approach where respondents have the opportunity to elaborate on the questions, whilst the quantitative approach would have resulted in rather predictable answers. Through the usage of semi-structured interviews it has also been possible to receive information on other relevant persons to contact. This is by Merriam (1998) referred to as snowball-sampling of data sources and will be explained further in the later section on Selection of Data Sources.

The second round of interviews can be defined as open interviews and had the purpose to enhance the understanding of specific processes in the case company. The respondents included persons in charge of CSS and DSS, and the target leader and target owner of the TOD group working with the related topic at Volvo CE Region International. These interviews were of an unstructured character; they included formulated topics to guide the interviews instead of fully structured questions and therefore, the interviews involved a lot of discussions and not only questions and answers as in a structured interview (Merriam, 1998; Andersen, 2005). In the second round of interviews some were also conducted over the phone. This was chosen as some of the interviewed persons were located in Turkey. Therefore, the sacrifice of resources to travel there (time and money) were considered greater than the benefit of having face-to-face interviews, instead of phone interviews, would have been. This was also the case for interviews conducted with representatives of Volvo CE Region International’s dealers as they were located in the sub-regions Middle-East and Oceania respectively.

One of the benefits of using phone interviews is that the phone is so widespread today that the probability of differences concerning the social groups that can be reached over the phone has been diminished. However, there are also sacrifices of using telephone interviews, for instance the fact that it is not possible to physically see the respondent and therefore not feasible to analyze body language. What is more, it is hard to know whether the respondent is paying attention to the questions or whether he is distracted by the environment around him. Therefore, the answers might be biased by this. However, in this thesis phone interviews have only been used to talk to employees and dealers inside the Volvo CE Region International and it has therefore been assumed that these persons were paying attention to the questions and likewise what to answer.

In addition to the interviews, one observation of an internal meeting has been accomplished. The observation was done with the character of a participant observation since the observed persons knew about the observation and hence might have changed their behavior. The meeting was held by the TOD group and the objective was to gain an understanding of how the project has been handled internally. The observation was done unstructured and had therefore no predefined purpose concerning observing specific persons or processes (Andersen, 2005).

To strive for validity different data collection methods including semi-structured interviews, open interviews and an observation of employees, have been applied. This is a part of the triangulation used in this theory. Other types of triangulation will be mentioned later concerning multiple sources and multiple methods to confirm the emerging findings.
2.4.2. Secondary Data

Secondary data is existing information that has been collected for other purposes by other researchers and is therefore not necessarily case-specific. This material is useful for gaining a basic understanding of a subject as it is not as time consuming to collect as the primary data. Secondary data is found in books, journals and on the internet, and can be divided into internal sources and external sources (Kinnear and Taylor, 1991). The internal sources provide material that has been published within the case-company, for instance annual reports, while the external sources are collected as mentioned earlier from various medias and do not necessarily have direct relation to the case nor the case company.

In this study both internal and external sources have been used. The material from internal sources includes among others the General Plan 2009, The CSS, DSS and ESS results, and different internal presentations from Volvo CE Region International. This material has been helpful during the initial phase to get into the subject effortlessly. For the Theoretical Framework secondary sources have especially been useful to gain an understanding of specific topics that could not have been achieved with the usage of primary sources. The secondary sources have furthermore been used with the expectation of raising the level of validity of the thesis, which will be explored more into detail in the later section on Quality of Research.

2.5. Selection of Data Sources

When collecting material for a study it is important to consider where and when the observations should be done, what to observe and also whom to observe. This selection is called data sampling. The term can be further defined as purposeful data sampling where the objective is to learn as much as possible about a certain case. Merriam (1998) refers to various commonly used data sampling types, these are: typical, unique, maximum variation, convenience and snowball sampling of data sources. In this thesis the selection of data sources has been applied through the convenience method and the snowball method. The purpose for the application has been to prepare interviews and additional qualitative research methods.

2.5.1. Convenience Sampling of Data Sources

The reason for using convenience sampling of data sources is often because it is, as the title implies, convenient. The data sampling type refers to the collection of evidence from members of the population who are conveniently available. The selection can be based on time, money, location and availability (Merriam, 1998). Convenience sampling of data sources is a common method of selecting a data sample since it is an easy way to reach a result. However, the disadvantage of this method is that it is not very credible. The easiest units to obtain may not be representative and therefore, the result of this data sampling type can become biased. Nevertheless, it has been selected to use this data sampling type in the initial part of this study since the time permitted was limited. The first interviews were conducted at Volvo CE Region International’s headquarters and had the purpose to enhance the understanding of the current status of the process inside the company. The contact to the respondents was made by the internal contact person as the possibility for establishing the contact was then considered to be more effective. The result of these interviews has supported the study and therefore, it would have been preferable to use another type of data sampling in order to increase the credibility.
Convenience sampling of data sources has also been used when gaining contact to dealers and regional offices since access was also to be provided by the contact person at Volvo CE Region International. In this case the advantage of talking to some randomly chosen dealers and representatives of regional offices instead of having no contact at all seemed to be more valuable and was therefore determined.

2.5.2. Snowball Sampling of Data Sources

As mentioned earlier also the snowball method was applied during the first round of interviews, where the respondents referred to persons that could be of value to the study. According to Merriam (1998) snowball sampling of data sources involves asking each contributor to refer to other contributors that might be helpful for the research by having knowledge about interesting cases. The name ‘snowball sampling’ refers to the data sample group, which appears to grow like a rolling snowball. As with the convenience sampling method, snowball sampling of data sources is also subject to biases, for instance, that the researchers will risk merely meeting persons with the same opinion since these persons have a tendency to team up. Despite of biases it has been chosen to use this method as well, since the benefit of reaching more persons was expected to be larger than the sacrifices.

2.6. Quality of Research

The purpose of this part is to account for the validity and reliability of this thesis in order to let the reader know to which extent the results can be trusted. According to Merriam (1998) validity and reliability can be achieved through careful attention to a study’s conceptualization and the way in which the data was collected, analyzed, and interpreted, and the way in which the results are presented.

In the following part a description on validity and reliability is to be found. The parts will be based on the view of Merriam (1998), which means that the division between internal and external validity will be different than the division made by for instance Yin (2003).

2.6.1. Internal Validity

Merriam (1998: 201) describes internal validity as dealing with “the question of how research findings match reality” meaning how congruent the findings are with reality and thus, whether the findings actually capture what was there. To enhance the internal validity Merriam (1998) states six basic strategies. Among these are: triangulation, member checks and peer examination, which have been utilized in this study.

As mentioned earlier, triangulation refers to the usage of multiple investigators, sources or methods to confirm the findings. A way of triangulating is therefore to use outside sources to validate case study material. In this case study triangulation has been employed after conducting interviews, where the results have been internally analyzed and interpreted, and in case of uncertainty regarding emerging evidence the associate supervisor has been consulted to get an external opinion in order to increase the validity. To some extend peer examination has also been utilized in this process by making fellow master thesis students comment on the findings as they emerge. This has been done through participation in sparring-meetings where some students might have recognized similar problems in their study and thus could comment on problems and solutions.
Member checks is a process of taking data and tentative interpretations back to the persons from whom they were derived and then asking them whether the results are plausible. This strategy has also been used after conducting the interviews to make sure that what has been understood from the respondent was actually what was meant. By using this strategy the statements that have been based on interviews in this thesis have been approved by the interviewed persons. In some occasions the statements have been changed in agreement with the respondents, which has let the outcome to have a higher validity.

By employing triangulation, peer examination and member checks, the validity of this thesis has been enhanced.

2.6.2. External Validity

External validity refers to whether the findings of one study can be applied to other situations and hence, how generalizable the results are (Merriam, 1998). In this study striving towards an objective Theoretical Framework has been one way of achieving external validity. However, since this study is concerned with one specific case company and thus affected by tacit factors in the company, the outline of this thesis may not include the same analyses as would be necessary for another MNC with the same research problem. Nevertheless, the learning from individual issues might be transferable to other MNCs.

Merriam (1998) defines three strategies to strive towards external validity. These are (1) rich, thick description, (2) typicality or modal category (3) and multisite designs.

By providing a rich, thick description of the analyzed issues, readers can decide for themselves how related the situations are, and thereby whether learnings can be transferred. Through defining the typicality of the issue the recipients can make comparisons to their specific issues to decide if the categories of problems are related. Finally, by applying a multisite design, a study will apply to a wider range of readers. Since the purpose of this study is to solve a specific issue to a predetermined company, compromises have not been made to strive for the achievement of external validity. As a result, these strategies have not been employed completely in this thesis. However, a deep description has been provided, comparisons of other companies on this specific issue have been made, and finally elements of purposeful data sampling have been utilized. Consequently, the level of external validity is considered to be accommodated to a satisfactory level.

2.6.3. Reliability

The connection between validity and reliability is that if a study can be repeated with the same results it is more valid, however Merriam (1998) states that what actually makes a study reliable is the consistency between the data collected and the results found.

While taking several precautions to avoid biased evidence, it is still important to remember that human behavior is not a static phenomenon and might change over time. In this study interviews have been summarized in writing but also recorded with permission to avoid biased evidence. This has enhanced the reliability since it has been possible both to pay attention to the environment and the body language of the person, but also to what was actually said. Also the fact that all interviews were done by two researchers is expected to have minimized the biases of the results. Furthermore, as mentioned earlier, if the validity of a result has been unclear it has been discussed with the respondent in order to solve the problem.
The aim of this chapter is to present the Theoretical Framework that has been applied throughout the thesis. Major theoretical concepts that are relevant in the context of feedback utilization, namely Relationship Marketing, Quality and Satisfaction, Learning Organization and Employee Satisfaction, will be described throughout the section. These areas are summarized in a research model, which will provide the basis for the later analysis and interpretation.
3. Theoretical Framework

3.1. Relationship Marketing

Literature suggests that there has been a paradigm shift in marketing in recent years, from the Marketing Mix theory to the Relationship Marketing approach, due to the fact that relationships with customers and other partners have become major cornerstones for today’s business success (Grönroos, 1996; Gummesson, 1994).

The field of marketing had been dominated by the Marketing Mix approach and its 4P model for many years. Grönroos (1996: 6) describes it “as the dominating marketing paradigm of the last decades”. The Marketing Mix can be considered as a production-oriented definition of marketing with a focus on transaction (Grönroos, 1997). According to Christopher, Payne and Ballantyne (1991) some major characteristics of transaction marketing are the focus on single sale, the orientation on product features, a short time-scale, little emphasis on customer service, limited customer commitment, moderate customer contact and the perception that quality is primarily a concern of production. In addition to general criticism of the 4P model regarding its incompleteness and a lack of roots (Gummesson, 1994; Grönroos, 1997), it has been argued that this concept is of relevance for consumer marketing, not however applicable to industrial and service marketing. Thus, not surprisingly, the new approach of Relationship Marketing originated in those areas that where mostly disregarded in the Marketing Mix. Furthermore, it is claimed that the demands of the customers are becoming more and more sophisticated and that the Marketing Mix approach does not allow adjustments to such aspects as enhanced value around the core product, reliable service to accompany the product, and a trustworthy relationship with customers, suppliers and distributors (Grönroos, 1996).

In contrast to the transaction approach, Relationship Marketing is market-oriented and focuses on long-term relationships between buyers, sellers and other stakeholders:

“Relationship Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises” (Grönroos, 1997: 327).

Gummesson (1997: 267) defines Relationship Marketing as “marketing seen as relationships, networks and interaction” and developed the concept of 30R, which identifies 30 relationships in marketing with the attempt to make Relationship Marketing more tangible and operational. It can be argued that relationships have always played an important role in business interaction. Therefore, Relationship Marketing can be seen as a new term to an old phenomenon. Gummesson (1997) criticises that many scholars use the term without seeing the content behind the concept.

Major contributions to Relationship Marketing were made by the Industrial Marketing and Purchasing Group and their interaction and network approach, as well as by the Nordic School of Services and their views on service quality and the marketing of services. It is in these fields of Service Marketing and Industrial Marketing that a paradigm shift towards Relationship Marketing has already taken place. In order to achieve long-term profitability it is not sufficient to win new customers through transaction-based
marketing. The key to success for businesses in today’s fierce global competition is the retention of customers, meaning that customers are loyal to the business for a long period of time. This can only be achieved through customer satisfaction, which is the underlying notion of Relationship Marketing. It requires an effective management of relationships with customers and other partners. In industrial markets in particular there may only be a limited number of customers in a specific region. Hence, profitability is highly dependent on long-term relationships with those buyers.

A central aspect of Relationship Marketing is the fact that everybody in the organization contributes to a customer-focused approach. Christopher, Payne and Ballantyne (1991: 69) stress that “every industry is potentially a ‘service’ industry”. Grönroos (1996) supports this view by stating that many companies today face a ‘service competition’. For manufacturers, the physical product itself is evidently a core element, but at the same time only one part of the total offering. Even though core products are a prerequisite for sales, they alone will not create long-term success and profitability. The key to success is to manage additional elements better than the competitors. Eventually, Relationship Marketing is not only executed by full-time marketers. Many resources and activities that are crucial for maintaining and enhancing relationships with customers and other partners are not part of the marketing function. In this context, Grönroos (1996) mentions the examples of delivering, installing, updating, repairing, servicing and maintaining goods or equipment, as well as billing, complaints handling, and customer education. Gummesson developed the term ‘part-time marketers’ to describe the phenomenon that a large number of activities in relationship building are carried out company-wide. This also requires a shift from functional management to process management in order to co-ordinate the whole value chain. Furthermore, the perception, that market orientation and relationship-building is everybody’s task in a company, requires commitment of all employees: “The quality of relationships with people outside the company depends on the quality of relationships between the people inside the company” (Christopher, Payne and Ballantyne, 1991: 169). The fundamental role of employee involvement will be discussed more thoroughly at a later stage in the Theoretical Framework in the context of the Learning Organization and Employee Satisfaction.

The adaptation of the Relationship Marketing perspective also requires a shift from competition to cooperation. The aim is to achieve a win-win situation for the parties involved. While transactional marketing is assumed to be a zero sum game, where gains are obtained at the expense of other actors in the exchange relationship, co-operation in Relationship Marketing can lead to higher value creation (Arias, 1998). Two essential elements in this context are promises and trust. Promises can be given by companies in order to attract customers. Customer satisfaction and thus long-term relationships will only occur if those promises are fulfilled (Arias, 1998). Furthermore, buyers will only develop and increase trust in a company, if the seller’s resources, namely personnel, technology and systems, are applied in a trustworthy manner (Grönroos, 1997).

### 3.1.1. Managing Customer Relationships

In the market-oriented approach, the customers are placed in the center of attention and firms re-organize themselves around them. The aim is to make customers satisfied and to gain their retention with the ultimate goal of long-term profitability. As stated earlier, focusing on core products is no longer sufficient for companies since in many cases those can also be delivered by competitors. What really matters is the provision of a total offering that fully satisfies customers’ needs and expectations. Only if that is achieved,
long-term relationships can be established. Reichheld (1996 cited in Ryals and Knox, 2001: 534) claims that long-term customers generate increasing profits and emphasizes that view with six reasons: (1) costs for customer acquisition may be high and profitability is only achieved after a certain time, (2) after acquisition costs are covered, there will be a stream of profits from the customer, (3) customers buy more over time so revenues increase, (4) costs go down as sellers learn how to serve their customer best, (5) customer referrals are made and thus potential new customers gained, (6) customers become less price-sensitive as they value the benefits of the relationship.

While Relationship Marketing is a perspective or a shift in management focus, it requires tools, activities and processes that support and facilitate the management of customer relationships. This is where the concept of Customer Relationship Management (CRM) comes into play. CRM “provides management with the opportunity to implement relationship marketing on a company-wide basis” (Ryals and Knox, 2001: 535). Much attention has been paid to CRM in recent years, both in academics and businesses. However, due to a lack of a widely accepted definition, there is a great confusion of what CRM constitutes and a variety of sometimes contradictory connotations exist (Ehret, 2004; Payne and Frow, 2005). Some MNCs see CRM purely as an IT-driven system and expect computer programmes to automatically improve their customer relationships. This misinterpretation is a potential obstacle to a successful implementation of CRM and eventually the achievement of long-term customer relationships. The technological development has undoubtedly contributed to the evolution of CRM, yet activities and processes constitute the core of the concept and IT is mainly used to support them and to enable CRM to be operationalized.

After reviewing a variety of CRM definitions, Payne and Frow (2005) categorize three perspectives: (1) CRM is viewed narrowly and tactically as a particular technology solution, where CRM is equalized with one specific IT system in an organization; (2) CRM is considered as a wide range of customer-oriented IT and Internet solutions in a company; (3) CRM is perceived as a more holistic and strategic approach to create shareholder value. The authors highlight that a company’s perception of CRM highly affects the acceptance and practice of the concept in the organization. Furthermore, it is argued that any company is advised to position CRM in the broad strategic perspective instead of limiting it to an IT solution. Based on their analysis, Payne and Frow (2005: 168) developed their own comprehensive definition of CRM:

“CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and cocreate value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications”.

Moreover, the authors suggest a process-based conceptual framework for CRM, which shall help companies to achieve success with the development and implementation of CRM strategy. The five identified processes of the conceptual framework are (1) the strategy development process, (2) the value creation process, (3) the multichannel integration process, (4) the information management process and (5) the performance assessment process. The strategy development process includes a detailed review of a company’s business and customer strategy. The value creation process aims at identifying what value the
company can give to its customers and vice versa and how this value exchange can be managed best. The multichannel integration process is concerned with the most appropriate combination of channels to use. The information management process deals with the gathering of customer data and information in order to receive a customer insight. Finally, the performance assessment process aims at ensuring that a company’s targets of the CRM initiative are fulfilled.

Raab et al. (2008) also take a broader view on CRM and identify personnel, technology and organization/structure as the three pillars of their integrated CRM concept, which combines the technical with the human perspective. Furthermore, the authors describe the different phases of the process of CRM, namely customer orientation, customer satisfaction, customer retention and customer profitability and thus summarize the overall pattern of CRM and Relationship Marketing.

3.1.2. Managing Dealer Relationships

A major focus of Relationship Marketing is set on the liaison with customers but the concept is equally relevant for other stakeholders such as dealers. In today’s global marketplace, intermediaries play a vital role as a link between MNCs and their buyers, which are spread all around the world.

Entering foreign markets through intermediaries is one option for companies to get access and serve their global customers. The ‘Stage Theory of Internationalization’, which was developed at the Uppsala School, suggests that internationalization is an incremental process accompanied by gradual learning and thus reduced uncertainty over time. In order to address the more and more rapid internationalization of firms, Johanson and Vahlne (2003) argue that the concept of stage theory should be combined with network theory. The ‘business network approach to internationalization’, which also has its roots at the Uppsala School, states that relationships are central elements of the internationalization process. Janss (2007: 137) explains that “internationalization takes place through establishing and maintaining network relationships in foreign environments”. For businesses to be successful, a variety of such relationships are to be developed, for example with suppliers, competitors and the government. A central role in the access to local markets and customers constitutes the manufacturer-dealer relationship, which should lead to continuous learning by interaction and result in long-term mutual commitment. The entrance of foreign markets through a three-party dealer network, a so-called ‘triad’, is one possible entry strategy (Jansson, 2007). The form of such a triad is defined by the dependence of the agent in terms of own or aligned strategy and the degree of seller’s involvement in customer relationships.

Manufacturers should acknowledge the crucial role of their dealers: “[...] it is even more important for them [the companies] to work together with their distribution channel intermediaries, and to treat them as they would their best customers, not just as ‘their’ channel to market” (Gordon, 1998: 261). The Japanese car manufacturer Toyota is well-known for its quality approach and close ties with different stakeholders, including dealers. Back in 1935, the first president of the Toyota Corporation, Shotaro Kamiya, described Toyota’s sales philosophy as follows: “Customers come first; then the dealers; and lastly, the maker” (Toyota, 2002). This approach recognizes the great importance of dealers to the company from the very beginning of the firm’s history. The dealers make customers aware of Toyota and also help the company to incorporate customer needs and expectations by forwarding the experiences that they have gained through direct contact with buyers.
The interaction between manufacturers and dealers involves considerable interdependence. Therefore, it is important to understand how to achieve successful working relationships between the organizations involved. Ford et al. (1998) argue that, in distribution relationships, co-operation and conflict are usually occurring simultaneously. “Cooperative efforts of channel members should result in greater trust, commitment, channel efficiency and the achievement of goals, thus leading to higher levels of satisfaction” (Jonsson and Zineldin, 2003: 224). It was said earlier that promises and trust are vital components of Relationship Marketing. This is particularly true for the supplier-dealer relationship. Commitment is highly dependent on actions, not on promises. Jonsson and Zineldin (2003) state that commitment is generated through such aspects as, adaptation, communication, bonds, degree of co-operation, length of relationship, and quality. The flow of information and materials between organizations is a cornerstone of success. Organizations can prove their commitment by making adaptations; according to McLoughlin and Horan (2000: 288) “the willingness to make adaptations sends important signals to partners about the commitment and trust which exists in the relationship”.

At the same time, in supplier-dealer relationships there is always some potential for conflict resulting from different targets and strategies. In particular, independent intermediaries might have a different focus, for example short-term profitability in contrast to a supplier’s long-term business strategy. Ford et al. (1998) classify work division and profit division as possible areas of conflict. In daily operations, constant arguments occur regarding such aspects as the responsibility for late deliveries, quality returns and product failures in use. Furthermore it is said that the parties often fail to consider the perspective of their business partner.

While previously the conflict aspect seemed to have prevailed in distribution relationships, the focus today is more on co-operation as companies aim to improve performance in their distribution activities.

### 3.2. Quality and Satisfaction

In the following section, quality and satisfaction will be considered. Figure 3 demonstrates the close link between the two issues and will be summarized below:

![Figure 3 – Relationship between quality and satisfaction (Source: own)](image)

One of the major targets of any business is long-term profitability. As mentioned earlier in the section on Relationship Marketing, this is highly affected by loyal customers that keep returning to a company.
Customer retention is dependent on clients that are fully satisfied with the products and services, which they purchase. Alternatively, the confidence of those customers that are not satisfied can be regained by special treatment and immediate action against the roots of dissatisfaction. How satisfied customers are depends on the value they perceive. Only if the quality perception is equal or above clients’ expectations and at a price that is considered to be worth that quality, customers will be satisfied.

### 3.2.1. Quality

Quality is at the core of a company’s profitability and success as it highly affects both productivity and customer satisfaction. Firms that do things right in the first place save costs for rework and please their customers by satisfying their needs and expectations.

The success of Japanese companies from the 1950s onwards was mainly based on their understanding of the importance of quality. During the ‘Japanese Miracle’ (Bergman and Klefsjö, 2003), companies did not only catch up on their Western counterparts, they outperformed them in many cases. Most notably, this change was highlighted in a comprehensive study by the Massachusetts Institute of Technology on the future of the global automotive industry. Womack, Jones and Roos (1990) describe the results of this study and stress major differences in terms of productivity and quality between mass production of European and North American manufacturers and lean production of Japanese companies, thereby giving an explanation for the success of the latter.

#### 3.2.1.1. Total Quality Management

Fierce global competition and the success of Japanese companies made companies aware of the importance of integrating quality issues into daily activities. In this context, the concept of Total Quality Management (TQM) has caught great attention in many organizations worldwide.

TQM can be summarized by the following five cornerstones: (1) focus on customers, (2) base decisions on fact, (3) focus on processes, (4) improve continuously and (5) let everybody be committed (Bergman and Klefsjö, 2003). A central aspect of TQM is that customers are in the center of attention and quality needs to be assessed from their point of view. Only if customers’ needs and expectations are fulfilled, the level of quality is appropriate. Knowledge about customers and their needs must be collected systematically so that decisions can be based on facts instead of random factors. In order to satisfy customers over time, firms need to establish processes of interrelated activities, which are carried out repeatedly and assessed and improved accordingly. As will be explained later in the section on Satisfaction, expectations change over time. Thus, improvement needs to be conducted continuously in order to maintain and develop quality. This can only be accomplished if all members of an organization incorporate the customer-centric approach and commit themselves to it. It is important to note that these five cornerstones will only be effective if they are supported by suitable tools and are fully integrated in the business culture.

William E. Deming was a pioneer of TQM and made an important contribution to the advancement of the quality concept in Japan in the 1950s. Deming also introduced the improvement cycle ‘PDSA’ (figure 4), which describes the process of continuous improvement in four stages: ‘Plan – Do – Study – Act’:
In the ‘Plan’ stage, the project is first identified by assessing the problem and current situation. In the following, the causes for the problem are analyzed and the results evaluated. In the ‘Do’ stage, appropriate steps to overcome the problem are taken. The success of the improvement measures is then evaluated in the ‘Study’ stage. When the action resulted in an improved quality, this new level should be made permanent in order to avoid a recurrence of the same problem. This is accomplished in the ‘Act’ stage.

If the improvement program has not led to the desired outcome, the complete cycle should be run through again.

### 3.2.1.2. Service Quality

The impact of quality management on business success was first exploited in the manufacturing industry. The car producer Toyota and its renowned Toyota Production System is a prime example of how a company has succeeded in developing reliable, high-quality products at a lower cost.

In recent years, striving for zero defects and total quality has become equally important in services as well. In many business areas it is no longer the product but the accompanying service that makes the difference and distinguishes companies from their competitors. Furthermore Christopher, Payne and Ballantyne (1991: 142) state that the roots of quality failures are often to be found in insufficient service quality:

“It has been suggested that nine out of ten quality failures relate not to product quality but to failures after the end of the production line. Thus delivery delays, documentation errors, unhelpful sales people and so on contribute more to the customers’ perception of quality than the inherent functional quality of the product itself.”
In service quality, Toyota has been at the forefront as well, when introducing its luxury brand Lexus. Berry and Parasuraman (1997: 72) highlight that “although Lexus was manufacturing cars with few mechanical problems, the extra care shown in the sales and service process strongly influenced buyer satisfaction”. This special service is achieved by putting great emphasis on the dealer network, which is described to be “the finest dealer network in the industry because it treats each customer ‘as though they were a guest in our home’” (Osono et al., 2008: 10).

3.2.2. Satisfaction

According to Kotler (1988) customer satisfaction is considered to be the best indication of a company’s future profit. Furthermore, Bergman and Klefsjö (2003: 301) define a company’s degree of customer satisfaction to be “the ultimate measurement of quality”. Customer satisfaction can be divided into four key factors that affect the overall level of satisfaction. These are: (1) product quality or the tangibles delivered to customers, (2) service quality, (3) image or brand and finally (4) price (Wirtz and Tomlin, 2000: 205). Furthermore, customer satisfaction is a state of mind, in which customer needs, wants, and expectations have been met or exceeded during the life of the product or service, which results in repurchase and loyalty (Anton, 1996). Meanwhile, Boulding et al. (1993) shortly define the term satisfaction with the following equation:

\[
\text{Satisfaction} = \text{Performance} - \text{Expected Performance}
\]

During the latest decades, a shift from market share strategies to customer satisfaction strategies has been accomplished. This shift includes a more defensive strategy than earlier as the focal point has been changed from the competitors to the customers. A company therefore needs to nurture its present customers instead of merely focusing on gaining new ones. This change of strategy is closely related to companies employing Relationship Marketing to retain their customers, as mentioned earlier in the section Relationship Marketing, since the objective is to gain buyer loyalty instead of buyer switching. The success of the customer satisfaction strategy is therefore to be measured in the customer retention rate instead of in the share of the market relatively to competitors. The focus on measuring a company’s customer satisfaction has been increased parallel to the strategy-shift (Anderson, Fornell and Lehmann, 1994). Therefore, various indexes (for instance Swedish Customer Satisfaction Barometer and American Customer Satisfaction Index) have been developed in order to provide this kind of knowledge to companies.

One company that is doing especially well in measuring its level of customer satisfaction is Xerox. In 1984, Xerox started the quality improvement programme ‘Leadership through Quality’, in response to an increasing level of competition and falling rates of return on assets (Wisner and Eakins, 1994). One feature of the programme is to conduct and analyze surveys of 55,000 Xerox equipment owners on a monthly basis. Xerox explored that ‘extremely satisfied’ customers are six times as likely to make repurchases, than those who are just ‘very satisfied’ (Hart and Johnson, 1999). This can be summarized in figure 5, which presents the link between the level of loyalty and satisfaction.
However, according to Berry and Parasuraman (1997) measuring the level of the perceived or experienced performance is not sufficient. In relation to this Goodman, Broetzmann and Adamson (1992: 35) add: “How satisfied is a satisfied customer? When is good, good enough? Unfortunately, companies that ask their customers how satisfied they are but fail to research customers’ expectations cannot answer these questions”.

In the following a discussion on customer expectations and perceptions will be given and in continuation a discussion of perceived quality and perceived value.

### 3.2.2.1. Expectations and Perceptions

Customer satisfaction is related to the needs and the expectations of the customer (Bergman and Klefsjö, 2003). However, customers’ needs and expectations are affected by several factors as for instance previous experiences or the price of the product or service. According to Boulding et al. (1993) a person’s perception is a blend of the prior expectation of what will and what should be delivered, and what is actually delivered. If the product or service is new to the customer it can be difficult to know what to expect. Nevertheless, if the customers have made a similar purchase before, they will probably have some expectations to the product or service. These expectations will most likely limit the customers’ view of what they will receive according to what they have received earlier, meaning that their expectations have already been increased or decreased from what was experienced at the earlier purchase.

### The Gap Model

If the relationship between the expected product or service and the experienced or perceived outcome is not correlating there is a gap. If perception is lower than expectation the company needs to look into what is causing this negative gap.

\[
\text{Perception} < \text{Expectation} = \text{Negative gap}
\]
The Gap Model (Zeithaml, Parasuraman and Berry, 1990), as seen in figure 6, aims at explaining causes for dissatisfaction. The authors identified four gaps that eventually lead to the major gap between the expected and the perceived service.

![Figure 6 – The Gap Model (Source: Zeithaml, Parasuraman and Berry, 1990)](image)

1. The first gap relates to the gap between customers’ expectations and the company’s perceptions of those expectations. This gap can occur when the company does not ask the customers what they actually expect and what they consider to be high quality.
2. The second gap can arise between the company’s perceptions of customer expectations and the service quality specifications. If the company cannot deliver the level of service quality that the customers expect, even though the customers’ needs are known by the company, the standards of the company are not at a high enough level, and this gap will occur.
3. Gap number three occurs between the service quality specifications and the service delivery. This gap is to be found between what the customers expect and what the company can actually deliver. In this case the management might actually be aware of what the customers want, but because of a gap between this knowledge and the employees, who are responsible for delivering the service, the customers’ expectations are still not fulfilled.
4. Gap number four appears between the service delivery and external communications to customers about service delivery. This gap occurs when the company promises something to the customers that cannot be kept. It can be caused by bad internal communication or bad communication directly to the customers.
5. The final gap is the overall gap between customers’ expectations and the perceived service. It occurs when the service from the company cannot satisfy those needs and expectations that the customers had to the service quality.

The Gap Model was developed with the main purpose of analyzing problems in service quality, however, according to Bergman and Klefsjö (2003) it is possible, with minor adaptations, to apply it to product quality issues as well.

**Standards**

Customers can update their expectations if they receive information about their purchase. This can either be information provided by word-of-mouth or directly from the company and will, so to say, change the...
standard for what will be expected in the future. A service standard is the level of performance that the firm commits to deliver. This can for instance be delivery of products within a certain amount of time. A standard is based on customer needs and is the company's policy on how to meet customer needs most cost-effectively. A company might also set a performance target, which defines what a separate department or unit will be held accountable for delivering, for instance 80 percent of all products must be delivered within that standard period of time. According to Wirtz and Tomlin (2000: 207) it is important to separate standards and performance targets since it is crucial to be “hard about reflecting customer expectations in the performance standards, (i.e. making sure that what customers expect is captured in the standards), but ‘realistic’ about what the organization can actually deliver”.

An example of the development in standards and performance targets can be found in figure 7, where it can be seen that expectations change over time and therefore, the standards need to change as well in order to continuously meet the expectations. In order to fulfill the needs of customers, the performance targets also need to develop because what was exciting yesterday will be asked for today and expected tomorrow. Therefore, it is necessary that the company develops the performance targets and in line continuously improves the performance in order to satisfy the customers.

Figure 7 – Service standard and performance target (Source: Wirtz and Tomlin 2000)

3.2.2.2. Perceived Quality and Perceived Value

Perceived quality can be defined as “the consumer’s judgment about a product's overall excellence or superiority” (Zeithaml, 1988: 3). The perceived quality is different from the actual or objective quality because the perceived quality is biased by the customers and their personal opinions of the product or service. What influences the customers’ opinions can be price, brand name or the level of advertising. Dodds, Monroe and Grewal (1991) conclude that perceived quality has a significant effect on the perceived value of a product or service, and that the perceived value assumably influences the purchase decision later in the process.

Value is, according to Anderson and Naurus (1998: 6), “the worth in monetary terms of the technical, economic, service, and social benefits a customer company receives in exchange for the price it pays for a market offer”. The perception of value arises when the prospect compares a product to another offer or
compares it to earlier experience. Anderson and Naurus (1998) therefore made the following equation to show the difference:

\[
(Value_p - Price_p) > (Value_a - Price_a)
\]

Value, and Price, are the value and price of the supplier’s market offering, while Value, and Price, are the value and price of the next best alternative. In this case the supplier’s offer is greater than the next best alternative and this supplier is therefore more likely to get chosen. In relation, Dodds, Monroe and Grewal (1991) conclude from their research that price has a positive effect on perceived quality, but a negative effect on perceived value and the willingness to buy. This means that the higher a price is, the greater quality is perceived from the product, however, since the total perceived value is lower, it may keep the prospect from purchasing.

The relationship between price, perceived quality and perceived value is summarized in figure 8:

![Figure 8 – The relationship between price, perceived quality and perceived value (Source: own)](image)

### 3.2.2.3. Servqual

A company can measure its performance of service quality by the use of a Servqual survey. The original Servqual survey contained 21 attributes grouped into five dimensions being: (1) reliability; is the company doing what it promised? (2) Responsiveness; is the company willing to help and provide on-time-service? (3) Assurance; is the company expressing trust and confidence? (4) Empathy; is the company able to see a situation through the customers’ perspective? and (5) tangibles; is the company well-equipped and with the needed physical facilities to provide the service? (Bergman and Klefsjö, 2003).

The aim of the Servqual method is to ask the customers about their perceptions of the performed service, but also to ask about the customers’ expectations. The expectations should reflect the level of service the customers would expect from excellent companies in a given sector. The perception should reflect the service quality performed by a specific company within the same sector. When comparing the results, the gap between the expected service and the perceived service can be measured and thereby provide the company with an idea of the customers’ opinion of the company. Since the method will measure the gap based on the five dimensions, the company can also gain an understanding of where it needs to improve (Bitner and Zeithaml, 2003). The result of the survey also leads to other benefits, for instance that companies can compare scores with competitors, or focus on specific segments whose score appears lower than the average score.
Servqual is useful as guidance for which service standards may be generic and important enough for a company to be performed. When applying Servqual, a company will usually develop its own survey with questions specifically to measure the performance in that company. It is therefore rather the method than the actual survey that will be used in order to measure a company’s performance of service quality.

3.2.2.4. The Kano Model

As mentioned before, a company can benefit from knowing the needs and expectations of its customers in order to avoid gaps. To understand the different levels of needs Noriaki Kano created The Kano Model. The model was originally developed for manufacturing companies and the needs of their customers. According to Kano customer needs can be divided into three main groups, which influence customer satisfaction in different ways when met. These are (1) basic needs, (2) expected needs and (3) excitement needs. The three needs can be understood by looking at figure 9. The vertical dimension illustrates the level of satisfaction or dissatisfaction, while the horizontal axis illustrates how well a need has been executed:

![The Kano Model](image)

The expected needs are those needs the customer will probably mention when acquiring a product. These needs can both create satisfaction and dissatisfaction, dependent on how well they are executed. Expected needs cover requests that the customer expects to have fulfilled. The basic needs are those needs that the customer will not mention when asked because they are simply too obvious and taken for granted. Therefore, the fulfillment of these needs will not provide satisfaction, but the absence of these will provide dissatisfaction. The excitement needs are more difficult to discover since they might only be found in the mind of the customer. If these needs are not fulfilled the level of satisfaction will not decrease since the customer might not be aware of them. However, if the excitement needs are discovered and fulfilled the level of satisfaction will be excessive and the company will be able to differentiate itself from the competitors.

The third dimension of The Kano Model is time. As mentioned earlier expectations and needs change over time. Excitement needs will become expected needs, and expected needs will become basic needs. Therefore, it is necessary to embrace new expectations and needs, and set new standards in order to continuously satisfy the customer (Bergman and Klefsjö, 2003).
3.2.2.5. Importance-Satisfaction Matrix

When carrying out surveys and interviews with customers it is important that the dimensions measured are appropriate. A company can presume what is important to the customer, but if the customer is not asked it is impossible to know whether the company is focusing on the correct features or simply wasting resources that could have been better spent.

The Importance-Satisfaction Matrix, as seen in figure 10, can be used by companies in order to focus on the right attributes according to customer needs. The level of satisfaction is shown on the horizontal axis while the vertical axis illustrates the level of importance in the mind of the customers. This division creates four quadrants with different purposes:

![Importance-Satisfaction Matrix](source: Bitner and Zeithaml 2003)

Quadrant 1 contains those attributes that the company should focus on improving the most. They are important to the customers, but the company is not performing them to a satisfactory level. In Quadrant 2 the company should strive to maintain the high level of satisfaction since the attribute is important to the customer. Quadrant 3 and 4 cover attributes that the customers do not find important. Therefore, the company should not focus on improving the quality of these attributes. In Quadrant 3 the company should maintain their attributes while they should deemphasize the attributes in Quadrant 4 since the company is spending unnecessary resources on features that are not important to the customers (Bitner and Zeithaml, 2003).

3.2.2.6. Dissatisfaction

So far, the discussion has highlighted the importance of satisfaction for business success. Though, it is inevitable that, at some point, customers or other partners will be dissatisfied with the company’s offer or performance for various reasons. In that case, the firm must take immediate responsive action in order not to lose the customer and to learn from the complaint. Research has shown that the correct handling can transform dissatisfaction into a high satisfaction level. This conversion is the aim of Complaint Management and Service Recovery, which will be described below.

An effective management of dissatisfaction needs to start with the correct attitude towards complaints. Too often people feel blamed by negative feedback. Instead, complaints should be regarded as a favor, as the company does not only receive a second chance to satisfy business partners, but also to learn about root causes of problems and to identify areas of improvement. Therefore, making complaints should be highly encouraged and facilitated. This is particularly important as research has shown that a large
proportion of people do not complain. The Technical Assistance Research Program started to investigate complaint behavior back in the 1970s and since then replicated the research. Their survey found that on average, across all industries, 50 percent of those that encounter a problem do not complain. The frequency of complaints depends on how serious the problems are. In business-to-business transactions, 75 percent will complain to a front line person (Goodman, 2006). Too often these complaints are not forwarded to the manufacturer or corporate office, which minimizes their effects. Goodman (2006: 29) furthermore states that the number of complaints has been decreasing in recent years, as customers have the feeling that “complaining doesn’t do any good”. The impact of dissatisfied customers that decide not to complain is critical for a company’s performance. Not only may the firm lose the dissatisfied customer, the business is also faced with negative word-of-mouth. The Technical Assistance Research Program found in the study that the number of people who will share their negative experience with others is twice as high as those that tell about their good experience. In order not to jeopardize the company’s reputation, businesses need to actively encourage customers to share feedback with the company first instead of spreading the word to many others directly.

Those that complain and get their problem resolved quickly are likely to stay with the company. In contrast, dissatisfied customers who do not complain are very likely to leave if comparable alternatives are available. This is exemplified in the graph below (figure 11), which describes the repurchase rate of customers in the context of consumer products:

![Figure 11 – Dissatisfied customers’ repurchase intention (Source: Technical Assistance Research Program)](image)

Some authors suggest that an excellent complaint handling can even create higher loyalty and satisfaction than if things had been satisfactory in the first place (Hart, Heskett and Sasser, 1990). Zeithaml and Bitner (2002) call this phenomenon ‘the recovery paradox’ but highlight at the same time that the recovery effort needs to be superlative for this to be achieved. Furthermore, the authors explain that the recovery paradox is not possible in all types of failures and that high costs are generally associated with exceptional recovery.

Lessons for the future are a crucial aspect of Complaint Management: “most companies spend 95 percent on reacting to individual complaints and less than 5 percent for analyzing and using them as a means for improvement” (Adamson, 1993 cited in Fundin and Elg, 2006: 987). Therefore, the development of a systematic Complaint Management system is of great importance. Deming’s earlier described PDSA cycle can serve as a basis for such an ongoing process.
The importance of customer satisfaction and complaint handling can also be recognized in the fact that the International Organization of Standardization introduced “a new triad of complaints-handling standards” (Hughes and Karapetrovic, 2006: 1173), namely ISO 10001/2/3, in response to the growing demand for guidelines for a customer satisfaction and complaint system. ISO 10001 provides guidelines for customer satisfaction codes of conduct. ISO 10002 is then concerned with guidelines for handling complaints and satisfactory recovery in case of dissatisfied customers. Finally, ISO 10003 gives instructions for external complaint handling processes in the event that organizations are not successful in solving customer complaints. These three standards were created to help companies to achieve a higher level of customer satisfaction and to handle customer complaints more effectively.

3.3. Learning Organization

In his book ‘The Fifth Discipline’, Peter Senge (1990) suggests that those organizations that can create people’s commitment and capacity to learn at every level in the company will be the most successful ones in the future.

Organizational Learning describes the way an organization learns and adapts. The result of such learning processes is knowledge, which is said to be the most important source of sustainable competitive advantage a firm has (Davenport and Prusak, 1998; Nonaka, Toyama and Nagata, 2000). In order to utilize this knowledge to its full potential, it needs to be managed. Thus, structuring and leveraging knowledge is the task of Knowledge Management.

As knowledge is one of the resources that companies possess, the following chapter will start with a description of the resource-based view and introduce the concept of dynamic capabilities. Afterwards, Organizational Learning and Knowledge Management will be discussed.

3.3.1. Resources and Dynamic Capabilities

A major concern of strategic management is the question of how companies can gain sustainable competitive advantage. Environmental models, such as Porter’s Five Forces, focus on external opportunities and threats, assuming that firms possess identical resources that are highly mobile. In contrast, the resource-based view highlights a company’s internal strengths and weaknesses and considers the exploitation of a firm’s unique resources as the key to sustained competitive advantage. According to Barney (1991), this requires resources that are valuable, rare, imperfectly imitable and not substitutable. It is claimed that the resource-based view offers a more secure source for strategies in times of rapid environmental change (Grant, 2005).

Teece, Pisano and Shuen (1997: 516) define resources as “firm-specific assets that are difficult if not impossible to imitate”. These assets can be (1) tangible resources such as buildings, equipments or stock, (2) intangible resources such as knowledge, reputation and brands and (3) human resources such as employees’ skills and experience.

A capability is a “firm’s capacity to deploy resources for a desired end result” (Grant, 2008: 135). Organizational routines are the basis for capabilities, which are embedded in the company and its
processes and are thus more difficult to transfer to other organizations. Grant (2005: 148) states that “routines are to the organization what skills are to the individual”. Makadok (2001: 389) explains that “if the organization were completely dissolved, its capabilities would also disappear, but its resources could survive in the hands of a new owner”. In other words, a patent may be acquired by another company, but the knowledge to create a new version cannot be obtained with this purchase.

While organizational capabilities refer to the competence or routine to perform an activity, dynamic capabilities are the ability to adjust or renew those organizational capabilities to the environment. According to Teece, Pisano and Shuen (1997) this shall address rapidly changing environments, while Zollo and Winter (2002: 340) state that companies “integrate, build, and reconfigure their competencies even in environments subject to lower rates of change”. The authors define a dynamic capability as “a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness” (Zollo and Winter, 2002: 340).

**3.3.2. Organizational Learning**

Organizational Learning is described as “a means to develop capabilities that are valued by customers, are difficult to imitate, and hence contribute to competitive advantage” (Crossan and Berdrow, 2003: 1089). In simple words, Organizational Learning is concerned with the way companies learn and adapt in order to improve their performance.

Timlon and Hilmersson (2009) link dynamic capabilities to Organizational Learning and suggest that dynamic capabilities refer to two different Organizational Learning capabilities: operational and conceptual. Operational learning is concerned with ‘how to do’ instructions, while conceptual learning emphasises the ‘know-why’ aspect and investigates further into cause and effect relationships. According to Timlon and Hilmersson (2009) operational and conceptual learning capabilities can be related to different kinds of Organizational Learning processes, namely single-loop and double-loop learning. This distinction of Organizational Learning was originally proposed by Argyris and Schön (1978). Single-loop learning is concerned with corrective actions in response to external influences. Systems and processes are adapted and improved while existing underlying values and objectives are not questioned. Operational learning capabilities can be referred to this kind of Organizational Learning process. Double-loop learning, on the other hand, questions the underlying assumptions behind the company’s values and objectives, which can be seen in figure 12. As Crossan and Berdrow (2003) explain, single-loop learning measures the deviation from stated goals, while double-loop learning assesses the deviation from environmental demands. With respect to learning capabilities, this is in line with the ‘know-why’ conceptual learning. Timlon and Hilmersson (2009: 17) conclude that “a conceptual organizational learning capability, therefore, seems to have a higher potential than an operational learning capability to sustain the dynamic nature of capabilities”.

![Figure 12 – Single-loop and double-loop learning (Source: Argyris and Schön, 1978)](image.png)
In the following sections, two models that aim to describe the process of Organizational Learning will be presented (Sanchez, 2005; Crossan and Berdrow, 2003). Both models are based on the assumption that learning takes place at three different levels in an organization and describe how knowledge is forwarded from one level to the other. The term knowledge will be defined more thoroughly later in the section on Knowledge Management. For now, knowledge can be understood as “a set of beliefs that individuals hold about cause-and-effect relationships in the world and within an organization” (Sanchez, 2005: 15).

3.3.2.1. The Five Learning Cycles of a Learning Organization

The Five Learning Cycles of a Learning Organization (Sanchez, 2005) describe how individuals, groups and the overall organization are linked in an Organizational Learning process. The model (figure 13) shows how continuous Organizational Learning takes place: individual knowledge becomes accepted by others in the organization and is eventually embedded in the culture, systems and processes of a company. The new organizational knowledge is then spread throughout the company and thus embedded into the work of groups and individuals.

Sanchez (2005: 17) states that “the ultimate source of organizational knowledge is the knowledge that individuals in an organization develop through their own personal sensemaking processes” (Individual Learning Cycle). The Individual/Group Learning Cycle then describes how individual knowledge is shared with colleagues to see whether this belief is accepted as a basis for group actions. Group work is usually
coordinated by routines and common beliefs. In the description of the Group Learning Cycle, Sanchez refers to the earlier mentioned ‘how to do’ (know-how) and ‘know-why’ knowledge and explains that groups execute ‘know-how’ routines to accomplish given tasks but should also apply double-loop learning to question existing processes, routines and beliefs. When groups have identified ways to improve their way of work, this may require the support and resources of other groups in the organization. To gain the support and resources, the knowledge needs to be communicated to the other groups in order to gain their acceptance (Group/Organization Learning Cycle). Finally, in the Organization Learning Cycle, different groups exchange their group knowledge to gain acceptance and thus serve as a basis for action-taking in the organization. Once this knowledge is accepted company-wide, it is embedded in the whole organization, including groups and individuals.

3.3.2.2. 4I Organizational Learning Framework

Crossan and Berdrow (2003) base their 4I Organizational Learning Framework (figure 14) on the same assumption that learning occurs at three different levels within a company, namely individual, group and organization. The authors furthermore suggest that individual learning, group learning and organizational learning are connected by four processes (‘4Is’): intuiting, interpreting, integrating and institutionalizing.

Intuiting is located within individuals, who develop new insights based on their experience. Individuals translate those insights into metaphors and images, which can then be communicated. Interpreting refers to “the explaining of an insight or idea to one’s self and to others” (Crossan and Berdrow, 2003: 1090). Interpreting is the link between individual learning and group learning. Individuals make their insights explicit by presenting them to others, which happens through conversation and dialogue. The third process, integrating, occurs at the group level. Integration is “the process of developing shared understanding among individuals and of taking coordinated action through mutual adjustment” (Crossan and Berdrow, 2003: 1090). Finally, the fourth process of institutionalizing ensures that the learning that took place among individuals and groups is embedded in the whole organization and its routines, rules and procedures.

![Figure 14 – 4I Organizational Learning Framework (Source: Crossan and Berdrow, 2003)](image-url)
The ideas that were forwarded from individuals or groups are made available to all members of the organization and thus become independent of their individual or group origins. As these new institutions affect the experiences of individuals and their intuition, these four processes form a learning loop. Crossan and Berdrow (2003) call these bidirectional processes feed-forward learning to the organizational level and feed-back learning to the individual level.

According to Crossan and Berdrow (2003: 1090) “within a constantly changing environment, organizations must manage the tension between institutionalized learning and the processes of intuiting, interpreting, and integrating”. Through institutionalized learning, a company can exploit existing organizational capabilities, whereas intuiting, interpreting and integrating help to explore what has been learned.

3.3.3. Knowledge Management

Being aware what knowledge actually means is a prerequisite for companies that attempt to manage the knowledge that resides inside their organization. In this context, the terms data, information and knowledge are often considered to be different words for the same meaning. Davenport and Prusak (1998: 1) highlight that “data, information and knowledge are not interchangeable concepts. Organizational success and failure can often depend on knowing which of them you need, which you have, and what you can and can’t do with each”.

Data is defined as “a set of discrete, objective facts about events” (Davenport and Prusak, 1998: 2). The user of data does not know about its context, where it came from and why it is communicated. Under these circumstances, data does not provide any basis for decision-making and action as it gives no judgment and interpretation. Davenport and Prusak (1998: 3) describe data as “raw material for the creation of information”. Drucker (1988: 46) characterizes information as “data endowed with relevance and purpose”. Davenport and Prusak (1998) describe information as a message, which is forwarded from a sender to a receiver and supposed to impact the receiver’s judgment and behavior. It is then up to the receiver to decide whether the message is really information. Information becomes knowledge with the application of reasoning and experience. By understanding common patterns, knowledge is created. Davenport and Prusak (1998: 5) define knowledge as follows: “Knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information.” They furthermore highlight that the conversion of information into knowledge can only be accomplished through human activities. The continuum of data, information and knowledge is shown in figure 15:

Figure 15 – The link between data, information and knowledge (Source: own)
After defining what knowledge constitutes, the central role of knowledge in today’s business world will be highlighted in the following.

Authors suggest that knowledge is the most important source of sustainable competitive advantage a firm has (Davenport and Prusak, 1998; Nonaka, Toyama and Nagata, 2000). There are various reasons that support this view: knowledge is an unlimited resource and the only asset that grows with use (Davenport and Prusak, 1998). While tangible products or natural resources depreciate in value when used and shared, the value of knowledge grows (Bornemann and Sammer, 2003). Technology and products can be duplicated by competitors and are, in many cases, no longer a source of sustainable competitive advantage. But the company that successfully uses its knowledge will have moved to a new level of quality by the time the competitors have followed, thus retaining a competitive edge (Davenport and Prusak, 1998). As knowledge cannot be imitated, “the only sustainable advantage a firm has comes from what it collectively knows, how efficiently it uses what it knows, and how readily it acquires and uses new knowledge” (Davenport and Prusak, 1998: xv).

Within organizations, there exists a great amount of knowledge, but it is not always accessible and available when required. ‘If only we knew what we know’ describes how companies struggle to utilize existing knowledge to its full potential (Davenport and Prusak, 1998; O’Dell and Grayson, 1998) and justifies the increased interest in Knowledge Management.

Knowledge Management is defined as “any process or practices of creating, acquiring, capturing, sharing and using knowledge, wherever it resides, to enhance learning and performance in organization” (Swan, Scarbrough and Preston, 1999: 669).

This definition is in line with the understanding of Probst (1998) who created a knowledge cycle (figure 16) by identifying eight building blocks of Knowledge Management representing activities that are directly related to knowledge. In addition to the activities of knowledge identification, acquisition, creation, transfer, preservation and utilization, Probst also highlights the importance of setting knowledge goals and measuring the outcomes of knowledge activities. Knowledge goals point the way for Knowledge Management activities and include normative, strategic and operational goals. Knowledge measurement is said to be a major challenge but at the same time holds considerable potential value. “If you can visualize it, you can measure it, and if you can measure it, you can manage it for continuous improvement” (Probst, 1998: 28).
3.3.3.1. Knowledge Creation

The renewal of existing knowledge and the creation of new knowledge are highly dependent on such items as past experiences, interpretation, imagination and creativity. Passing on these thoughts to others in order to create new knowledge requires direct interaction between people. The underlying concept behind is the differentiation of tacit and explicit knowledge.

Tacit knowledge is defined as “highly personal and hard to formalize, making it difficult to communicate or to share with others. [...] Furthermore, tacit knowledge is deeply rooted in an individual’s action and experience, as well as in the ideals, values, or emotions he or she embraces”. Explicit knowledge, on the contrary, “can be expressed in words and numbers, and easily communicated and shared in the form of hard data, scientific formulae, codified procedures, or universal principles” (Nonaka and Takeuchi, 1995: 8).

IT systems can process, store and share explicit knowledge. This is not the case for tacit knowledge. Before it can be communicated and shared throughout the company, tacit knowledge needs to be converted in order to make it understandable for anyone. The tacit knowledge of individual employees is only of value to the company if it can be converted into explicit knowledge. According to Nonaka and Takeuchi (1995), organizational knowledge is created when this conversion takes place.

Nonaka and Takeuchi (1995) developed the SECI model (figure 17), which describes the interaction and interchange of tacit and explicit knowledge and defines four types of knowledge conversion: Socialization, Externalization, Combination and Internalization.

Socialization occurs when individuals share experiences with one another and thus create common tacit knowledge (Nonaka, Umemoto and Senoo, 1996). Tacit knowledge can be acquired through observation, imitation and practice (Nonaka, 2007) and can be illustrated by the example of a traditional apprenticeship (Nonaka, Umemoto and Senoo, 1996). Socialization can be applied with the best results in informal social events and meetings inside and outside the organization. IT systems, on the contrary, are not very useful in this mode, even though videoconferencing can be used to exchange tacit knowledge.

Externalization is “the process of articulating tacit knowledge into explicit knowledge concepts” (Nonaka and Takeuchi, 1995: 64). As long as tacit knowledge is not made explicit, as it is the case in Socialization, it cannot be leveraged by the whole organization and thus does not contribute much to knowledge creation. The conversion and codification of tacit knowledge into explicit knowledge takes place in the form of
“metaphors, analogies, concepts, hypotheses, or models” (Nonaka and Takeuchi, 1995: 64). This is accomplished through more formal interactions and activities, such as experience workshops and reports (Hoegl and Schulze, 2005).

Combination brings together different bodies of explicit knowledge into “new, more complex and systematic sets of explicit knowledge” (Hoegl and Schulze, 2005: 266). This is achieved through sorting, adding, combining and categorizing existing knowledge. IT systems have the highest relevance in this mode of conversion. The use of databases and the documentation of best practices are examples for methods that are applied to enhance combination (Hoegl and Schulze, 2005). According to Nonaka (2007), this mode of conversion does not necessarily extend the company’s existing knowledge base, though.

Internalization occurs when the new explicit knowledge, which is shared throughout the company, is internalized by other employees in order to extend their own tacit knowledge (Nonaka and Takeuchi, 1995). This conversion is achieved through ‘learning by doing or using’ (Nonaka, Umemoto and Senoo, 1996). Hoegl and Schulze (2005) give the example of research services as a method for internalization, which provide explicit knowledge or material that can be internalized by members of the organization. As this tacit knowledge is then kept at the individual level, it needs to be shared with others again, thus starting a new spiral of knowledge creation.

Knowledge is created when tacit knowledge and explicit knowledge are exchanged. Therefore, externalization and internalization are the most important steps in the spiral of knowledge and require active involvement and personal commitment to create something new (Nonaka, 2007).

3.3.3.2. Knowledge Transfer

After creating knowledge it needs to be shared in order to truly provide sustainable advantage to a company. If knowledge is merely stored inside the employees, it is not tied up in the company and can therefore easily disappear, for instance when employees change jobs. The knowledge is, so to say, going out of the door. Therefore, to avoid reinventing the wheel, knowledge must be transferred in order to remain in companies and to be fully exploited.

Hendriks (1999: 92) argues that in a strict sense, knowledge cannot be shared because it is tied to a meaningful subject and in order to exist and spread, knowledge needs to be reconstructed: “It takes knowledge to acquire knowledge and, therefore, to share knowledge”. Thus, to be successful, the process of knowledge sharing requires at least two parties: a sending unit and a receiving unit (Gupta and Govindarajan, 2000). Hendriks (1999) expands the process by adding an act to each unit. The sending unit, the knowledge owner, must perform an act of externalization. This requires explaining the knowledge to the receiving unit, or to codify the knowledge into a document or another type of structured knowledge base where the receiving unit can obtain it later. Meanwhile, the receiving unit, the knowledge acquirer, should perform an act of internalization in order to be receptive. Thus, the receiving unit needs to be investigative and seek to understand the codified documents or knowledge base. The process can be supported of the receiving unit, by reading books or attending a learning-by-doing process with the sending unit.
Davenport and Prusak (1998) summarize this process in the following equation:

\[
\text{Transfer} = \text{Transmission} + \text{Absorption}
\]

As seen from the equation, only if the receiver absorbs the knowledge it has truly been transferred.

**Barriers to Knowledge Transfer**

Even though both parties perform the act of externalization and internalization, the process might still not be successful. This can be caused by different barriers that can harm the knowledge transfer process.

Hendriks (1999) mentions time and space as the most likely barriers, but adds social distance, culture and language as more fundamental reasons for the failure. These last three barriers can be vital for the receiving unit to understand the knowledge. If the codification of knowledge has been too personalized, it can be difficult for the receiving unit to understand what is meant. This can be caused by both differences in language, but also minor things as for instance the choice of words, which can lead to misunderstandings.

O’Dell and Grayson (1998: 155) claim that ignorance is the biggest barrier to knowledge transfer:

“At most companies, particularly large ones, neither the ‘source’ nor the ‘recipient’ knew someone else had knowledge they required or would be interested in knowledge they had. The most common response from employees was either ‘I did not know that you needed this’ or ‘I did not know that you had it’.

In addition to ignorance, O’Dell and Grayson (1998) state ‘absorptive capacity’ and ‘lack of relationship’ to be the biggest obstacles to a successful knowledge transfer process. Absorptive capacity refers to that the management simply does not have the resources to fully implement a system or process into the company, even though the system or process might already be existing in some parts of the company. The lack of relationship concerns the sending unit and the receiving unit. If the units are not willing to help each other to enhance the understanding of the knowledge, the transfer may again fail.

**Enablers of Knowledge Transfer**

The most effective way of transferring knowledge from one location to another is to physically transfer the person who possesses the knowledge. This way both tacit and explicit knowledge will be transferred and misunderstandings and errors eliminated (O’Dell and Grayson, 1998). Nevertheless, this kind of knowledge transfer is hardly ever possible as it will bring along too many sacrifices. Instead a company can support the process by employing different enablers that might be beneficial. O’Dell and Grayson (1998) declare some of these enablers to be technology and culture.

In numerous companies knowledge transfer takes place online, either on a network drive or intranet, or with the help of an intelligent software system. The benefit of these systems is that they may empower employees, by providing a tool to support and boost their personal knowledge sharing abilities. However, owing to employees’ fear of IT or missing introductions to these systems they will often not be used to their full potential. Instead they will work as a place for storage, where it is difficult to find what is needed,
because of the huge amount of knowledge available. According to Probst (1998: 27) a company should only preserve “information that will be usable for a third party in the future. Everything else just costs time and erodes trust in the quality of the documentation system. Less is more”. Thus, it is also important to consider whether all knowledge is equally important to all employees or whether tailoring specific knowledge to specific employees is more beneficial: “who should know what, to what level of detail, and how can the organization support these processes of knowledge distribution? Not everyone needs to know everything” (Probst, 1998: 25). Knowledge is often too complex to be captured electronically; hence, technology should merely be considered as great support to knowledge transferring processes, and not as the entire solution. Davenport and Prusak (1998: 41) support this statement by adding “the medium is not the message though it may strongly affect the message. The thing delivered is more important than the delivery vehicle”.

Culture can be considered as an enabler given that the entire company needs to be supportive and active in the knowledge transferring process. However, commitment and confidence from the management to the process is crucial in order to be successful. The management must stress the importance of sharing knowledge and should likewise permit employees to spend time on both formal and informal processes of knowledge transfer. Often companies forget that the informal processes are just as important as the formal ones, because the outcome might not be as obvious and therefore, it might seem as wasted resources. Furthermore, by allowing success stories to be told on meetings and in other connections the management can show its support. In the start-up phase of the process, the management can implement a reward system to make more employees share their knowledge. Osterloh and Frey (2000) distinguish between monetary and motivational rewards and state that by satisfying the employees’ needs, the employees will become motivated. Especially by providing monetary rewards the company can connect its employees’ monetary motives to the goals of the company. According to Osterloh and Frey (2000: 539) the ideal tangible reward system is “strict pay-for-performance” while the ideal intangible reward system is “in the work content itself, which must be satisfactory and fulfilling for the employees”. However, a reward system might not motivate the employees but rather make them cynical, if not integrated fully in the company culture (O’Dell and Grayson, 1998). Therefore, it is important that the management considers whether a potential reward system should include tangible and/or intangible rewards, and of course, whether a reward system would be supporting the culture or rather destroying it.

Several authors (O’Dell and Grayson, 1998; Osterloh and Frey, 2000; Voelpel, Dous and Davenport, 2005) stress the importance of measuring and replicating ‘best practice’ for companies externally as well as internally. The external measurement can function as benchmarking by knowing how good the competitors are in transferring knowledge, and using this level as a goal. These benchmarks can be set to stress the urgency, but also as hope, by knowing that it is possible to achieve the same level (O’Dell and Grayson, 1998). Meanwhile, the internal measurement can help companies to see where they act especially well and attempt to replicate this behavior in the entire organization. In some companies ‘best practice teams’ have been established with the objective of finding these companies’ best performances and to analyze why they are so successful in that part. Often these teams consist of employees, from different functions and departments, who act as internal consultants to assist transfers (O’Dell and Grayson, 1998).

Efficient knowledge transfer can be beneficial concerning both the amount of time spent on a task and the quality delivered. Moreover, by making knowledge available in the organization a company can make fast decisions based on facts and hence perform better.
3.3.4. Customer Knowledge Management

While traditional Knowledge Management can be characterized with the sentence ‘if only we knew what we know’, Customer Knowledge Management (CKM) is rather concerned with ‘if only we knew what our customers know’ (Gibbert, Leibold and Probst, 2002). CKM is related, but not similar to CRM. While CRM is concerned with preserving knowledge about the customer, CKM is coping with how to gain knowledge directly from the customer. Thus, Gibbert, Leibold and Probst (2002: 460) state:

“By managing the knowledge of their customers, corporations are more likely to sense emerging market opportunities before their competitors, to constructively challenge the established wisdom of ‘doing things around here’, and to more rapidly create economic value for the corporation, its shareholders, and last, but not least, its customers”.

Knowledge from customers is especially interesting since customers gain expertise in a product or service during usage. Therefore, the customers can be regarded as equal partners when discussing changes or improvements (Gebert et al., 2003). In addition, García-Murillo and Annabi (2002: 877) state that “every interaction with customers is a mini market study of customer preferences”. However, knowledge from the customers is not only beneficial for the company. By letting a company know about customer needs, the organization will be better equipped to perform outstanding customer service and thus, the customers will be better prepared to make a decision about a purchase.

Additionally, a company can benefit from two types of customer knowledge: (1) knowledge directly related to the product and services, including problems and complaints and (2) knowledge that can be beneficial to help the customer make a purchase decision. Traditional knowledge about the customer, in relation to CRM, can be useful to recognize issues and preferences; however, it is complicated to determine reasons for customers’ decisions. With knowledge from the customer a company can directly gain knowledge about issues, preferences and needs and thereby satisfy the customers’ needs instantly (García-Murillo and Annabi, 2002).

According to Gibbert, Leibold and Probst (2002) the internet is an excellent location for many companies to gain knowledge about their customers. Often the internet is used by companies to create online databases for customers to exchange knowledge and experiences. The incentive for the customers, to transfer their knowledge, is that they are part of a community and can help other users. At the same time companies have free access to the database and can learn about customer needs and opinions directly from the source.

What these companies are doing, is to use CKM as an enabler to change customers from being passive information sources and users of products and services, into being active knowledge partners. CKM can therefore be regarded as the link between Knowledge Management and Relationship Marketing. Moreover, the companies are changing their customers from merely being profit-sources to becoming knowledge-sources. Thereby companies collaborate with their customers for dual value creation.
3.4. Employee Satisfaction

As mentioned earlier an organization consists of groups or teams and individual employees. These individual human beings are crucial to remember, when considering all processes that take place in an organization, since they are the ones who keep the motor running. A company’s goal cannot be reached if the employees are not performing. Therefore, a company should consider its employees as internal customers who need to be satisfied with their jobs in order to perform: “to have satisfied customers, the firm must also have satisfied employees” (George, 1977: 91).

Heskett et al. (1994: 164) created the Service-Profit Chain (figure 18) to illustrate the relationship between employee satisfaction, customer satisfaction, and profitability:

“Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Value is created by satisfied, loyal, and productive employees. Employee satisfaction, in turn, results primarily from high-quality support services and policies that enable employees to deliver results to customers”.

According to Tansuhaj, Randall and McCullough (1988: 34) the feeling an employee has about a job can be divided into five dimensions: “a) satisfaction with the work itself, b) satisfaction with pay, c) satisfaction with promotion prospects, d) satisfaction with supervision, and e) satisfaction with co-workers”. A company’s management can satisfy its employees by using different motivations as will be clarified in the Two Factor Theory later. These motivations can be tangible or intangible and should be administrated according to the individual need to enhance the level of employee satisfaction. A way for the management to identify these motivational needs is to conduct internal surveys, where the employees declare their level of satisfaction in order for the management to see what should be improved. The measured levels could be the five dimensions defined by Tansuhaj, Randall and McCullough or it could be more precise dimensions made specifically by the management for the company.

A positive culture and atmosphere in an organization is paramount to have satisfied employees. According to Hofstede and Hofstede (2005) the culture of an organization can be compared to the culture of a nation. Yet, in an organization, the members did not grow up in it, and what is more, the members are only involved in it during working hours and will one day leave the culture. Thus, to retain a company’s staff the firm needs to preserve a positive culture, which motivates and empowers the employees, as a high
turnover of employees is too costly. The concept of encouraging the internal market (the employees) to perform better is also the essence of internal marketing, which will be presented below.

3.4.1. Internal Marketing

Studies of human resource management and organizational behavior show that organizational effectiveness can be enhanced by proper utilization of employees (Koys, 2001). In accordance with Heskett et al. (1994), Koys (2001) presents a chain where management practices influence a company's employee performance and retention, which subsequently influence the outcome of the organization, being customer satisfaction. Koys (2001) later underlines that employee retention is important because experienced employees have greater knowledge of organizational and customer goals and hence, the organization will be more effective.

George (1977: 63) defines internal marketing as: “[the focus] on achieving effective internal exchanges between the organization and its employee groups as a prerequisite for successful exchanges with external markets”. Together with Grönroos (George and Grönroos, 1989) he later describes internal marketing as a philosophy for managing an organization’s human resources based on a marketing perspective, where the management must be prepared to do a great job with its employees, if it wants its employees to do a great job with the company’s customers.

Internal marketing has two objectives when integrating employees into the processes of an organization: (1) to enhance the employees’ understanding of the business and its activities, with the focus on becoming more customer conscious and (2) to ensure that the employees are prepared and motivated to act in a manner that support this focus (Schneider, 1986). To achieve these goals and to create a quality service experience for the customers, the management must create a quality service experience for the employees as well. Schneider (1986) suggests that a management focuses on issues as membership, socialization, identity and structural-, interpersonal-, and environmental matters to create this experience. This means that the management needs to focus on several levels, and not only the holistic stage of the organization, but also look into each team and each employee. Schneider (1986) furthermore adds that the interpersonal matter is crucial since this is a way of spreading the gospel of customer awareness in an organization. The management is advised to identify the company’s role models, who have already internalized the customer-conscious approach and make them an integrated part of the project. Thus, more employees might automatically be influenced, because these role models will make other employees interested in the process. Schneider (1986) finally states that an organization needs to reward and support these role models as they will, most likely, have a higher number of job related tasks than earlier. This type of communication from the management stresses the importance for the employees of being customer conscious, and shows that the management is aware of its employees’ performance:

“Everybody should see himself as a customer of colleagues, receiving products, documents, messages, etc. from them, and that he should see himself as a supplier to other internal customers. Only when the customers are satisfied - it is the satisfied customer that counts irrespective of whether he is external and internal - has a job been properly executed” (Gummesson, 1987: 17).
Often it is only few persons in a company that have direct contact to customers; however, all employees are indirectly influencing the result that the customers get. As mentioned earlier, when discussing Relationship Marketing, Gummesson refers to these persons as ‘part-time marketers’ that should consider colleagues with direct contact to customers as their own clients and thus assist these employees to provide the best possible service for the company’s external customers.

According to Rafiq and Ahmed (2000) internal marketing is also about overcoming an organizational resistance to change and thereby motivating, aligning and integrating the employees towards an implementation of functional strategies. This motivational hurdle should be focused on each employee and therefore, different approaches of achieving employee motivation might be useful.

### 3.4.2. Employee Motivation

Having motivated employees is a prerequisite for any company wishing to gain a competitive advantage through an increased level of service, which, in turn, strengthens customer loyalty. Hofstede and Hofstede (2005: 264) define motivation as “an assumed force operating inside an individual, introducing him or her to choose one action over another”. In line with this definition it is paramount to remember that each employee may be motivated by different actions in order to be satisfied and thus to be able to perform.

#### 3.4.2.1. Three Needs Theory

McClelland defines three needs, which influence a person’s motivation and effectiveness in certain job functions. These motives are called (1) the achievement motive, (2) the affiliation motive and (3) the power motive (Miner, 2005).

The need for achievement is related to persons who need regular feedback to monitor their own development. They prefer to work their way to the top, rather than by taking chances. These individuals get satisfied by achieving a goal through their own effort and therefore prefer to work either alone or with colleagues with the same motive. If the need for achievement is not fulfilled the involved persons are likely to constantly suggest other ways of solving a problem and might seem as a know-it-all. To fulfill this need best, these persons should be given challenging projects with reachable goals and be provided feedback as often as possible.

The need for affiliation concerns those employees that need to be socially accepted in a workplace in order to perform. These persons prefer to work in teams where personal interaction is possible and tend to conform to the norms of the team they work in. If this need is not fulfilled they have a tendency to become passive and to change their opinion according to what others think. To satisfy the affiliation need employees should be provided with a co-operative team culture, which makes these persons best capable of performing.

The need for power is related to persons who express themselves through their strength and who create a plan and follow it. These persons need to be of influence when decisions are taken, no matter what the decision is about. They like to take responsibility and prefer to control the process in a team. If this need is not satisfied these employees are very likely to criticize others in an aggressive way and to enforce the rules.
that have been decided on earlier. To fulfill the need for power, the management should provide the opportunity for these persons to lead others in appropriate occasions.

These three motives are present in all humans to some degree. If these needs are not covered through normal, constructive development on the job they will occur as an even larger need. Therefore, it is important for a management to take these needs into consideration when observing and acting with its employees.

### 3.4.2.2. Two Factor Theory

Another theorist who is well-known for his contribution to motivational theories is Frederick Herzberg. He conducted a study to identify which factors, in an employee’s workplace, were causing satisfaction and dissatisfaction. The result was caused by several issues, and the most interesting finding was that factors that created dissatisfaction would not automatically create satisfaction if they were improved and vice versa (Miner, 2005). Herzberg thereby states satisfaction not to be the opposite of dissatisfaction, since these conditions can be caused by different matters. Additionally he explains that employees are affected by two different types of motivation when working: (1) motivators, which are those factors that concern the content of the job, such as recognition, responsibility and promotion and (2) hygiene factors, which are those circumstances that surround the job, for instance job security, relationships with co-workers and salary.

Herzberg’s conclusion of this rough division is that motivators give positive satisfaction when present, whereas hygiene factors do not give positive satisfaction when present, while they give dissatisfaction when absent. Thus, to improve job satisfaction, the management must recognize and attend both kinds of factors. Furthermore, to attract new employees the hygiene factors need to be accomplished, since they have short-term improving effects, meanwhile the retention of employees rather requires the fulfillment of motivators because they have a long-term improving effect.

### 3.4.2.3. Flow Theory

The Flow Theory was introduced by Mihály Csikszentmihályi who wanted to understand what creates the feeling of satisfaction in a person. His argument for ‘flow’, which he regards as the optimal work experience, is that a balance between which challenges the employee meets and which skills the employee possesses must be present. If this is not the case, the person would not feel the ability to defeat the challenge and thereby to feel satisfaction. Flow happens when employees can use all their skills to overcome a challenge in a successful way (Csikszentmihályi, 1992). This is illustrated with the flow channel in figure 19. As the level of possessed skills is not static the level of challenge needs to be increased in order to avoid boredom. However, if the level of challenge is increased too much, the skills will not be sufficient and a feeling of anxiety and stress will appear for most employees.
Csíkszentmihályi (1992) performed a study to understand the optimal work experience. The study was based on interviews with persons working under normal conditions in order to give their opinions about which factors were of influence when being in the flow channel. The result was a mixture of conditions and components. Some persons mentioned to receive immediate feedback while others brought up the feeling of loosing track of time. Others again stated that the feeling of natural commitment was important and finally some mentioned the emotion of being less self-centered, even though the feeling of flow strengthens the ego. Regardless of the wide range of these conditions, at least one of these – if not all – conditions were mentioned in all of the interviews, when talking about flow.
3.5. Summary

In today’s fierce competition, companies need to develop excellent relationships with their customers and other partners in order to be successful in the long run. A lasting bond can only be achieved if both parties are satisfied with the outcome of the relationship, which should be based on trust and commitment. Therefore, learning about the partners’ level of satisfaction and possible roots of dissatisfaction is of great importance. Feedback surveys and their utilization play a vital role in this learning process.

In the following, a research model (figure 20) will be presented, which summarizes the elements of the theoretical chapter and serves as a framework for the subsequent sections to follow:

Satisfaction is the result of the relation between expectations and perceptions. Customers and other partners have certain expectations about the performance of a company. If the actual experience of the delivered product or service meets or exceeds these expectations, satisfaction will be in place. If, however, the perception is lower than the expectation, there will be a negative gap, which causes dissatisfaction.

Gaining feedback from business partners, such as customers and dealers, is a vital tool to learn about their level of satisfaction. Feedback surveys can reveal which aspects of the business the company handles particularly well and should preserve, and which areas need to be improved in order not to endanger the relationship.
Feedback usually provides a large amount of data and information, which, in itself, will not serve as a basis for decision-making and action-taking. The feedback needs to be utilized in the company and transformed into knowledge: knowledge is created when feedback findings are combined with existing individual, team and organizational knowledge. This newly created knowledge has to be shared within the organization in order to be exploited to its full potential and to incorporate it into the business.

The workforce of a company plays a crucial role in the process of knowledge creation and knowledge transfer, as those activities are dependent on human interaction. Therefore, the motivation of employees to discuss the feedback and to look for possible reasons and solutions is vital. Only if all employees in the organization commit themselves to get involved, the company can learn and create action plans for a better performance and thus provide a higher level of satisfaction of business partners.

Knowing about the reasons behind the feedback, putting it into context and developing strategies to react is not the end of the journey. This actionable knowledge will only give benefit to the company if it is applied and transformed into action. Again, the role of employees is central in this process. Action can be taken in the form of concrete problem-solving, process optimization but also through the spread of ‘success stories’ that can be duplicated in other parts of the company.

If the organization acts in response to the received feedback and adjusts its performance according to the preferences of its partners, the perception of customers and dealers is very likely to increase and hence, their level of satisfaction will also increase. This is a basis for sustaining the relationship. In this context, having satisfied dealers is equally important as having satisfied customers, as the dealer performance largely affects customers’ perceptions and thus the company’s success.

The feedback loop, illustrated in the research model, is a permanent process as expectations change and increase over time. Therefore, a company needs to continuously learn about the current expectations and perceptions of customers and partners in order to adjust the company’s performance with the aim to achieve a high level of satisfaction.
This chapter aims to provide a comprehensive overview of the current process of feedback utilization at the case company by presenting to the reader a summary of empirical data that has been collected. The section will start with a company presentation, which will be followed by a description of the company’s approach to quality as well as its current use of customer and dealer satisfaction surveys. Thereafter, the internal environment will be studied, including the aspects of communication and employee satisfaction surveys.
4. Empirical Study

4.1. Volvo CE Region International

Region International serves Volvo CE customers in Latin America, Africa, Russia, Ukraine & Belarus, Middle East, Turkey & Central Asia and Oceania. Besides Region International’s headquarters in Eskilstuna, there are 11 global offices with Volvo CE employees throughout the six sub-regions. These are located in Moscow, Istanbul, Sydney, Dubai, Johannesburg, Havana, Curitiba, Lima, Santiago, Mexico City and Casablanca (figure 21). Region International approaches its customers via 64 dealers, three of which are owned by Volvo CE, namely in Morocco, Russia and Turkey. In total, the company has access to customers in approximately 100 countries within the division’s sub-regions.

Region International is the fastest growing sales region within Volvo CE and sold approximately 9000 units in the year 2007 (Volvo CE Region International, 2008a). The region achieved a total market growth of 40 percent from 2006 to 2007. 2008 still showed an increase of 20 percent compared to 2007, even though the second half of the year was already affected by the global economic downturn (Volvo CE Region International, 2009a). In line with the fast growth in the sales region the number of employees also increased considerably from 176 employees in 2002 to 578 employees in 2008 (Vice President Human Resource, email correspondence).

4.1.1. Customer and Dealer Focus

The current crisis constitutes a great challenge to Volvo CE and Region International and sales figures are expected to decrease considerable throughout the year 2009. Even though the company is convinced that the international markets will recover, it is looking for ways to bridge these difficult times. “The focus on maintaining and developing the dealer network through the downturn and boosting the customer satisfaction spirit” throughout the organization are two cornerstones in this process (Volvo CE Region
Customer and dealer satisfaction have always been high priorities for Volvo CE Region International. In recent years this has though not always been easy to achieve due to a rapid expansion and full order books.

Volvo CE aims to become number one in customer satisfaction in 2009. In order for this to be achieved, a number of keys to success have been identified. These include (1) a customer-focused approach in everything that is done, (2) long term commitments with dealers and (3) improvements that are driven based on the voice of the customer (Volvo CE Region International, 2009a).

As a provider of superior quality products at a premium price, the emphasis of Volvo CE is to provide the total offer that fully satisfies customers. Soft products, meaning everything that is sold apart from machines, are becoming more and more important for the company’s business, and sales in this area grew by 50 percent throughout the last three years (Volvo CE Region International, 2009a). In comparison to many of its competitors, Volvo CE asks for a higher price for its products based on the superior quality that the company delivers. The following dealer comment questions, though, whether the value that the company provides to its customers justifies this premium price:

“VCE and distributor have tried to aggregate value, but we haven't been successful: premium price of VCE equipment and the high prices of VCE parts exceed the economic advantages of excellent quality, of VCE products”.

As highlighted by Volvo CE, the long-term commitment with dealers plays a central role, in particular in these difficult times that affect all parties involved. Volvo CE Region International aims to have partnerships with its dealers, which shall be characterized by openness and trust, leading to “win-win solutions in every situation” (Volvo CE Region International, 2009a: 32). Finding solutions for dealer financing during the market decline is particularly important in the current situation. Besides, dealers are offered several tools that help to listen to and understand the customers, which is a shared goal of Volvo CE and the dealers. These tools include the Sales Process Measurements, which assesses the dealer activities in the markets, or the CSS, which gives immediate feedback to dealers regarding their customers’ level of satisfaction.

The DSS, which will be described in more detail later in this chapter, contains a specific section on the partnership between Volvo CE Region International and the dealers. In 2007, the overall satisfaction was on a medium to high level (between 3.5 and 4.5 out of 5), but decreased in the survey results of 2008.

The following are general dealer comments of the survey 2008 that were made in the section on partnership:

- “Our business relationship is excellent”;
- “Although there are areas that demand improvements, we are on the right path to solve them”;
- “Up to now decisions are jointly taken, having in mind mutual interests”.

Regarding changes in the partnership, some dealers commented that there has been deterioration in the co-operation in the recent past:

- “We used to have better communications, and much faster replies from all departments”;
- “I don’t feel such commitment lately, several times we received no answers at all”;
- “If they are willing to listen, the problem is that the action is never taken or it takes a long time”.

Finally, the dealers are demanding more trust and a better co-operation with Volvo CE:

- “VCE shall fully trust the distributor otherwise we can’t talk about partnership”;
- “Working closely together is of course the idea but we have missed sales at several occasions due to lack of support and attention. However, this is being addressed by VCE”;
- “Improvement suggestions by the distributor should be seen as suggestions and not as criticism or offence”.

The interviewed dealers express a very positive view on their relationship with Volvo CE Region International. A dealer from the sub-region Middle East states that the company is fulfilling their expectations and that they receive good support in general. If there are issues where the dealer expectations cannot be met, this is discussed together and explanations are given. A dealer from the sub-region Oceania describes the relationship with Volvo CE Region International to be very open. The communication works well and issues are exchanged with each other and attempted to be solved. This dealer furthermore states that the relationship with the headquarters in Sweden might be even more critical than the relationships locally, and that both parties are having the same goals, namely selling as much equipment as possible, having satisfied customers and being profitable.

4.1.2. Organizational Structure

The frequency of contact to customers and dealers differs between various positions and functions in the headquarters in Eskilstuna. Independent from the direct contact to customers and dealers, it should be everybody’s responsibility to contribute to the company’s strategic goal of customer focus (Volvo CE Region International, 2009a). As a Regional Business Coordinator points out “even if people are working in a back-office function, everyone is working towards the dealers and customers as these are the reason why they [the employees] are here [Volvo CE Region International]”.

Recently there have been changes in the organizational structure of Volvo CE Region International. Today the organization is divided into two groups: sub-regions and functions.

In the sub-regions, team members are responsible for the business in that geographic area. This involves mainly Area Sales Managers and Area Customer Support Managers for specific countries. In the case of Russia, Ukraine & Belarus, Turkey & Central Asia, Latin America and Oceania, the colleagues are all located in the respective regions. In the rest of the sub-regions, some team members are working in Eskilstuna, while others are working in the markets. Furthermore, the position of Regional Business Coordinators was introduced about a year ago. Business Coordinators are located in Eskilstuna and can be seen as intermediaries between the headquarters and their regions.

The functions are divided into seven categories being: (1) Finance, (2) Processes & Systems, (3) Human Resources, (4) Marketing, (5) Customer Support, (6) Sales & Commercial Management and (7) Sales Support. An important part of the Sales Support is the Sales Engineers, who are product experts, as they are in direct contact with customers and dealers in order to explain the products and how the customers can use them in the best way. Besides the Sales Engineers the seven business areas include such functions as Shipping, Market Support, Trade Finance and Business Control.
4.2. Quality Management within Volvo CE Region International

The three corporate values of the Volvo Group are Quality, Safety and Environmental Care. Quality being one of those values highlights the central role that it plays for Volvo’s business.

The following is a description of the understanding of quality within Volvo CE: “Quality is about our ability to meet the customer needs and exceed their expectations. It is achieved by machines and products with valuable features, reliability, durability and predictability over the life cycle. Quality is also about the ability to service, support, advise and have a caring attitude to customers, external as well as internal” (Volvo CE Region International, 2009a: 28).

Within Volvo CE, the following quality vision is defined: “Customers and competitors shall view Volvo CE as a company that delivers products and services that are clearly superior in the marketplace” (Volvo CE Region International, 2009a). Furthermore, quality improvement is one of Volvo CE’s strategic objectives, which is also translated into a strategic objective of Region International (Volvo CE Region International, 2009a). In this context, keys to success have been identified, including the following four aspects: (1) in addition to performance, it is everybody’s responsibility to contribute to improvement; (2) Volvo CE quality is perceived to be the best in the industry; (3) Volvo CE Region International is a process-oriented company; and (4) the performance of Region International and its dealers is measured and corrective actions taken.

In Volvo CE Region International the Process Leader TQM Support is responsible for the coordination of process management and process improvement. It is highlighted by this employee, though, that he alone is not responsible for quality in the company, since everybody in the organization should have quality in mind and strive towards it.

Following the quality vision of Volvo CE, Region International utilizes a quality management system with activities that shall direct and control the organization with regard to quality. These activities are quality planning, quality assurance, quality control and quality improvement, following the concept of ISO 9000:2000. Each of these activities involves processes with clearly distributed responsibilities within Volvo CE Region International. Setting quality objectives and specifying operational processes is part of the quality planning activity. Within Volvo CE Region International, this is accomplished amongst others through business and dealer conferences and the creation of the annual ‘General Plan’. Quality assurance involves processes, which give confidence that quality requirements will be met. Process thinking for customer focus, training conferences, sharing information on the company-wide platform ‘TeamPlace’ and setting dealer operating standards are examples of quality assurance processes within Volvo CE Region International. Quality control focuses on the fulfillment of quality requirements. In Volvo CE Region International, this involves such processes as volume forecasting planning reporting, price management, partnership monitoring of dealer relationships, customer and dealer satisfaction monitoring and competitor satisfaction surveys. Finally, quality improvement aims at increasing the ability to fulfill quality requirements. This is planned to be achieved at Volvo CE Region International through TODs, regular meetings in all functions, a Six Sigma project for improvement and the creation action plans in response to the customer and dealers satisfaction surveys, competitor satisfaction surveys and partnership monitoring.

As revealed in the descriptions of the quality management system, the collection, analysis and action upon customer and dealer feedback based on CSS and DSS play a central role in the context of quality control and
quality improvement within Volvo CE Region International. These two tools and their utilization will be explained in detail in the following sections.

4.3. Customer Satisfaction Surveys

Volvo CE Region International has conducted CSS since 2001. Currently these surveys are carried out in the following markets: South Africa, Russia, Turkey, Oman, Australia and the countries of Latin America. Two different kinds of surveys exist. The first survey considers the purchasing experience while the second one regards the ownership experience. The surveys contain respectively 23 and 26 questions, which let the customer evaluate Volvo CE Region International’s products and services. According to the Vice President of Processes & Systems the objective is to achieve as high a response rate as possible. Another objective is to show the customers that Volvo CE Region International really wants to satisfy them. The overall goal stated by the Vice President of Processes & Systems, should be to have an increased result. By this he means that out of three replies, the latest answer must have the best result. The trend should be on the rise, so to say.

According to the Process Leader TQM Support not all functions at Volvo CE Region International should be responsible to act on the CSS. He states the following functions to be considered as the top prioritized users of the CSS results:

(1) The dealers; since they are in direct contact with the customers. “Dealers represent Volvo for the customers therefore they need to act on the feedback”. (2) Area Sales Managers; because they are in contact with both the regions and the dealers. (3) Area Customer Support Managers; they need to know which issues are related to the markets. (4) The management; since it must know what is going on and what could cause changes in the business. The management, however, should not know about each individual complaint but merely get an overview. (5) Sales Engineers; as they are dealing with the products and therefore should have information about problems related to these.

The survey has been centrally developed by Volvo CE’s headquarters in Brussels and is used in all regions of Volvo CE. However, each region has the opportunity to add a few questions to the survey, if these questions can help to understand regional peculiarities better. The reason for the limited number of questions is that Volvo CE believes that if the survey gets too time-consuming to conduct, fewer customers will be willing to answer it. The survey used today can be conducted in seven to ten minutes. In the third quarter of 2008 Volvo CE Region International conducted 626 surveys, while the number in the fourth quarter was 746.

4.3.1. The Process of Conducting CSS

CSS is conducted via phone by an independent market research company in order to make the process as objective as possible. Volvo CE Region International’s dealers are sending their lists of all customers to the market research company in order to survey as many customers as possible. Only if a customer purchased a greater range of products, the dealer can suggest the market research company to conduct the survey on one specific product that the dealer believes would give most information to the market. In recent years it has been decided to split the cost of conducting the surveys between the dealers and Volvo CE Region
International. The reason for this was that the dealers felt that they were being watched by Volvo CE Region International because of the suddenly increased awareness on how the dealers were performing. With the shared cost it is, according to the Process Leader TQM Support, more like a co-operation between Volvo CE Region International and the dealers.

The purchasing experience survey is conducted 30 days after a customer has had a newly purchased product delivered. This survey includes questions about the sales to order process and the order to delivery process. The ownership experience survey is conducted one year after the delivery when the warranty has expired. This contains questions about the delivery to repurchase process, the order to delivery process (concerning the uptime support of the products) and finally questions concerning the product portfolio development of Volvo CE Region International. Besides these pre-formulated questions, the customers have the opportunity to give Volvo CE Region International open comments on the products and services. Furthermore, the customers can request to be contact by a Volvo representative.

An example of how the questions are formulated can be seen here: "The sales representative was very helpful in my choice of machine". The customer has the following options: (1) Disagree, (2) Partly disagree, (3) Partly agree, (4) Agree, (5) Strongly agree and (6) Not applicable.

If the customer replies with ‘Disagree’ or ‘Partly disagree’ in three questions or more, it activates a so-called Fax alert. When this happens, the dealer, who is responsible for this customer, will be informed immediately, in order to perform corrective actions within 48 hours. It is the dealer’s responsibility to contact the customer and solve the problem; however, the sub-regions of Volvo CE Region International are also involved to make sure that necessary action is taken.

The market research company sends the result to Volvo CE’s headquarters in Brussels quarterly. In Brussels, analyses are performed on all results received from all Volvo CE regions. After executing regional analyses, the findings are uploaded to the Volvo Dealer Network (VDN), which is a tool for online sharing of documents. Here the results are accessible for dealers and the employees of Volvo CE.

4.3.2. The Process of Analyzing CSS

When the analysis of Volvo CE Region International’s customers has been placed on VDN, it is downloaded by Volvo CE Region International with the purpose of performing a more detailed regional analysis of the results. According to the Process Leader TQM Support this is necessary because the sub-regions within Volvo CE Region International are not all experienced in conducting the surveys and thereby the results are not always comparable. The Process Leader TQM Support furthermore adds that the results must be viewed with perception owing to cultural differences.

The results of Volvo CE’s analysis are divided into countries and regions of the customers. Besides this, the analysis can be divided into individual product lines. This makes it possible for Volvo CE Region International to go into detail with low scores, and thereby discuss the reason for the low score with the responsible department. An example of the outcome of CSS can be seen in figure 22:
All open comments given by the customers are examined by Volvo CE Region International. This is a time-consuming process, since there is usually a large amount of comments. Next, the comments are divided into categories to give an overview of which comments belong to which functional areas.

### 4.3.3. The Process of Sharing CSS Results

After this analysis, the results are uploaded to Volvo’s internal file sharing system, TeamPlace. When uploading a new CSS document, a notifier will be put on the front page of TeamPlace. This means that everybody in Volvo CE Region International will be able to access the CSS result directly. An email is not sent out, though. The Process Leader TQM Support adds that in his opinion it should be the individual employee’s responsibility to look into the results.

Besides being placed on TeamPlace, new results are presented quarterly on the internal Business Update meeting to all employees. According to the Director of Customer Support Training and one Sales Engineer the presentation of the results is done on an overall level. The purpose is to give the employees an overview of the customer satisfaction level. In addition the Director of Customer Support Training states that it is hard to make people interested in the results when no action is triggered.

If any employees have questions to the results they can talk to the Process Leader TQM Support about it. This has happened a few times and one result from this is that a more detailed analysis has been made for the department Customer Support. The reason for these detailed analyses not being made more often is that it takes a lot of time to create them. However, the Process Leader TQM Support is prepared to help employees that would like to have a more detailed analysis made: “If the need is there, I don’t say no” he states.
Since last year, new employees are given an introduction to the different aspects of Quality Management within Volvo CE Region International. This one and a half to two hours presentation, which is different to the company-wide Volvo CE introduction package, aims at making new employees familiar with the different quality issues. The CSS is one of the areas that is covered. During the presentation people learn about the background of the CSS, the two types of conducted surveys, the analysis process within Volvo CE Region International and the place where the results can be accessed. The presentations to the new employees are held by the Vice President of Processes & Systems and the Process Leader TQM Support. The aim is to give these introductions quarterly, dependent on a sufficient number of new employees. In 2008, two such presentations were held. Recently, no new employees were hired and thus no CSS introductions given.

4.3.4. The Perspective of the Back-Office Employees

When asking the back-office employees about their knowledge regarding the CSS results the conclusion was that out of seven interviews, seven respondents do not think they are thoroughly informed about the results. Only a few out of the seven respondents know where to find the information. Several are not sure whether they have received an email with information on new CSS results but in general, when asked, everybody would like to know more about the results: “It would be good to know more about customer and dealer feedback for most of the work, as it is always good to know what the customers and dealers think, so that you can improve” (Shipping Coordinator). The same employee furthermore adds that for him: “It would be a normal thing to use the results better and to take action on the feedback. The current problem is the accessibility and the presentation of the surveys”.

A Sales Coordinator adds that even though he has heard about the publishing of the results, nobody encouraged him to look into them. However, he would like to use this kind of feedback, as it would give him the chance to take action and thus do a better job.

According to a Sales Engineer in Volvo CE Region International the problem about the CSS results is that it demands a ‘motor’ to drive the process of becoming more customer-focused. In order to get employees involved, and to convince them to become more proactive and take on additional tasks resulting from the feedback, it would need to be set in motion by somebody: “Simply putting the results on TeamPlace and expect people to look into it, would not be enough and it is very likely that nothing would happen”.

Another evaluation made by one employee is that the way the results are presented to the employees is not perfectly clear. One member of the TOD group mentioned during a TOD meeting that not all employees might understand how the charts (see figure 22) are read. The member adds that he has learned to understand them but that he needed an explanation to do so.

One Sales Coordinator suggests that the CSS results should be tailorized and forwarded to the relevant functions or departments. He is aware that the results can be found on TeamPlace but, because of what he refers to as “information overload”, it is difficult to access the right things. This Sales Coordinator has, in person, accessed the CSS results but considers them to be of a rather general character and therefore, the CSS as they look now are not particularly useful for taking action.
A Business Controller agrees with the opinion of the means of sharing the CSS results. He states that “you need to search all information yourself today. A reminder now and then from the management would be helpful”.

According to the Process Leader TQM Support, TeamPlace is meant to have “too much information”. What he instead believes to be the problem is that some employees might not have had a thorough introduction to TeamPlace and thus are not using TeamPlace to its full potential. The Process Leader TQM Support states that the employees can always ask him how to find or use the CSS results, and adds that he is open to suggestions on how to share the results in a better way.

A reason for the limited interest so far is that the back-office employees are not directly supposed to take action on the CSS results, as stated by the Process Leader TQM Support. The back-office functions are not that dependent on this information since only a few of these employees are in direct contact with customers. The Process Leader TQM Support underlines this statement by mentioning that, when considering for instance the shipping department, only one question in the CSS is related to this department. This is in relation to what was stated earlier when listing the primary users of CSS.

The Director of Customer Support Training agrees with the prioritization of primary CSS and DSS users made by the Process Leader TQM Support and estimates that “90-95 percent of the actions, that should be taken, should be done by the dealers”, and are hence not related to the back-office functions. In his opinion Volvo CE Region International should focus on helping the dealers to improve instead of considering the back-office functions. This is, however, already done to some extent today, where the department in Eskilstuna is working in parallel with colleagues in Turkey and Latin America who make a more detailed analysis for these sub-regions. How Volvo CE in Turkey conducts a more thorough analysis of their CSS results will be described in the following section.

### 4.3.5. CSS at Volvo CE in Turkey

Turkey is one of three countries (besides Russia and Morocco) where Volvo CE has established a Volvo-owned dealer. In addition to Volvo Otomotiv Turk, there are two sub-dealers operating in the country, namely Akca and Ceylan. In 2008, Turkey conducted 217 purchasing experience surveys and 275 ownership experience surveys. These figures represent 13 percent and 10 percent respectively of all the surveys conducted for Volvo CE Region International (Volvo Otomotiv Turk, 2009).

In the following, the process of the CSS analysis in Turkey will be described. The information is based on interviews that were conducted over the phone with the Area Customer Support Manager of Turkey, and the Service Administrator who is responsible for the analysis of the Turkish CSS survey results.

#### 4.3.5.1. The Process of Analyzing CSS

In 2006 it was decided by Volvo CE in Turkey to conduct a more thorough analysis of the CSS results in order to listen to the voice of the customers more carefully. Owing to the fact that the technology of machines in the construction equipment business is becoming more and more similar, the differentiation aspect is described to be customer support. Competition in Turkey is said to be tough and thus, customer satisfaction is at the core to gain market share in the country. By analyzing the customer feedback in detail,
Turkey aims to create opportunities from the opinions, recommendations and complaints concerning the products, dealers and departments. Within the scope of their possibilities as a sub-region, Turkey seeks to find ways to improve the issues that are raised by the customers.

For that purpose, a process has been implemented that allows continuous monitoring and analysis of the voices of the customers. Every three months, the headquarters in Brussels publish the CSS results of the purchasing and ownership surveys. One member of Volvo CE in Turkey (the Service Administrator) looks into all questions and comments in order to identify areas with low scores and to compare the performance with previous results. A major aim is to identify the reasons for the given grading so that corrective action can be developed if necessary. One way of achieving this is to get in direct contact with the customers that gave low scores or negative comments in order to find out about the roots of their dissatisfaction in specific areas.

4.3.5.2. The Process of Developing Strategies and Action Plans

The results of this internal CSS analysis are presented to the management team of Volvo CE in Turkey every quarter and serve as a basis for decision-making. During these meetings corrective actions are discussed. Subjects are chosen for which strategies are developed. These strategies can be for instance marketing strategies, sales strategies or after-sales strategies. This is done by the Turkish management, which includes the Area Customer Support Manager, Area Sales Manager, Marketing Manager and the Regional Director.

The following case exemplifies how the internal analysis of survey results identifies reasons behind the customers’ grading and how this knowledge is then turned into action plans:

During the investigation of the survey results of the third quarter of 2008, the process of ‘service mechanics getting the machines running quickly’ appeared to be a major source of customer dissatisfaction. When contacting the complaining customers it was found that the majority asks for a wider service network. In response, it was decided in the following management meeting that the service network should be increased in the future. As Volvo CE in Turkey knows exactly which customers complained about this issue, the goal is to open new services in their geographic areas.

4.3.5.3. The Process of Monitoring Action

An important aspect of the process of CSS analysis in Turkey is the continuous monitoring of action and their impact on survey results. The major measurement of whether action plans were successful is the index development of customer feedback and the number of comments. Amongst others, this is summarized in a SWOT analysis, where the results of all questions of the current quarter are compared with the figures of the previous quarter and previous year. If that score improves, there is a positive trend and customer satisfaction increases. If scores remain on a low level or decrease, this needs to be considered with special attention. This approach allows prioritizing areas that are most urgent to be discussed.

Additionally, the action plans of the previous quarter are discussed at the beginning of each following management meeting to see whether the action plans were accomplished and whether they were reported to Sweden. For that purpose, the agreed action is recorded in a standard document, which includes the
action, the due dates and the person(s) responsible. This facilitates the evaluation during the following meetings.

The dealers are also involved in the process of taking corrective actions, as all the results are classified according to dealer regions. As the Area Customer Support Manager of Turkey explains, the complaints are then sent to the dealer top management. They are asked to develop strategies, to take actions and to follow these actions in order to react to the complaints in their regions.

4.3.5.4. The Role of Volvo CE Region International

The results of the Turkish CSS analysis are shared with Volvo CE in Eskilstuna, in particular with the Regional Business Coordinator of Turkey and the person in charge of CSS being the Process Leader TQM Support. This is a valuable addition to the CSS analysis that is made within Volvo CE Region International on a broader level. During regular meetings, Turkey and Region International share information, strategies, results and action lists that derive from the customer satisfaction analysis. The Service Administrator is reporting the problems to the respective Managers in Turkey, for instance the Manager of Customer Support. These managers are then forwarding the issues to the management in Eskilstuna. This is particularly important as there are some issues that Volvo CE in Turkey cannot resolve locally but requires the co-operation of the headquarters in Eskilstuna.

According to the Area Customer Support Manager of Turkey recent customer complaints about parts prices led to discussions with Volvo CE Region International in Eskilstuna. It was decided to lower the prices, which was then communicated to the customers in Turkey directly in face-to-face meetings. Thus, customer complaints were resolved by Volvo CE in Turkey and Region International in Eskilstuna by taking joint action.

The overall customer satisfaction index in Turkey increased in the period from 2006 to 2008. Sales service, delivery service, uptime support and ownership care all show a positive development for this period. The product portfolio development index of 2008 is roughly at the same level as of 2006, but decreased compared to the year 2007. The Turkish General Manager reported this development to Region International. Furthermore, Turkey forwarded the model numbers of those machines that were most affected by these product complaints to the headquarters.

The way Volvo CE in Turkey analyzes the CSS results can be considered as a pilot project within Region International. It started in 2006 and has been developed since then. Turkey, together with the sub-region in Latin America, is the most mature market within Volvo CE Region International, when it comes to the utilization of CSS results. One reason for this is that these markets are Volvo CE’s own dealers, so the company has their own resources there. In these markets, dedicated people are in charge of the CSS analysis as part of their job. Recently, a benchmark meeting took place with the persons in charge of CSS from Turkey, Latin America and Russia and the CSS responsible person from Eskilstuna. The purpose of this meeting was to benchmark between these regions and to learn from each other in order to benefit even more from the customer feedback in future. The Service Administrator presented Turkey’s processes to the other participants. These benchmark meetings shall be continued in the future, in order to give other markets, which are relatively new in the CSS process, the possibility to learn and benefit from Turkey’s and Latin America’s experiences.
4.4. Dealer Satisfaction Surveys

According to the Vice President of Processes & Systems at Volvo CE Region International, conducting DSS is a much more straight forward process than conducting the CSS. The main reason for this is that the direct contact between dealers and Volvo CE Region International already exists. The process of DSS was started in 2007 by Volvo CE Region International but has been performed by other regions in Volvo CE for several years. The Director of Customer Support Training says that a previous version of DSS has been performed in the years from 2001 to 2003 and thus before the restart in 2007. However, DSS was replaced by a Partnership Program, that turned out not to be as successful as expected. Therefore, it was decided to terminate the surveys until the year 2006 when a new version of DSS was developed and introduced in a few markets, and finally in all markets in 2007.

The survey used to conduct DSS was, as with the CSS, developed by Volvo CE’s headquarters in Brussels. Some dealers also participated in the development of the survey in order to make it as valuable as possible. The major goal of introducing the surveys within Volvo CE Region International was to achieve as high a participation rate as possible. Other reasons, mentioned in internal material, are to understand how to serve the dealers better in order to understand the dealers’ situation concerning profitability as well as performance. The result of the DSS is furthermore a way of collecting proposals for product and service improvements. An additional benefit for Volvo CE Region International is, according to internal material on DSS, that the department can compare itself to other regions in order to identify trends.

The content of the DSS contains different categories. These are: (1) sales to order, (2) order to delivery, (3) delivery to repurchase, (4) product portfolio development and (5) partnership development.

In 2008 Volvo CE Region International had a sample size of 186 surveys and a response rate of 68 percent, which is an increase of 4 percent compared to 2007. The plan of Volvo CE Region International is to conduct DSS in 2009 again.

4.4.1. The Process of Conducting DSS

Volvo CE Region International sends out a letter in advance to let the dealers know that the DSS will be conducted. Shortly after, the surveys are sent out. The DSS are conducted as a web-based questionnaire and thus require the dealers to use a personal log-in and a password. In Central Asia the survey is conducted over the phone since not all dealers in this region have internet access. It can be hard to reach dealers in Volvo CE Region International as many of them are located in developing markets and thus there can be problems with no or bad internet connections. Furthermore, technical issues with the survey make it impossible to share the link to the DSS between computers, which also makes the process more complicated.

The survey is sent to three functions at each dealer: (1) the General Manager, who is supposed to answer general issues, (2) the Sales Manager, where the questions concern sales and marketing issues and (3) the Aftermarket Manager, who is asked about service and technical issues. As with CSS, it is possible to give open comments in the DSS.

An example of one of the statements asked in the DSS is "Machines ordered from Volvo CE are delivered on time as agreed". The options for answering are (1) Disagree, (2) Partly disagree, (3) Partly agree, (4) Agree,
(5) Strongly agree and (6) Not applicable. The Process Leader Develop Channels to Market says that because of cultural differences various markets score differently, and some cultures tend to score very low. For this reason he mentions the historical development for a particular region or country as being more important than the comparison to other markets.

The answered surveys are sent to Volvo CE’s headquarters in Brussels. There an analysis of the surveys is made to decide where Volvo CE will focus its resources in order to improve certain areas of the business. This report is published six weeks after conducting the DSS and forwarded to Volvo CE’s regions.

After answering the surveys in 2008 the dealers were informed that the results would be presented during the dealer conference in Eskilstuna in April. Once Brussels publishes the general results on the VDN, the dealers can also access this information. However, a more detailed analysis conducted within Volvo CE Region International (see section The Process of Analyzing DSS) is not sent directly to the dealers, as an email is not considered to be sufficient as explanation for the results and for providing the full picture. The Process Leader Develop Channels to Market says that Volvo CE Region International is aware that the explanation at the dealer conference, seven months after conducting the DSS, is provided rather late.

### 4.4.2. The Process of Analyzing DSS

In Volvo CE Region International a more detailed analysis is made from the specific business perspective of the region. This analysis focuses on both the quantitative and the qualitative results. The open line comments can easily amount to more than 1,000 written suggestions for improvements as well as positive statements on Volvo CE Region International’s products and service. As the CSS is being categorized, so is the DSS. According to the Process Leader Develop Channels to Market the comments are helpful for underlining the trends in the graphs: “The more you can prove a trend, the better it is. Then you are safer in your analysis”. An example of the outcome of the DSS analysis can be seen in figure 23:

![Figure 23 – Illustration of DSS result (Source: Volvo CE Region International, 2008d)](image)

As a part of the internal analysis, a list of ‘areas to safeguard’ and ‘areas to improve’ is created. This list is based on historical results in order for Volvo CE Region International to know the development of the dealers’ satisfaction.
The results of the analysis are shared with the Quality Board (the management) who will discuss further steps in bringing together the entire picture. The results are also uploaded to TeamPlace where they are accessible to all employees in Volvo CE Region International.

4.4.3. The Process of Sharing DSS Results

According to the internal documents of Volvo CE Region International concerning DSS, the next step is to share the results with all employees in the organization and to encourage local uncoordinated improvement. To support the process of sharing the results, presentations of the results in Volvo CE Region International are held by the responsible person for the DSS. These presentations are made on team meetings and departmental meetings where the managers and their teams can discuss the results. Additionally, a similar presentation is performed in Volvo CE Sub-Region Latin America. In case of questions related to the DSS, Volvo CE Region International has a support team that can help to give answers.

Because the DSS are anonymous, it can, according to the Process Leader Develop Channels to Market, be difficult to present the results. Even though it would be technically possible to trace back comments and responses to individual dealers, this is not the goal of Volvo CE Region International, as the company wants to receive the results on a higher level to see what the common issues in the dealerships or in the sub-regions are. Therefore, the dealers are assured at the beginning of the survey that their results are treated anonymously, in order to give them full confidence to state their opinion. Another problem with the presentations is that the sample sizes are sometimes rather small, which is critical for the validity of the result.

The final steps in the process are to create action plans and to develop reference groups according to the actions needed. So far, neither the action plans nor the reference groups have been created in order to make improvements in Volvo CE Region International.

4.4.4. The Perspective of the Back-office Employees

As mentioned with the CSS, only a few of the interviewed employees know about the DSS result, but all respondents are very interested in learning more about the results. One Sales Coordinator explains that he has regular informal meetings with his supervisor, where they discuss uncoordinated dealer feedback and the general situation between Volvo CE Region International and the dealers of his sub-region. The meetings have become a success and more functions have been invited to participate.

According to a Sales Engineer the dealers are sometimes dissatisfied with the general way Volvo CE handles feedback. He says that he has heard complaints about the slow rate of response to suggestions and feedback, especially regarding product improvements:

“If Volvo [CE Region International] asks the customers and dealers for their opinions and feedback, this needs to be used quicker. If one meeting takes place with customers to discuss improvements, then it cannot be that half a year later the same issues are discussed again. It needs to be shown to the customers and dealers that action is taken on their suggestions with a good speed of response.”
In addition to this statement a Shipping Coordinator criticizes the DSS process by saying that in his opinion, Volvo CE Region International is not doing anything to solve the problems revealed in the surveys, but instead moves the responsibility to the dealers and lets them solve the problem themselves. This is supported by the Service Administrator in Turkey who says that the dealers are requesting action plans based on the DSS results: “The dealers know about the problems, they want action”. The dealers’ requests have been passed on to Volvo CE Region International and they expect focus to be set on these issues in the near future.

Finally the Director of Customer Support Training states what he believes to be the actual problem: “The problem might be that in the management, it [the feedback process] seems important but when it comes to allocating people and resources it is more problematic”.

4.4.5. The Perspective of the Dealers

When Volvo CE dealers answer the DSS, their ultimate aim is that the company listens to their voices and takes action on their feedback. Dealers spent approximately 15 to 30 minutes to answer this survey and to share their opinions with Volvo CE Region International. In return, they want to receive some feedback to know whether the company understands their concerns and whether it agrees with their views.

Dealers receive feedback on the survey results from Volvo CE Region International during general meetings, such as the dealer conferences. According to a dealer from the sub-region of Oceania, the company presented the results of the DSS in a good way during the dealer conference in April 2009 even though the time gap between the execution of the survey and the presentation was rather large. He adds that the reporting of surveys is said to be problematic as different dealers have different priorities and focus areas, in particular when it comes to the different sub-regions of Volvo CE Region International. One dealer from the sub-region Middle East states that sharing the results of dealers of the same sub-region would possibly be more beneficial than the general dealer opinion due to the great differences in the markets. The dealer furthermore comments that such sub-regional results could also be a motivation for dealers, as it could be ensured better that Volvo CE Region International is looking at the issues that concern this particular sub-region.

Moreover, Interviewed dealers also state that there are differences in importance among the survey questions, but the priorities are again likely to be different from dealer to dealer. One dealer states that it might be helpful to include the level of importance in order to highlight the most crucial areas.

Furthermore, one dealer suggests to discuss the feedback more openly and to state exactly what Volvo CE Region International is planning to do. After providing their answers, dealers would like to be informed about the action that the company is planning to do, based on the survey results. Action plans about the intended measures would be appreciated by the dealers, especially in those areas where changes are more difficult to achieve and thus, action cannot be accomplished in the short-run. If some of the issues that were raised cannot be changed, the dealers would also like to be told why this is the case and to be ensured that Volvo CE Region International is aware of these dealer concerns as well. Currently, dealers do not receive such kind of feedback from Volvo CE Region International. They can only see indirectly that the company is working with the feedback when they recognize improvement measures.
One dealer states that no response would be necessary if no concerns were raised. If there are issues, though, the dealer would like to speak to someone fairly soon in order to discuss the matter. This is particularly the case for the open comments section of the survey. So far, dealers do not hear anything about the comments they made, whether they are taken into consideration, whether they are considered to be justifiable by Volvo CE Region International and so forth. Part of this problem is the fact that the DSS are conducted anonymously and therefore, comments cannot be traced back to individual respondents. The interviewed dealers state that they would not mind to carry out the survey un-anonymously, if that would result in an open discussion about the concerns and a more personalized reaction on their comments.

4.5. Communication

Communication between employees at Volvo CE Region International takes place directly, for example during formal and informal meetings, and indirectly with the support of technology, for instance the exchange of documents. Meetings and IT solutions at Volvo CE Region International will be presented in the following section. Moreover, communication on the CSS and DSS takes place in a recently introduced discussion group, the Quality Leader Network, which will be described later in this section as well.

4.5.1. Meetings

Within Volvo CE Region International, meetings take place at different levels. Once a month, the management invites all employees to the Business Update meeting, where general developments regarding the whole organization are on the agenda. During these meetings, employees can also give a status on projects, such as the progress of the TOD groups. Furthermore, this is also the occasion where the person in charge of the CSS briefly presents the newest survey results.

Another meeting, where all employees of Volvo CE Region International get together, is the ‘General Plan Day’, which is held once a year. The General Plan is an internal document, which considers the organization’s vision and the strategic direction for the coming fiscal year. A discussion on the content of the General Plan is made by the management team. During the ‘General Plan Day’, all employees from Eskilstuna can discuss the content, such as the proposals for new TOD projects, and come up with their own ideas. The employees can vote on the TODs; however, it is up to the management to decide, which TODs are brought into the General Plan, based on the strategic importance.

On the departmental level, there are different meetings held, including both formal and less formal ones. The different sub-regions meet approximately once a month to discuss the newest developments in their markets. The Sales Engineers also meet regularly to discuss product specific issues. Furthermore, there are regular functional meetings, such as the meeting of Shipping Coordinators, which takes place about twice a week, or the weekly meetings of the employees of Customer Support. In addition, less formal meetings are held on the group level. For instance, a Sales Coordinator initiated a meeting with his superior, which takes place once a month, where the dealer feedback and the situation between Volvo CE Region International and the dealers in their markets are discussed. Recently, colleagues from the Finance department and the Shipping department were invited to participate in these meetings as well.
4.5.2. IT Solutions

Volvo CE Region International is using three major tools to share information across the organization: (1) TeamPlace, (2) VDN and (3) the intranet solution Violin. All of these tools are used in the entire Volvo Group organization and can be adapted to fit each organization’s need. The layout of the tools is the same, but the content is different.

TeamPlace is an IT solution with the purpose of storing and sharing documents and information. This virtual workplace is accessible around the clock and offers the possibility to invite external partners as well. TeamPlace does not only work as a major repository of the organization, it also provides such functions as discussion boards and lists of calendar events, tasks, issues, contacts, announcements and links. Project groups can set up their own internal TeamPlace website for a better coordination and collaboration of their teamwork (Volvo Information Technology AB, n.d.). The results of CSS and DSS are published on TeamPlace, where they are accessible to all colleagues within Volvo CE Region International. An introduction to TeamPlace is usually given to new employees that are not familiar with the system. In addition, employees are learning how to use TeamPlace through other colleagues and ‘learning-by-doing’. Employees of Region International agree that TeamPlace is a good tool to share documents with colleagues and to find necessary information for the job. The fact that this network drive is used for literally everything makes the efficient use more difficult, though, as the statement of one Sales Engineer shows: “TeamPlace is a really good tool but at the same time a disaster”. One Business Controller highlights that in order to utilize TeamPlace, people need to know exactly what they are looking for, otherwise it is hard to find the right information. A Sales Engineer shares this opinion and explains that a better search function might be helpful. A Sales Coordinator says that he often learns about new publications through “chain reactions” when talking to colleagues.

The VDN is also an internet based network, which both dealers and employees of Volvo CE Region International can access with a personal log-in and password. The VDN contains among other things information on products, web-based training programs and official brochures of the company. The VDN works as the network drive between the dealers and the employees of Volvo CE Region International and is also the place where the results of the CSS and DSS are uploaded from Volvo CE’s headquarters in Brussels.

The third tool for sharing information is called Violin. Violin is the Volvo Group’s official intranet and has been awarded as one of the 10 best intranets in the world in the year 2007 by leading experts in the field of web usability (Volvo AB, 2007). Violin can, as with TeamPlace and VDN, be customized to each region. It is possible for all employees in Volvo CE Region International to access one page for the entire Volvo Group, one page for Volvo CE and one page specifically for Volvo CE Region International. Violin is used as the start page for all employees accessing the internet at Volvo CE Region International in order to keep the employees updated on official company matters on various levels.

4.5.3. The Quality Leader Network

The Quality Leader Network (QLN) is a group of employees from various regional and functional departments that meet in order to discuss and develop initiatives for improvement regarding customer and dealer concerns. The basis for new ideas is the analysis of different tools that provide information about these two companies key stakeholders. By involving people with different knowledge and expertise, the
QLN provides a holistic view and a platform for vivid discussions and thus allows a more qualified analysis of information. The ideas for improvement that are developed during these meetings shall support the management in decision-making and increase the general awareness of quality in Volvo CE Region International (Volvo CE Region International, 2008b).

4.5.3.1. Quality Leaders – Participants of the QLN

The QLN was introduced in October 2008 with a kick-off meeting in Eskilstuna. In order to achieve as much diversity in the group as possible, it was initially proposed that each sub-region would be presented by one staff member in the QLN, two Sales Engineers would represent the product lines and one or two employees of the functional areas Sales & Marketing, Finance & Business Administration and Customer Support would be involved (Volvo CE Region International, 2008b). Based on this initial configuration, participants were asked to take part in this cross-functional group. Participation is based on a voluntary basis, as the members’ commitment towards quality and improvement is essential for the QLN to work and people should be willing to get involved. In relation to recent changes in the organization, minor adaptations have been made in the structure of the QLN regarding the representatives from the product lines.

The representatives of the different functions and sub-regions, called Quality Leaders, have a central role for the functioning of the network. Not only do they contribute to the development of ideas during the meetings, they shall also take back the findings and recommendations regarding customer and dealer concerns into their respective teams. It is the responsibility of the Quality Leaders to explain to their working groups what the meeting was about, what the QLN has come up with and which problems are related to their specific department. Quality Leaders shall raise a general awareness of the quality issue in the organization and encourage colleagues to contribute to the realization of the developed improvement ideas.

4.5.3.2. The Process of Meetings

The QLN is supposed to meet during the business conferences, which take place three times per year, to discuss and evaluate the newest developments in customer and dealer perceptions. At these occasions those Quality Leaders that do not work at Volvo CE Region International’s headquarters are usually also present in Eskilstuna. Throughout these approximately four hours meetings, the members discuss such tools as CSS and DSS, Competitor Satisfaction Surveys, Partnership Monitoring, Customer Support Surveys and Sales Process Measurement. The purpose of the QLN is not to focus on individual complaints, but to gain an overall impression of the customers’ and dealers’ opinions and to discuss which issues should receive the greatest attention. According to the Process Leader TQM Support, who is the facilitator of the QLN, “the aim is to get closer to the solutions”. This is not about the development of readily implementable solutions to major problems, but to find explanations for the data and information provided by these tools and thus to develop suggestions to the management team.

During the first meeting in October 2008, the QLN aimed to interpret customer and dealer feedback and to identify major weaknesses. For this purpose, the most recent results of the CSS and DSS were used as an input to the discussion. The participants were divided into two groups, one was focusing on the most important weaknesses in the eyes of the customers, and the other group was looking into the most
important weaknesses in the eyes of the dealers. This was accomplished by using the KJ-Shiba method, which is a tool to achieve objective group consensus on top priorities out of a collection of subjective, opinionated data. During this group brainstorming session, the biggest weakness from the customers’ perspective was identified to be ‘service availability’, and from the dealers’ point of view ‘parts availability’. Having identified these major weaknesses, the findings were not developed further, though, due to a lack of time.

4.5.3.3. The Progress of the QLN

The QLN was established, participants were selected, tasks of the network decided and the first meeting held in October. Nonetheless, this group is still in the initial phase. In the six months after the kick-off start, no further QLN meetings took place. According to the Vice President of Processes & Systems one major problem appears to be the geographic spread of the participants. The Quality Leaders of the sub-regions Russia, Ukraine & Belarus, Turkey & Central Asia and Oceania are not located in Eskilstuna and some of the occasions where employees of the sub-regions are normally physically present were cancelled in the last six months including the business conferences. Furthermore, there have been changes in the organization, especially in the product lines. As there was no follow-up meeting to the first get-together, no action plans were developed regarding the findings of the major weaknesses. As a result, the Quality Leaders did not take up any issues of the QLN kick-off meeting in their teams.

At the end of April 2009, a QLN online conference was held. At this two hours meeting, the Quality Leaders looked into the results of CSS and DSS again, but this time with a larger focus on the different sub-regions and common issues on the regional level. Even though such an online conference does not have the advantages of a face-to-face discussion, this live meeting was an important step to get the QLN running again. All Quality Leaders were asked explicitly to take the findings back into their respective teams. In particular the representatives of the sub-regions were asked to make their own more detailed analyses in their teams. Furthermore, it was agreed to have another meeting during the month of May, to finalize the findings and to include the input of the Quality Leaders, which they gained during the discussions with their regional teams.

When asking back-office employees in February 2009 about the QLN, the awareness was very low. Five out of eight interviewees stated that they have not heard about the QLN so far and thus do not know about the purpose of the network either. Two of the interviewees knew about the existence of the QLN but have not received any specific information. One of them, a Sales Engineer, was invited to participate in the summer 2008 but had to turn down the option due to heavy workload at that time.

The persons in charge within Volvo CE Region International are aware that the QLN is still in the initial phase and needs to be taken to the next step in order to utilize it. Once the group has developed ideas and suggestions, these will be communicated by the Quality Leaders and the general awareness throughout the organization will rise. So far, this was mainly constrained by the reasons mentioned above. According to one member of the QLN, the group will work more effectively in the future, if a structured process is developed. Once problems are made more concrete, their responsibility can be distributed to different functional and regional teams, where the discussion and analysis can be better managed. Furthermore the
Quality Leader adds that the awareness in the mind of all employees should be raised by giving a regular status of what is happening in the QLN and what the group is doing.

Taking the QLN to the next level is supported by a general positive attitude towards this cross-functional group, both by members and non-members. Three QLN participants all expressed their belief that once the group is running more effectively, it will be an important tool to get closer to the customers’ and dealers’ opinions and thus to improve the quality of service. The back-office employees that had not been involved in the QLN so far also agreed that this form of cross-functional collaboration can be very helpful for discussion and problems-solving. One Sales Engineer states for example that smaller groups only have a very narrow perspective when analyzing what they are doing, as they are only into their issues and might not see the possibilities beyond. If other people look into exactly the same issues, they might come up with completely different directions. Furthermore, he thinks that people in Volvo CE Region International might be more prepared now to get involved to support the QLN directly and indirectly as current workload is lower compared to the time when the network was initiated.

4.6. Employee Satisfaction Surveys

All interviewed employees agree that the culture and working environment of Volvo CE Region International is really good. Words like ‘open’, ‘transparent’ and ‘approachable’ are used when asking the employees to describe the culture. Everybody also agrees that it is very easy to ask colleagues for help, even if they have not spoken to a person before. A Sales Engineer describes the organization as having open communication and many different nationalities.

Volvo CE Region International is conducting Employee Satisfaction Surveys (ESS) in order to listen to the opinion of the employees. By doing it as an anonymous survey the employees have the chance to give their opinion without being questioned why the answer is that high or low.

The ESS contain more than 50 questions regarding topics on, among others, the company culture and personal development. An example of a question from the survey is: “Do you feel respected by your immediate Supervisor/Manager?” The employees can respond by one of the following options (1) No – improvements are very necessary, (2) No - improvements are necessary, (3) Neither yes or no, (4) Yes – good or (5) Yes – excellent.

When looking at the result from 2008, all questions have at least 50 percent of the answers in the category (4) Yes – good or (5) Yes – excellent. Only a few questions have more than one third of the answers in the categories (1) No – improvements are very necessary, (2) No - improvements are necessary, (3) Neither yes or no. The Vice President of Processes & Systems says that the level of satisfaction has increased during 2008 and is in general high. Also the participation rate has been increased and is close to 100 percent in Volvo CE Region International.

4.6.1. The ‘Spirit’ of Volvo CE Region International

According to several employees Volvo CE Region International is famous for its spirit and for trying to connect people through social events and projects. A Regional Business Coordinator was told about the
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special atmosphere even before starting to work at Volvo CE Region International. In his opinion “a flat hierarchy, an open management and the fact that everybody is dedicated and helpful contribute largely to this culture”. A Shipping Coordinator adds that he fears that the prevailing crisis may harm this spirit, because of internal cost savings. Another common belief about the ‘Region International Spirit’ is that it is so welcoming because the department is rather small, despite of the recent years’ steep increase in the number of employees. The ESS reveal that 93 percent of the employees are proud to be working in Volvo CE Region International. This is the highest score of the results of 2008.

In the ESS the positive statements about the spirit in Volvo CE Region International are likewise endorsed. One of the questions asked to the employees is: “Do you feel free to express your opinions in your working group/team?” Nine out of ten employees answered this question with either ‘Yes – excellent’ or ‘Yes – good’ in the latest reply (2008). Also when asked whether the employees feel respected by their colleagues the score is very high, and likewise concerning the question “Is there good co-operation in your working group/team?” where more than eight out of ten give either the best of the next best score.

Two of the questions in the ESS regarding the employees’ view on service quality are related: (1) “Does your working group/team supply satisfactory service and quality to other working groups/teams?” and (2) “Does your working group/team receive satisfactory service and quality from other working groups/teams?” To the first question the average satisfaction level is 85 percent (containing both answers from (4) Yes – good and (5) Yes – excellent) while the second question has a much lower score. Only 50 percent are satisfied with the service they receive from colleagues. One Sales Coordinator highlights during the interviews that achieving high customer and dealer satisfaction is dependent on the internal service by colleagues: “Quick answers are particularly valued [by customers and dealers], though this is also dependent on the information that is needed from colleagues inside Region International. Therefore, everybody should strive towards dealing with customer feedback as quickly as possible”. On the contrary the Sales Coordinator thinks that the job in Customer Support is not always accepted by other functions, even though the job is very important to the organization and demands lots of contact with customers. He also adds that especially in his position it would be helpful to receive the feedback earlier as he is in daily contact with customers.

Regarding questions related to motivation the average score is lower than in the other categories. This is both the case when asked whether the respondent feels motivated and when asked whether the respondents’ colleagues seem to be motivated. In relation to this one Shipping Coordinator stated, during the interviews, that everyone had been very busy lately, which could be a problem for the customers’ satisfaction level: “Becoming more customer-centric is a matter of the right workload. Previously, employees have been almost too busy, right now it is rather too little to do”.

4.6.2. Work Related Feedback and Recognition

One of the lowest scores of the survey is regarding feedback. 40 percent of the employees do not feel that they are receiving enough feedback on their tasks. Also when asking whether the employees feel they receive this information in appropriate time, the score is lower than the average score.

In another part of the survey the employees are asked about whether they are receiving sufficient information about the company’s business results. To this question nine out of ten answer with the best or
next best score, while when asking whether the employees receive information about external factors that affect the company (for instance customer behavior and competitors) the average score is lower with close to two out of three.

The issue on feedback and information is also handled in the internal document “The Volvo Way” (Volvo Group, 2004: 11) where it is said that:

“Respect for the individual involves giving people the information and feedback that they need, under both favorable and difficult conditions. It also involves actively listening to, learning from and supporting each other, working together and benefiting from each other’s differences and experiences”.

Related to this, the question: “Are you sufficiently recognized and appreciated for the work you do?” is answered with a satisfaction level being two out of three. During the interviews, all employees were asked whether they thought that a reward system could be a way of making more employees interested in the CSS and DSS results. Everybody agreed that there is no need for such a system. When being asked, a Business Controller refers to the special atmosphere of Volvo CE Region International, which he finds rewarding in itself. He says that he is aware of the existence of a reward system in the Volvo CE Region International product manufactories, where employees are awarded if they can help the organization to gain or save money in an extraordinary way. When asking this Business Controller whether a similar system could be beneficial in Volvo CE Region International he replies that it is not necessary: “People should always work with improvements; it is part of the job”. This is supported by a Sales Engineer who says that: “No additional incentives would be necessary in order to get people in the boat. This should be part of everybody’s daily work.”
In the Analysis, the major theoretical concepts that were discussed in the Theoretical Framework will be applied to the case company. This will be based on the data and findings of the Empirical Study. The chapter includes an examination of the case company’s relationships with its customers and dealers, its approach towards quality and the utilization of customer and dealer satisfaction surveys. Furthermore, the process of company-wide learning in the organization will be assessed and the level of employee satisfaction reviewed.
5. Analysis

5.1. Customer and Dealer Relationships

In the literature, the relationship with customers and other important stakeholders is described to be essential for a company’s success in the long-run. This key to success is also recognized by Volvo CE Region International. In the following section the organization’s focus on customers and dealers will be analyzed.

5.1.1. Focus on Customers

As a manufacturer of construction equipment, Volvo CE is operating in the business-to-business market. Since the number of potential buyers is limited in this sector, the focus on customers is of crucial importance. Literature suggests that the paradigm shift in marketing from Marketing Mix towards a Relationship Marketing approach was strongly rooted in Industrial Marketing. This can be explained by the fact that long-term relationships in the industrial sector appear to be more important than in the consumer sector where a much larger number of potential buyers is often available and the focus is laid more on single sale.

Being aware of the great importance of existing customers, Volvo CE Region International intends to serve them in the best possible way and to base improvements on their opinions and feedback. This requires that Volvo CE Region International learns from its customers and their experiences. The voices of the customers are significant, since they should know the products’ strengths and weaknesses best. Therefore, convincing customers to share that knowledge with the company is priceless. The need to learn from the customer, and not only about them, is described in the theoretical concept of Customer Knowledge Management. Within Volvo CE Region International, learning from the customers is accomplished through meetings on-site, but also through conducting CSS, where Volvo construction equipment owners of have the possibility to comment on their purchasing and ownership experience. The surveys also give customers the chance to ask for direct contact with representatives of Volvo CE Region International in case of urgent matters. These occasions serve as another opportunity for the company to go beyond the surface and to learn more about the actual preferences and needs. Using this knowledge for product and service improvements serves as a basis for long-term relationships with customers.

Another reason why long-term relationships are so important is the fact that in many industries the core products are becoming more and more similar. Thus, companies have to compete on the ‘total offering’ in order to retain their customers. Representatives of Volvo CE in Turkey stated that this is also the case for the construction equipment industry. Volvo CE doubtlessly offers products of high quality. The differentiation to the major global competitors, such as Caterpillar and Komatsu, is becoming less obvious in the eyes of the customers, though. Volvo CE is aware of this fact, which is shown by the statement from Turkey but can also be seen in the growing emphasis on soft products in the company. Furthermore, the Volvo CE Quality Vision stresses that both, products and services, are clearly superior in the marketplace.
5.1.2. Focus on Dealers

For one of Volvo CE Region International’s strategic objectives, ‘Focus on Customer’, a number of keys to success were identified. Three of these keys to success are directly related to the company’s dealers: (1) Long-term commitments with dealers, (2) a stable dealer network, and (3) the approach to customers through Volvo CE dealer partners are described to be central when focusing on customers. Thus, the Relationship Marketing approach is not only relevant for bonds with customers, but with other stakeholders as well, in particular dealers. Excellent relationships with dealers are of crucial importance, since they represent Volvo CE around the globe. In the mind of the customers, dealers are Volvo CE. In general, both Volvo CE Region International and dealers describe the relationship as very good and open. The organization and its dealers might have different internal goals, but the business success for both is dependent on having satisfied and loyal customers.

According to the Theoretical Framework, this common goal requires a shift from competition to co-operation. In order to develop long-term relationships, both parties need to benefit from the partnership. In this context, Volvo CE Region International strives for win-win solutions with its dealers. The purpose of this co-operation should also be to give space for open discussions and constructive criticism in order to learn together. The DSS are an opportunity for the dealers to express their views, to highlight areas that need to be improved in order to serve the customers better and also to give recommendations to the company. Feedback from dealers to Volvo CE Region International and vice versa should be considered as a chance to solve problems. According to the Vice President of Processes & Systems this requires the right attitude, as criticism and comments are often perceived as blaming and people tend to feel personally offended. A comment by a Volvo CE Region International dealer indicates that there is still space for improvement in this respect: “Improvement suggestions by the distributor should be seen as suggestions and not as criticism or offence”.

A successful co-operation can only be achieved if both parties are fully committed. Commitment is based on trust and the fulfillment of promises. Volvo CE’s approach is to show openness and trust towards its dealers. On the one hand, some dealer comments show that this is achieved when the relationship with Volvo CE Region International is described to be excellent and decisions are said to be taken together under consideration of mutual interest. Such comments and the overall grading of the Partnership Development section of the DSS certify that Volvo CE Region International is having good relationships with its dealers. On the other hand, not all dealers seem to feel completely trusted: “VCE shall fully trust the distributor otherwise we can’t talk about partnership”. Having in mind that Volvo CE Region International is operating in markets where relationships constitute an important part of the culture the issue of trust is even more crucial. In addition to trust, the fulfillment of promises is a prerequisite for commitment by the partners. If Volvo CE Region International promises the dealers full support but cannot provide it, the commitment of the dealers will be harmed, as will Volvo CE’s business success eventually. Open comments of the DSS show that some dealers perceive the commitment from Volvo CE Region International to have decreased lately. Some dealers complain about deterioration in communication and a lack of support and action-taking. A possible reason for this can be found in the fact that Volvo CE Region International has expanded its business considerably over the last years. As the fastest growing sales region within Volvo CE, markets, unit sales and employee figures increased significantly. A negative result of this development might have been that some dealers have not felt the full commitment and support from Volvo CE Region International’s side lately.
Even though the current economic crisis, with an expected decrease in sales for the year 2009, constitutes a major challenge for Volvo CE Region International, the slowdown might also be a chance to focus even more on the partnerships with dealers. Commitment from the manufacturer’s side can be shown by making adaptations to the partners’ needs. Such adaptations have been made by Volvo CE Region International recently, when late order cancellations and cancelled shipments were accepted in order to disburden the dealers from cash flow problems caused by the sudden change from growth to decline during the recent economic downturn.

5.1.3. The Role of the Organization and Workforce

If the Relationship Marketing approach towards customers and dealers is supposed to work in an organization, this will require a customer and dealer focus of everyone in the organization. This is supported by the view of one dealer saying that good relationships with the headquarters in Sweden are almost more crucial than the direct relationships locally in the market. Volvo CE Region International pursues a “customer focused approach in everything we do”, which has been identified as a key to success in order to become number one in customer satisfaction. Employees of Volvo CE Region International seem to have internalized this approach, as there is a wide agreement that customer satisfaction should be everybody’s task in the organization, including the back-office functions’. Even employees that have no direct contact with customers and dealers, such as in the Finance department, are interested in knowing what is currently happening in the markets and therefore participate regularly in the regional meetings. In this context the term ‘part-time marketer’ was invented in the theory to describe the function of those employees that are not in direct contact with customers (or dealers). ‘Part-time marketers’ contribute greatly to the satisfaction of customers and dealers, as they support those colleagues that directly serve them. Area Sales Managers are in close contact with the customers and dealers of their markets. Still, they need information from other functions, such as financial analyses, in order to deliver reliable and satisfactory work themselves. If literally all employees of Volvo CE Region International are involved in activities that lead to relationship building, there is a need for process management in order to coordinate the whole value chain. Volvo CE Region International considers process management as its major approach to improve quality and the cross-functional QLN is an example of process orientation.

5.2. Quality Management

For any company, quality is at the core of profitability and success as it highly affects both productivity and customer satisfaction. For Volvo CE Region International this is even more central, as the Volvo brand stands for quality, and quality is one of Volvo’s corporate values. Consequently, Volvo CE Region International emphasizes the crucial role of quality and has a quality management system in place as well as a Process Leader TQM Support.

In literature TQM is summarized by five cornerstones: (1) focus on customers, (2) base decisions on facts, (3) focus on processes, (4) improve continuously and (5) let everybody be committed. The first four cornerstones are also highlighted by Volvo CE Region International in form of keys to success towards the strategic objectives ‘focus on customer’ and ‘improve quality’ in the company’s General Plan 2009: (1) customer-focused approach in everything we do, (2) we measure the performance of ourselves and our
dealers and take corrective actions, (3) we are a process oriented company and (4) we all understand that we have two responsibilities; to perform and to improve. The fifth cornerstone ‘let everybody be committed’ is equally prevalent within Volvo CE Region International, as the interviews with the employees revealed.

5.2.1. Quality in the Context of CSS and DSS

Even though these keys to success may be followed in some areas of Volvo CE Region International’s business, this is not the case for the utilization of customer and dealer feedback. No process is in place, as a result many employees are not committed to the CSS and DSS results and thus no continuous improvement is generated.

The lack of a process, for the transformation from feedback information into actionable knowledge and thus action, appears to be a major obstacle. This can be exemplified by the PDSA cycle adapted to the use of CSS and DSS results within Volvo CE Region International (figure 24) where the grey zones indicate those processes that are not carried out:

![PDSA improvement cycle in the context of CSS and DSS utilization](Source: own)

Volvo CE Region International does accomplish the ‘Plan’ Stage, by setting the company objective of becoming more customer-focused and by conducting the CSS and DSS. The feedback results are then analyzed and possible causes identified. This is done on a general level by the persons in charge of CSS and DSS in consultation with colleagues of the respective functions. The DSS report of 2008 highlights areas to safeguard and areas to improve and identifies necessary steps that need to be taken next. A more detailed analysis has been carried out by the QLN. However, even though dealers expect to be informed about the areas that the company intends to act on, no action plans have been developed and shared at this point. As a result, the stages ‘Do’, ‘Study’ and ‘Act’ have not been accomplished.
The development of action plans is a prerequisite for action to be taken on the feedback in the ‘Do’ stage. The success of this action would then need to be measured and evaluated in the ‘Study’ stage. The results of the subsequent surveys can give evidence whether a measurement has been successful or not. Finally, if the grading for a previous ‘area to improve’ increased, a company would need to make sure that the effective action taken is standardized and made permanent.

In the case of Volvo CE Region International, there are differences when it comes to the responsibility for CSS and DSS. The back-office functions in Eskilstuna have considerable impact on improvement measures regarding the dealer concerns. Therefore, the complete PDSA improvement cycle is relevant for the utilization of dealer feedback within the back-office. In the context of the CSS, the improvement cycle is equally important, but back-office employees are not the drivers of all steps since they are not the primary group of employees that is expected to act on the feedback.

5.2.2. Service Quality

In the context of soft products, it was earlier said that it is becoming more and more difficult for manufacturers to distinguish from competitors with the core product only. Related to this, the quality of service is equally important. Quality failures are often caused by service problems and not by the core product itself. Delivery delays, documentation errors and unhelpful sales people are mentioned explicitly in the literature. In the CSS results of the fourth quarter of 2008, service quality, spare parts delivered on time and service availability were the three most frequent reasons for complaints by customers besides the machine quality itself. In the DSS results of 2008, delays in delivery were also one of the major points of criticism by the dealers. Furthermore, some comments were made on the area of documentations, for instance the lack of documentation in a country’s language.

5.3. Customer and Dealer Satisfaction

Theories and models for customer satisfaction usually refer to a company’s end-customers. However, dealers can also be considered as customers, more precisely as internal customers. Therefore, most of the theories and models for customer satisfaction are also applicable to dealers. In the context of the DSS, Volvo CE Region International’s dealers are asked about their level of satisfaction, and the following part will therefore apply the theories on customer satisfaction on both customers and dealers of Volvo CE Region International.

The theory suggests that in order to be customer-focused a company should measure its customers’ level of satisfaction. Volvo CE Region International is measuring the level of customer satisfaction with a purchase experience survey and an ownership experience survey. This was started in 2001 to show the customers that the company cares about more than selling products, which is necessary in today’s fierce competition to retain customers.

Companies can investigate their customer retention rate to understand which level of customer satisfaction they are performing. If high customer satisfaction is achieved, the company is more likely to retain its existing customers. Therefore, the retention rate can serve as an indicator for customer satisfaction. Volvo CE Region International is aware of the importance of its customers and therefore aims to satisfy them in
all aspects. One of Volvo CE Region International’s strategic objectives for the years 2007-2009 is consequently to focus on customers, for instance by driving “improvements based on the voice of the customer”.

A study on Xerox acknowledged that the level of satisfaction is important for the level of customer loyalty and thus for repurchasing. The conclusion therefore was that it is paramount to have as satisfied customers as possible to be a successful company. According to persons working with CSS and DSS at Volvo CE Region International the primary purpose of the surveys is not to strive towards maximum satisfaction in all aspects, but rather to receive feedback from as many customers and dealers as possible. Volvo CE Region International has no target for how satisfied the customers and dealers should be and thus, it can be hard to strive towards this unknown level.

5.3.1. Price, Quality and Value

In the Theoretical Framework it was made clear that price, quality and value are related. Price has a positive effect on perceived quality, but a negative effect on perceived value and the willingness to buy. In the open comments from the DSS results, various complaints refer to that the prices of spareparts are too high. The critical comments reveal that the dealers are not satisfied with the price compared to the quality and hence, the total value is perceived as lower than the value of the quality alone. The theory states that when the total value is perceived as low it may keep customers from purchasing. Therefore, a too high price on spareparts may keep customers away from repurchase in the future. As an example it can be mentioned that in reaction to complaints from Turkish customers, the prices of spareparts in Turkey have been lowered, which shall help to increase satisfaction and thereby retain the customers.

5.3.2. Customer and Dealer Expectations

What is also mentioned in the Theoretical Framework as paramount is to have knowledge about the customers’ (and dealers’) expectations. When not asking for these expectations a company cannot fully understand what makes customers and dealers satisfied. Respondents will base their survey answers on their needs or wishes from prior experiences and thus what they know is possible to achieve, instead of what may actually be their present wish or need. According to literature a company will not get a sufficient answer to how satisfied its customers and dealers are unless the organization also investigates their expectations. This is summarized in the statement by Goodman, Broetzmann and Adamson who add: “How satisfied is a satisfied customer? When is good, good enough? Unfortunately, companies that ask their customers how satisfied they are but fail to research customers’ expectations cannot answer these questions”.

Expectations are also relevant when it comes to the utilization of feedback. Dealers, for example, expect Volvo CE Region International to inform them about the results, to share action plans and to take improvement action. So far, these expectations concerning the use of the feedback have not been met by the case company.

It is also recommended by theory that companies listen to the voice of customers and dealers when defining their standards. If the standards are not based on their needs and expectations they may not be
satisfactory to customers and dealers. For example, in the open comments section of the DSS of 2008, many dealers demanded a more frequent visit by Regional Service Managers and factory representatives. One respondent stated explicitly that Volvo CE should visit the dealer at least once per year. Therefore, a visit once per year constitutes the standard that this dealer expects. It might not be possible for an organization to set all standards according to the customers’ and dealers’ expectations. However, it is important to know what they expect in order to strive towards this level and, if necessary, to inform customers and dealers why the expected standard is not achievable. In addition, the standards are recommended to be renewed over time as expectations change over time, for instance due to experiences in delivery time, product quality and the quality of a company’s service. Referring to the example above regarding on-site visits, dealers might expect to be visited twice per year in the future. Consequently, a company needs to constantly assess the expected standards of its customers and dealers and renew them accordingly.

In companies, customer and dealer expectations can become known by applying a Servqual investigation, which is considering both expectations and perceptions at the same time. This will help organizations to understand where changes can be made based on the respondents’ opinions. Nevertheless, this is rarely done, which is also the case for Volvo CE Region International that is not asking any questions regarding expectations in the CSS or DSS. By not asking for these expectations it is harder to make the correct improvements, as the company is not fully aware of its customers’ and dealers’ true desires.

5.3.3. Prioritization of Customer and Dealer Needs

It can be hard for a company to know what to focus on when striving for customer and dealer satisfaction. This problem is intensified by the fact that different customers and dealers might have different focus areas that are most critical to them. One way to overcome this hurdle is to include another attribute to satisfaction surveys, namely asking for the customer or dealer opinion on how important each of the questions in the current survey is to achieve satisfaction for the respondent. This is not done in the standard CSS and DSS of Volvo CE Region International. However, this additional attitude concerning importance is included in the CSS used in the sub-region Latin America. The CSS of Latin America contain a higher number of questions in order to understand how to prioritize the focus in this sub-region based on the customers’ own opinions on what they find most important. However, the general opinion in the case company is that by adding extra questions to the CSS, less customers might want to participate because it will take too long time to conduct and thus, it has been chosen not to implement these importance-related questions to the CSS used in other sub-regions.

The Kano Model is another means of understanding the needs of a company’s customers (and dealers). If an organization is focusing on improving its customers’ and dealers’ basic needs, no improvement will be seen in the survey results as the fulfillment of these needs cannot create satisfaction if fulfilled but merely dissatisfaction if not present. The basic needs cover the vital functions and components as for instance that when purchasing construction equipment the tires are inflated and the light bulbs are not blown. The fulfillment of the basic needs is a prerequisite for creating satisfaction and therefore, it is a necessity for a company to fulfill these needs before considering the fulfillment of the expected needs and the excitement needs.
However, as the basic needs cannot create a higher satisfaction, companies are also required to investigate which features of the products or services cover the expected needs in order to strive towards increasing the level of satisfaction. When considering the construction equipment business, the expected needs can for instance be a low fuel consumption, an acceptable price or a training course on how to drive a machine. These are components that will create an increased level of satisfaction parallel with the fulfillment of the customers’ and dealers’ needs.

If a company wants to surprise the customers and dealers, it can investigate the excitement needs with the intention of providing an experience that is superior to what could be imagined. Succeeding in fulfilling these needs would make the company excel. The excitement needs of construction equipment customers could for instance be to have an invitation to a special event related to the machine or to receive a ‘personal toolbox’ with the most urgent tools in case of a breakdown in the machine. The excitement needs are however hard to learn about, as people might not even be aware of the existence of these needs. In addition, the excitement needs are not supposed to be the starting point of improvement, as absence of action in these areas can, as mentioned in the Theoretical Framework, never create dissatisfaction, but merely increase the level of satisfaction if present.

If organizations manage to understand the requirements of the customers and dealers, it is easier to act on the correct needs and thus to increase the satisfaction level. In order to react appropriately to the feedback and to prioritize improvement measures, companies need to know which kind of need each survey question is corresponding to. Basic needs can be understood by looking into existing complaints and documentation on lost customers to figure out what went wrong. Meanwhile, the expected needs can be learned from satisfaction surveys as these needs will be reasons for complaints if not fulfilled. Organizations can also facilitate focus group interviews to make customers share their wishes and needs, and use occasions such as dealer conferences to learn about dealer expectations. Excitement needs can also be understood by facilitating focus group interviews, where customers feel free to invent what they consider to be the future and not what they would imagine to need at the moment.

5.3.4. Application of the Gap Model

By applying the Gap Model, reasons for dissatisfaction can be identified.

(1) The first gap is likely to be present in the relationship between Volvo CE Region International and the customers and dealers since the company is not asking for their expectations and thus might not be aware of what is actually considered as high quality or good service. In the section on standards, it was earlier mentioned that dealers expect to be visited at least once a year by Volvo CE representatives, which can also serve as an example for this gap between customers’ and dealers’ expectations and the company’s perception of those expectations.

(2) The second gap may also be present in the case company’s way of doing business with customers and dealers. This is the case if a company is not adjusting the standards to the expectations of the customers and dealers. An example is that the dealers received the results of the DSS 2008 seven months after the completion. Since Volvo CE Region International has not asked the dealers when they would expect to receive the results, the company cannot adjust the standards to the expectations and hence, the second gap might be present.
(3) Gap number three occurs when a company has the right service quality specifications (and standards) in place, but does not fulfill these standards when interacting with customers and dealers. Even though Volvo CE Region International is not asking for expectations, the organization might have the right service quality specifications in place, for example to work closely together with the dealers in order to minimize lost sales. However, one dealer comment indicates that the case company has not fully been living up to this standard recently as the company has not been supportive enough and has not paid adequate attention to this particular dealer, which has resulted in missed sales at several occasions. In this example the correct standard is set by Volvo CE Region International, but somewhere in the organization a problem has occurred and therefore the standard is not kept. However, this particular dealer also mentions that the problem is currently being addressed by Volvo CE Region International and thus, this is only an illustration of how this gap can occur within the organization.

(4) The fourth gap appears when a company is promising something that it cannot keep. This gap can be interpreted from the DSS results since some dealers say that the machines are not delivered on time as agreed and thus promises are not kept. Large order numbers were the reason for the delay, which made it hard for the case company to cope with the demand, while a better communication might have reduced the dealers’ negative impression that promises are not kept.

(5) The fifth gap is the outcome of the other four gaps. If these gaps are present the fifth gap, being the overall gap between customer expectations and the perceived service, will also be present. Therefore, it is likely to be existing at Volvo CE Region International as well.

5.3.5. The Attitude to Complaints

As proposed in the Theoretical Framework, it is important to have the correct attitude towards handling dissatisfied customers (and dealers) and thus turning dissatisfaction into satisfaction. According to the Vice President of Processes & Systems this attitude is captured in Volvo CE Region International when it comes to customer and dealer feedback. Furthermore, the company prefers to solve existing complaints and hence improve the service, instead of not receiving any complaints at all. However, one Sales Coordinator mentioned during the interviews that the general attitude in Volvo CE Region International has changed: “The fewer complaints, the better it works”. In general, companies need to highlight the importance of having a positive attitude towards feedback and suggestions for improvements.

Regarding the CSS, when receiving the customers’ improvement proposals and complaints, it is vital to take immediate responsive action in order not to lose the customer. When a complaint is given to the case company via the CSS, action is taken by activating the Fax alert. The Fax alert allows the dealer 48 hours to establish contact to the customer and attempt to solve the problem.

According to the Theoretical Framework 95 percent of companies spend their resources on reacting to individual complaints and less than 5 percent on looking deeper into these comments and using them for improving the company’s performance level. Within Volvo CE Region International this tendency can also be seen, since the company has currently no process in place for how to use the feedback for improvement action. The Fax alert helps the case company to react on individual customer complaints and to solve them. However, no systematic company-wide complaint handling process is in place for CSS and DSS, which can lead to much time spent on solving similar complaints. Consequently, Volvo CE Region International is
having a reactive process, instead of looking at the complaints as more than just one specific problem and solving the issue that caused the problem in a proactive way. By having a proactive process the time companies spend on individual complaints will be less and the customers and dealers will be more satisfied as these complaints will be superfluous. This is in relation to what was discussed earlier in the section on quality.

A more proactive approach towards customer feedback is applied in the CSS process in the sub-regions of Turkey and Latin America. Taking the example of Volvo CE in Turkey, the sub-region is aware of the need to act on the issues that are causing the problems and not just to solve the individual complaints. This is achieved by detailed analyses of the feedback and the identification of root causes for problems, amongst other things by directly contacting the concerned customers. Once the causes have been identified, action plans for improvement are developed, action is taken and the concerned customers are informed about the changes. Furthermore, the outcome of these measurements is monitored and assessed to see whether the action has been successful. Only if this is the case, the likelihood of future dissatisfaction in these areas can be minimized.

5.4. Learning within the Organization

Knowledge is described to be the most important source of sustainable competitive advantage an organization possesses as it cannot easily be imitated by other companies. Furthermore it is said that knowledge is created through learning processes within the organization. It can be stated that Volvo CE Region International stresses the importance of learning, as regular meetings and discussion groups take place on a formal and less formal basis, and joint efforts are made to enhance learning, such as the development of the company’s General Plan.

5.4.1. The Process of Company-wide Learning

When it comes to the CSS and DSS, no particular learning process is in place yet. When customers and dealers answer the surveys, they provide the case company with data. By analyzing the feedback, both at the Volvo CE headquarters in Brussels and internally in Region International, this data is transformed into information. Data is given meaning and summarized in a mostly quantitative analysis. It is not sufficient for companies to know what the customers and dealers think, instead reasons for these opinions should be found. Information needs to be transformed into company-wide knowledge by using the understanding and experience of individuals, groups and the organization as a whole.

The recently introduced QLN at Volvo CE Region International has the purpose to overcome this gap and to create the knowledge that is necessary in order to take actions later on. As this cross-functional group consists of representatives of almost all sub regions and functions, the group members can discuss the CSS and DSS results, include their complementary understanding and experience and thus create new knowledge on the results, on the basis of which action plans can be developed. An in-depth analysis can also question underlying values and objectives of the company regarding customer and dealer perceptions, as described in the concept of double-loop learning, instead of only taking sporadic corrective actions.
While analyzing the results, the persons in charge of CSS and DSS within the case company are in contact with other colleagues to find general explanations for peculiarities in the feedback and to include those explanations in the presentation of the results. Their responsibility is to present the results of the surveys in a general way to the management and to the employees. It is then up to the workforce to utilize the information and to put it into perspective. At this point, Volvo CE Region International has no organization-wide learning process to ‘look behind the figures’.

Knowledge about customers and dealers is doubtlessly existing within the organization; though, the organizational capability to utilize this resource is limited. A major reason for this is that no routines are available when it comes to the process of transforming feedback data into actionable knowledge. Individuals or groups within the company might know the reasons behind the feedback and might even have ideas of how to improve on it. There has been no coordinated process to utilize this knowledge so far. Without such a coordinated process, no action plans can be developed. Under these circumstances, Volvo CE Region International is not utilizing customer and dealer feedback as a source for knowledge creation and thus sustainable competitive advantage.

### 5.4.2. Uncoordinated Learning

As mentioned in the Theoretical Framework Organizational Learning occurs at three different levels, namely the individual, group and organizational level. Individual learning, group learning and organizational learning should be connected by different processes. When it comes to the CSS and DSS utilization, the connection between the different learning levels is missing within Volvo CE Region International. Learning about CSS and DSS does occur, but in an uncoordinated way, which decreases efficiency (see figure 25).

![Organizational Learning in the context of CSS and DSS utilization (Source: own)](image)

Some employees have looked into the CSS and DSS results and filtered those aspects that are relevant for their work. In particular those people working in close contact with customers and dealers, such as in Customer Support, make use of the survey results. Thus, learning occurs at their individual level. Even though they might share their thoughts with other colleagues in their team, this is not based on a systematic process. Employees are not explicitly asked to go through the CSS and DSS results in order to
share their view later with the whole team, for example in a scheduled ‘feedback result discussion meeting’. Group learning on customer and dealer feedback takes place for instance in the product lines where the Sales Engineers look into the feedback that concerns their product line and discuss the results. The outcome of the discussion is then applied in the daily work of each Sales Engineer, and thereby a feedback loop to the individual level occurs to a certain degree. But again, this group learning on CSS and DSS is not integrated into a company-wide process. Therefore, the created understanding is not used to its full potential. Colleagues in other functions might benefit from this knowledge as well, but do not have access to it. Finally, organizational learning takes place, for example in the QLN where CSS and DSS results are discussed and evaluated. The objective is to create a feedback loop to the group level and eventually to the individual level by asking the Quality Leaders to raise awareness of these issues and to inform everyone in the organization about the outcomes of the QLN meetings. Until now, this sharing process has not been applied sufficiently, as the QLN is still in the development stage.

5.4.3. The Process of Sharing Tacit Knowledge

Some members of a company might immediately be able to relate certain results of the surveys to their past experience and existing knowledge and thus develop new knowledge out of the feedback. Colleagues in other functions might not have this background knowledge about these areas; for them, the feedback is only information, which first needs to be transformed into knowledge through the interaction with others. A reason for this is that putting satisfaction survey results into perspective is highly dependent on the tacit knowledge of individuals, for instance the experience of country representatives with their specific markets. Value to a company is only created, if this tacit knowledge inside employees is made explicit and shared with others in the organization, for example by sharing the cultural peculiarities of a specific country. This sharing process needs to take place in direct interaction, as tacit knowledge cannot be passed on in any documents or figures. Besides the various meetings that take place at Volvo CE Region International, the QLN is a way for people to share their tacit knowledge with others. Combining all the tacit knowledge of the group members into concepts, for instance process models or best-practice examples, is important in order to share it with the rest of the organization. This would give everyone in the company the possibility to apply this new knowledge through ‘learning by doing’ and thus provide these employees with new tacit knowledge.

5.4.4. Barriers to Knowledge Transfer

Three main barriers to knowledge transfer are according to the Theoretical Framework (1) ignorance, (2) space & time, and (3) relationships not in place. Ignorance refers to not knowing that someone else in the company has knowledge, which would be helpful to have. To a certain extent, this is the case for the CSS and DSS results. The majority of back-office personnel have not looked into the results yet. Some of them do not know that it is available on the company’s sharing device TeamPlace, others do not expect to gain much information for their work. Even though more detailed analyses could be prepared for the individual needs of specific teams, the responsible person for CSS has so far only been asked once to perform a more detailed study. Time and space is a natural barrier to knowledge transfer for a multinational organization, which operates on five continents. The teams of some sub-regions are mainly based in Eskilstuna, while other sub-regions are fully run locally with only a Regional Business Coordinator being present in Sweden.
To a certain degree, this can be a barrier to knowledge transfer, even though communication with the sub-regions is said to be working very well, and direct and virtual meetings are scheduled regularly. The barrier of relationships not being in place does not appear to be prevailing in Volvo CE Region International either. The communication with colleagues in the teams and beyond is described to function very well due to a transparent company culture and everybody seems to be approachable when needed for advice.

### 5.4.5. Enablers to Knowledge Transfer

Technology and culture are said to be major enablers of knowledge transfer. An open and transparent culture that supports knowledge transfer exists within Volvo CE Region International, even though in the context of CSS and DSS it is not entirely exploited. There has recently been a ‘benchmark meeting’ where representatives of Turkey, Latin America, Russia and the headquarters in Eskilstuna explained and analyzed their different CSS processes. This can be considered as internal sharing of ‘best practice’. However, for knowledge transfer to work company-wide, the management needs to stress the importance of sharing, for example by allocating sufficient time and resources for formal and informal meetings. The importance of customer and dealer satisfaction is highlighted verbally by the management. However, regarding CSS and DSS, it is questioned by employees whether this is accompanied by a sufficient allocation of people and resources.

In terms of technology, Volvo CE Region International has a system in place that enhances the sharing of knowledge; though, it seems that TeamPlace is not utilized to its full potential by all employees. The great amount of information available on TeamPlace makes it a storing place rather than a sharing place, which does not support the idea of knowledge creation and sharing. Even though this is described to be one of the purposes of this network device, it makes the full utilization of the content more difficult. Furthermore, the fact that knowledge can hardly be captured electronically, highlights that TeamPlace can only be a supportive tool to give people access to the CSS and DSS. The analysis of the results would then need to be the major part. Furthermore, literature suggests that not all knowledge is equally important to everyone. Customer Support for instance is affected much more by the feedback than the Finance department. For the latter, it might be sufficient to have access to the CSS and DSS results via TeamPlace, and to look into them whenever suitable in order to gain a general impression. Customer Support, however, would need the information more rapidly and possibly more detailed, in order to react promptly to it.

### 5.5. The Level of Employee Satisfaction

According to theory, a company depends on having satisfied employees to be able to implement and follow strategies successfully. Therefore, a company needs to have satisfied employees, who are motivated to do their job in order to satisfy customers and dealers. Satisfied dealers are crucial as they are in direct contact with the customers and therefore, their work has considerable effects on customer satisfaction. When relating this to the case company it is clear that satisfied employees are also necessary to have satisfied customers and dealers. When comparing this goal to the attitude among the employees, it seems that Volvo CE Region International is heading in the right direction. Employees state that no additional incentives would be necessary to get people involved as the focus on customers and dealers should be part of everybody’s daily work.
Also when conducting internal satisfaction surveys, as a means for understanding the employees and improving the working conditions, Volvo CE Region International is performing well. The company is conducting the ESS regularly in order to know how the employees consider the internal environment.

To summarize the result from the ESS of 2008, the employees seem to be very satisfied with Volvo CE Region International as a workplace. The employees are mentioning the ‘Region International Spirit’ when asked about the culture of the company and everybody is very satisfied with the internal culture.

The theory refers to the importance of having good relationships when handling a company’s internal processes in order to have good relationships in external processes concerning customers and dealers. Having a high level of internal service quality is important if employees are supposed to provide a high level of service to the company’s customers and dealers. To summarize the case for Volvo CE Region International, more employees state to be giving satisfactory service to colleagues compared to receiving satisfactory service from others. This indicates that somewhere in the organization the employees are not providing as good internal service as they expect to receive themselves, otherwise this gap would not occur.

5.5.1. The Appointment of Role Models

In order to make as many persons as possible interested in new processes or projects a company can appoint role models. Role models are helpful to spread interest when a management wants to implement a new strategy or routine. Volvo CE Region International has been looking for role models when asking some employees to join the QLN. When appointing these Quality Leaders the management showed respect and belief in those employees that were asked to join the network. The same applies to the TOD group leaders, whose selection shows the appraisal of the management towards their skills and merits. However, when interviewing the back-office employees about the QLN, only very few had heard about it and were aware of its purpose. According to the Process Leader TQM Support it should be the Quality Leaders’ own responsibility to go back to their teams and inform about their involvement in the project. Nevertheless, this view is not supported by theory, stating that recognition is necessary for the increased work these role models are producing. Indeed, one kind of recognition is the appointment itself. However, if the management had taken the next step and informed the entire organization about the appointment, even more employees would be aware of the extra job these employees were producing and thus pay extra attention and respect to these employees.

5.5.2. The Importance of Employee Motivation

The Flow Theory says that employees are in the flow when they are working under optimal conditions. This requires, among other components, immediate feedback on employees’ performance. According to the internal document ‘The Volvo Way’, Volvo CE strives towards giving employees the feedback and information they need. This is, however, not in relation to what one Sales Coordinator mentions concerning receiving timely information in order to react on customer complaints. In relation to the Flow Theory, one employee states that motivation is closely linked to having the appropriate workload. Customer focus can be constrained by too many tasks or too few tasks in the job. According to theory too many and too difficult tasks can lead to anxiety, while boredom occurs when employees have too high skills or too few tasks.
Also related to this topic is the theory on two groups of factors affecting the motivation of employees. The first group, motivators, contain among other components recognition. As mentioned earlier employees need to be recognized in their job in order to work motivated and thus create customer satisfaction. According to the results of the ESS the employees do not feel sufficiently recognized. When asked in the interviews the members of staff do not think that a reward system would be necessary in order to utilize CSS and DSS, though. When it comes to the utilization of feedback all respondents mention that customer satisfaction ought to be everybody’s responsibility and a natural part of the job.

According to theory all employees are motivated by different needs and thus require various attention to work optimally. This is important for companies to take into consideration when introducing new routines in relation to the utilization of survey results. For some employees feedback on performance and personal development is the key to motivation, while others require close social relationships in the company to perform. Another type of employees requires influence on their tasks to perform optimally. According to the ESS results six out of ten employees at Volvo CE Region International feel they get sufficient feedback on their performance. When asking the back-office employees about the relationships in the company, the responses were positive and the employees do not feel that the relationships require attention. In addition many respondents mentioned that they would not feel nervous about asking colleagues for help, even across teams. Finally when asking the employees about whether they can influence their own work position and whether the employees are included in decision-making in their team, the ESS results are again positive. According to theory the employees of Volvo CE Region International are motivated. However, when considering the ESS scores related to questions on motivation it is in average lower than scores on other questions.

A company does not necessarily need to know what motivates each employee but what is crucial is the understanding that different employees might not be motivated by the same factors.
This section concludes the major findings from the Empirical Study and the Analysis. By identifying and analyzing prerequisites for the utilization of feedback throughout this thesis, it has been made possible to draw conclusions on a more general level in order to answer the research questions, which accordingly is the purpose of this chapter. Four conditions have been identified and will be explained in the following chapter.
6. Conclusions

The four identified conditions for better utilization of feedback are (1) an Adequate Analysis, (2) an Adequate Learning Process, (3) an Adequate Process of Taking Action and (4) an Adequate Organizational Culture. These conditions are all central when analyzing the main research question of this thesis concerning how administrative functions of an MNC can become more customer-centric by improving an existing customer and dealer feedback process. The connection between the four conditions can be seen in the adapted research model in figure 26:

![Figure 26 – Four conditions of feedback utilization adapted to the research model (Source: own)](image)

Each of the four conditions starts with brief concluding remarks concerning the current status on the case company. This is followed by a description of the statements on the MNC and an assessment of their relevance for other companies. This generalization is achieved by reviewing the empirical findings of the case company from a theoretical perspective.
6.1. An Adequate Analysis

Concluding statements on the case company

- Including additional survey questions for importance and expectations is seen as critical in the case company as the respondents’ readiness to answer the survey might decrease.
- Analyses can be prepared for specific needs, if required by functions or sub-regions. With one exception, there has not yet been the demand for such function-specific presentations.
- CSS and DSS publications from headquarters in Brussels are analyzed more detailed by Volvo CE Region International.
- Comments are included in the analysis to facilitate a better understanding.
- All employees of the case company have access to survey results on the file sharing system TeamPlace.
- Employees are expected to look for new results on their own and do not receive any reminders.

Within the case company, the importance of the survey questions and the expectations of respondents are not measured. Only the sub-region of Latin America has added extra questions in its survey on customers, with the aim to learn about their priorities. The MNC does not ask the customers and dealers about their expectations. The approach in the organization is more general and aims to achieve a positive trend when comparing results with previous surveys.

According to literature, the consideration of importance and expectations can assist companies to increase the efficiency in action-taking and help to increase the level of satisfaction. As surveys usually include a considerable number of questions, it can be difficult to know which areas require most attention. Therefore, companies can ask survey respondents to highlight those issues that are most important as improvements in these areas are likely to have the biggest impact on satisfaction. Stressing the importance of different survey questions, for example in an Importance-Satisfaction Matrix, helps companies to prioritize on the right issues. Once an organization is aware of what needs to be undertaken first, the company furthermore needs to know to which level action should be taken. For all items that are covered in the survey questions, customers and dealers have specific expectations and a company’s action should be directed towards the fulfillment of this level of expectations. If a company invests too little efforts, expectations will not be met and satisfaction will not increase sufficiently. However, companies could also invest too many resources, when being unaware of the actual level of expectations. These resources could instead be used for other areas that need improvements. Therefore, the analysis of survey results will become more beneficial to users if the answers of the respondents are evaluated with consideration of their expectations. The neglect of importance and expectations in feedback from customers and dealers hinders a better utilization of feedback within the case company. Therefore, the significance of these attributes is likely to be equally relevant for other MNCs as Volvo CE Region International is representative for other companies.
In Volvo CE Region International, the official survey results from the headquarters in Brussels are analyzed more thoroughly and put into context before making them accessible to the employees. An even deeper analysis for different functions would be possible, although the demand from departments has not been there until now. A more detailed analysis was recently presented to the Quality Leaders, where results and trends were divided by sub-regions.

Literature suggests that, depending on the purpose, different depths of analysis are necessary when companies ask for customer and dealer feedback. To make employees aware of the overall opinion of respondents and the level of satisfaction in comparison to the past, it suffices to present results on a more general level. Detailed discussions and analyses on improvement action would require more thorough information. In order to provide the right amount of information, the important question for organizations is who needs to know what and to which level of detail.

The case company uses spider-webs for the presentation of results. Depending on the purpose, these graphs are used to display regional or historical comparisons. The analyses that are available to the employees include only few comments, and are instead focused on quantitative results. However, Volvo CE Region International recently started to distribute more explanatory presentations. This has for example been done to the QLN, where those areas that had decreased the most, and thus needed special attention, were highlighted.

If companies expect their employees to utilize the analyses, the way of presenting the feedback needs to be understandable and straightforward. This includes quantitative results that allow the comparison with previous feedback, as well as more qualitative comments and explanations concerning peculiarities and changes. Furthermore, in an adequate analysis, key messages are highlighted, such as areas of priorities and results that dropped considerably compared to the previous survey.

In Volvo CE Region International, employees have access to the feedback analysis via the company’s internal file sharing system TeamPlace. Furthermore, a short presentation of the newest results is given during the Business Update meetings. No emails or reminders are sent out, though.

As mentioned in the Theoretical Framework in the context of knowledge sharing, the publication and distribution of feedback analyses are essential for later feedback discussions and action development. Therefore, it is equally essential for other companies to ensure that results are accessible to those employees that are expected to utilize them, since Volvo CE Region International, as a case company, is representative for other organizations.
6.2. An Adequate Learning Process

Concluding statements on the case company

- Continuous improvement and customer focus is stated to be everybody’s task.
- The importance of the voice of customers and dealers is stressed, not however the value of survey results.
- Not all employees are aware of the existence of CSS and DSS.
- Only very few employees have looked into the results.
- No active encouragement is given to discuss feedback and create ideas for improvement.
- No time is allocated for the active utilization of customer and dealer feedback at the case company.
- Regular meetings at different levels take place at Volvo CE Region International.
- Feedback is generally considered as suggestions rather than blaming.
- The QLN is supposed to constitute a learning circle where problems are to be identified and solutions created.
- The awareness of the QLN among employees is very low.

The workforce of Volvo CE Region International is not explicitly made aware of the survey results but is expected to look for the information on the company’s file sharing system themselves. Even though the management stresses the importance of customer focus, not much attention has been paid to the tools CSS and DSS in the past. Recent measures have been started with the purpose of raising the awareness of employees for these satisfaction surveys. A TOD project has been initiated to make better use of the feedback. Furthermore, new employees that are joining the organization receive an introduction into different quality issues, including the purpose and importance of the surveys.

For an organization to better act on customer and dealer feedback, a company-wide learning process needs to be initiated in order to facilitate knowledge creation and sharing once feedback of customers and dealers is available. A prerequisite for such a learning process is that everybody in the organization is aware of the existence and the importance of the surveys and their results. Accordingly, literature suggests that companies need to stress the value of customer and dealer opinions to all employees.

When new CSS and DSS results are available within Volvo CE Region International, they are made accessible to all employees, but members of staff are not reminded to look further into the results or to actively work with the feedback.

Empirical findings show that employees want to be encouraged to look into the results, to discuss the information with their colleagues and to come up with solutions of how to overcome problem areas. This is supported by literature stating that organizations need to encourage employees to contribute to company-wide improvements. Based on the findings of the case company, this is very likely to be a necessity for other MNCs as well.
In Volvo CE Region International, the infrastructure for feedback utilization is available when it comes to meetings and technology. Personal interaction takes place regularly in form of meetings on different levels, which would give the opportunity to discuss the feedback issues. Furthermore, all employees have access to the survey results electronically, even though only few people look into them since most employees are not aware of the presence of new results. When it comes to the allocation of time, employees are expected to look into the feedback as part of their every-day job. As no encouragement is given to utilize the survey outcomes, their priority is very low, especially in times of heavy workload.

If employees shall be encouraged to utilize the feedback and thus to increase the customer focus, they also need to be provided with appropriate resources, as mentioned in the Theoretical Framework. The discussion of results and the creation of solutions constitute additional workload. Therefore, employees need to have the opportunity to spend time on meetings in order to interact with their colleagues and to discuss the feedback. Furthermore, a technology needs to be in place that allows all employees of an organization to easily access the information required.

In the case company not all employees are involved in the utilization of the feedback as not everybody is aware of the existence of CSS and DSS. The QLN was created to take the lead in the feedback utilization. These employees from different functions and regions are the only ones in the company that meet regularly to discuss the results.

One essential aspect of an adequate learning process identified in literature is the involvement of all employees in an organization. It is likely that some functions have greater responsibilities to act on customer and dealer feedback and to increase their levels of satisfaction. Nevertheless, those employees that are not in direct contact with customers and dealers also have a very important role in the learning process, as they can complement the knowledge and understanding. Hence, it is important for companies that all employees are involved in the survey results and contribute their ideas and suggestions for improvement. A prerequisite for the involvement of all employees is that feedback is understood as a valuable source of information and not as a reason for blaming.
6.3. An Adequate Process of Taking Action

Concluding statements on the case company

- No responsibilities are assigned at the case company and thus nobody feels responsible for taking action on the feedback.
- No schedules and deadlines are created which leads to postponement of taking action.
- The case company is not creating specific action plans and thus no coordinated action is taken on the feedback.
- Action plans are not presented to the dealers, which might discourage them from giving input in the future.
- Volvo CE Region International is not taking any systematic action on problems identified in the CSS and DSS results.
- No proactive monitoring process is implemented at the case company, and thus it is difficult to understand whether necessary actions have been taken.
- Volvo CE Region International has no driving motor that makes the process head in the right direction.

The current process of taking action on the survey results at Volvo CE Region International is not systematic and includes purely the reactive Fax alert activated by low scores in customer surveys and the QLN. The QLN is supposed to identify major problems and develop solutions, but since the QLN is still in its development stage, this is not done to its full potential. As the QLN includes representatives of almost all functions and sub-regions, the group is likely to know who can act on various matters. But as a systematic process of assigning tasks does not exist, nobody is taking the responsibility of acting on the feedback. As mentioned in the Theoretical Framework improvements can only be achieved if action is taken. A prerequisite for this is the distribution of responsibilities of different problem-fields to those teams that are able to influence these specific areas most. Assigning the responsibility is important to avoid situations in companies where everybody is responsible for everything and thus nobody takes any responsibility.

Currently the case company does not develop action plans as a result of the fact that no responsible teams are being assigned to the problem. Furthermore, no deadlines are created as no systematic process of feedback utilization is in place. As mentioned in the Theoretical Framework action needs to be planned in order to result in continuous improvements. Furthermore it is suggested that in order to make action happen it is necessary to have deadlines, as action on feedback will otherwise be postponed due to no time limits for accomplishing tasks. As the lack of action plans and deadlines appears to be an obstacle for the case company, this is very likely to be valid for other companies as well.

In the dealer survey process, the next necessary step is to inform the dealers about the action plans, which is not done in the case company. Empirical findings show that dealers expect action to be taken on the feedback that they provide through the survey and are therefore interested in being informed about the
steps that the case company has planned. If action plans are not presented to dealers it can affect the relationship to a company negatively, since the dealers will be discouraged to give feedback in the future when they do not see any results of their input. When it comes to the customer survey process, the back-office functions of Volvo CE Region International are usually not the primary group of people who is expected to act on the results. Nonetheless, if action plans are developed that concern the customer survey results, dealers need to be informed as well, as this might also concern their job areas.

At the case company, monitoring of improvements is done by comparing historical trends in the survey results to see the development of scores over time. However, as this comparison cannot be traced back to particular actions it is difficult to know what has caused a score to rise or fall and thus, this process is not proactive, since only single loop learning and not double loop learning is applied.

The process of monitoring actions is paramount in a learning organization, as evaluation is otherwise not made and thus, it is difficult to know whether resources have been well spent. Therefore, it is important to assess whether the actions taken have a positive impact on the next survey results, in order to understand whether the measure has been successful. If the process of monitoring shows that action is not taken or that the action has had no effect on the subsequent results, it is possible to attempt other solutions with the aim of solving the problem and increasing the level of satisfaction.

At Volvo CE Region International, there is no proper driver of the process of feedback utilization. QLN has recently been developed with the purpose of utilizing the survey results better. However, as there has been no creation of action plans and deadlines, the QLN cannot be considered as such a driver.

Empirical findings indicate that a driving motor is necessary to keep the process running and thus to ensure that achieved knowledge on customer and dealer expectations is applied and turned into process improvements and problem solving. This is both the fact regarding the process of monitoring but also in relation to creating schedules and deadlines. If there is no motor behind the process, no one will take responsibility and thus, no action will be taken. Therefore, it is crucial for companies to have someone dedicated that works as an 'engine' to make sure that the process is heading in the right direction. As this aspect is relevant for the case company, it is very likely to be important for other organizations as well.
6.4. An Adequate Organizational Culture

Concluding statements on the case company

- A positive environment of being customer-centric exists at the case company.
- Volvo CE Region International has a supportive team culture.
- A helpful, open and transparent spirit is existing within the organization.
- An extrinsic reward system is stated to be unnecessary by employees of the case company.
- Employees are motivated towards being customer-centric, though not in relation to the survey results.
- Quality Leaders are not being formally recognized for making an extra effort.
- Employees need to be motivated to and rewarded for taking action on the survey results.

The case company has made it a strategic objective to become number one in customer satisfaction, and furthermore the employees are aware of that they are employed to serve the customers in the best possible way.

Having a customer-focused organization facilitates a natural culture of being customer-centric among employees. As mentioned in the Theoretical Framework, this culture includes having a positive attitude towards complaints and furthermore having the understanding that a company is depending on its customers. Moreover, the attitude also includes treating dealers as internal customers. They are an important partner to remember as dealers usually are the organization in the eyes of the customers. If the environment of being customer-centric is not present in an organization, employees will not see the need to utilize the feedback from customers and dealers and thus, problems causing dissatisfaction will not be solved. As the customer-focused culture within the case company appears to be an enabler for good relationships with customers and dealers, this is likely to be equally important for other MNCs.

At Volvo CE Region International a thought style is existing, where employees, who are in direct contact with customers and dealers, are considered to be internal customers as their work is directly influencing customers’ and dealers’ opinions of the company. Employees describe the team culture as supportive, despite a slight tendency of displeasure regarding the received internal service. The case company has an extraordinary internal spirit, referred to as being helpful, open and transparent, which makes employees very satisfied about their job.

According to literature the thought style of ‘part-time marketers’ needs to be adapted by all employees in a company that are delivering service or knowledge to a colleague closer to the end-customer, as all involved employees will influence the final result. This is especially important when considering knowledge sharing since employees need to complement each others’ understanding in order to create new knowledge.

The workforce of the case company does not believe that the implementation of an extrinsic reward system would make them more motivated to utilize survey results in a better way. The opinion of the back-office employees is that it is supposed to be everybody’s task to work with improvements. However, this opinion is not lived out at the moment concerning this feedback, as only very few actively work with the
survey results. Furthermore the Quality Leaders, who are delivering an extra effort, have not been formally recognized except for the appointment of the role itself. Rewarding employees, and thus making them feel appreciated for their work, is a source to motivation. This is supported by literature saying that both extrinsic (for instance monetary) and intrinsic (for example recognition and intangible incentives) reward systems can be implemented with the aim of maintaining a high level of employee motivation. This is especially important when employees are delivering excellent performance or when employees make an extra effort during their work. What is more, the value of role models is highlighted in theory, as they can be helpful to motivate other employees to participate in new implementations due to a ‘pioneer attitude’.

In conclusion, an adequate organizational culture is present at the case company, which includes a customer-focused environment supported by the motivation of employees. However, this culture is merely focused on the general approach of being customer-centric and not directly on utilizing the customer and dealer feedback, which has the effect that only few employees are currently using the survey results. According to literature, the existence of an adequate organizational culture, which enhances the employees’ motivation to become more customer-centric, is paramount for the utilization of knowledge. This is crucial as the employees are of vital importance in the process of feedback utilization. An adequate organizational culture is a prerequisite for employee motivation, which is essential to do a good job and to satisfy customers and dealers. The organizational culture is very likely to be of importance for other companies, which are developing a process of knowledge utilization, as this issue proves to be a central condition for the case company.
The aim of this chapter is to give recommendations for how the case company can address the investigated topics of this thesis. The purpose of the recommendations is to make the organization better capable of utilizing customer and dealer feedback with the aim of becoming more customer-centric. Six recommendations and further sub-advices are to be found. Three aspects will be covered in each of these recommendations, firstly the recommendation itself, secondly an explanation of why it is important to carry out the recommendation and thirdly practical suggestions to how the case company can implement these recommendations.
7. Recommendations

7.1. Encourage and Motivate Employees

The first advice to Volvo CE Region International, concerning the encouragement and motivation of employees, is a prerequisite for the remaining recommendations as it is not possible to carry out the proposed process without this condition being in place.

In order to have employees who are motivated for utilizing customer and dealer feedback the management of the case company needs to raise the awareness of the CSS and DSS results. This is necessary as the workforce will otherwise not know that the survey results exist and hence not take action on them. This awareness can be created by Volvo CE Region International by actively distributing the survey results and by sending out reminders to the employees to let them know that new results have been published. Awareness can also be raised by publishing the news on the company’s intranet Violin, which employees are looking into regularly. Finally, awareness can be created during meetings, as for instance the Business Update meeting or on functional or regional meetings. Awareness is the first enabler of taking action, as this will otherwise not be made possible.

The next suggestion is to encourage employees to look into the results. This is likewise vital as the employees will otherwise not be conscious that these results are of concern for them as well. The survey results can update employees on customer and dealer needs, and equally provide the members of staff with an idea of what is going on in the markets. Therefore, all employees should be made aware of the results. This encouragement can be made in relation to creating awareness since it can be accomplished at the same occasions, namely via reminders and during meetings. It is recommended that encouragement is done by the management of the case company. The management is the company authority and by highlighting the value of the CSS and DSS results it illustrates the importance of the feedback utilization. Furthermore, it is advised to make the Quality Leaders responsible for encouraging their teams to look into the results. The Quality Leaders are role models in the organization concerning the CSS and DSS process and are thus well suited to create a positive atmosphere concerning the feedback utilization.

The third precondition, for making employees motivated to use the survey results, is to allocate time for the members of staff to do so. Sufficient time is required for employees to look into the feedback, as it constitutes an extra task in addition to their regular job. Without additional time allocation, the feedback utilization might result in a burden for the workforce. By allocating time the management also stresses that the feedback utilization is a central job that needs to be undertaken. It can be difficult for companies to allocate extra time for new projects; however, this is necessary in order to make the employees take action. Volvo CE Region International could therefore consider to prioritize the process of utilizing the survey results, for instance by introducing a ‘Dealer Feedback Day’ similar to the existing ‘General Plan Day’. This feedback day could be the kick-off for the dealer feedback process of the subsequent 12 months and could start the process with a general discussion of dealer views and comments.

Employees that are not motivated will not act on feedback or only to an unsatisfactory level. To ensure that employees are motivated the management is recommended to implement an intrinsic reward system at Volvo CE Region International. This reward system could contain systematic recognition of employee
contribution through verbal appreciation or an offer about relevant courses for the utilization of CSS and DSS. Another way to show appreciation is to publish so-called ‘success stories’ about improvements that were achieved based on customer and dealer feedback. This can be done during meetings or on the company’s intranet to show gratitude to the employees and to encourage other members of staff to make an extra effort in the future as well. The management of the case company is furthermore recommended to officially introduce the QLN to all employees to secure that the Quality Leaders are recognized for their extra workload in this group. This can for instance be done during a Business Update meeting. At the moment the QLN is not known by all back-office employees, which needs to be changed in order to keep these Quality Leaders motivated for facilitating the process of feedback utilization.

7.2. Allocate Responsibility

The second recommendation for Volvo CE Region International is to divide responsibilities to functions and regions in order to involve the employees in the feedback process and achieve action to be taken.

To make employees a part of the feedback process it is recommended to make a clear division of responsibilities so that everybody knows what they specifically are expected to look into and to take action on. Therefore, the case company is advised to allocate each survey question directly to that function in the company, which can do most about the concerned topic. Allocation of questions is important to facilitate a process where action is taken, because the employees would know what they are supposed to do. This division is also suitable in order to avoid that everybody is responsible for considering all questions and thus no systematic action will be taken. Allocating the questions has another benefit, namely that the employees will not be subject to information overload, as they would only be required to look thoroughly into those parts of the survey results that they can really act upon. Hence, the sub-regions should focus on the results of their specific markets, and the various business areas would be responsible for taking action on matters that they can affect. All members of the staff should though still be encouraged to look into the general results to obtain an overall understanding of what the customers and dealers are experiencing in the markets. The division of responsibilities is suggested to be made by a team that has an overview of the company’s functions. This could either be done by the QLN, since the team is cross-functional and represents different sub-regions as well, or by the Quality Board (the management team). This team should be responsible for creating a clear list of which questions belong to which functions, and also which tasks need to be performed in relation to the questions. It is only necessary to create this list once, but as the organization is not a static group it is recommended to review the list occasionally to make sure that the assigned functions are still the ones who can take most effective action on those specific concerns. The division of responsibilities should likewise be presented to the employees to let them understand why they are important in finding solutions for these specific issues.

Another way of making employees better capable of taking action is to make the presentations of the feedback results more detailed. It is crucial that employees have an adequate amount of information to understand the situation that they are supposed to act on. The case company is therefore recommended to include more actionable knowledge in the presentations of survey results for instance by adding more qualitative results in the feedback presentations. Another way to underline the results, could be to include a document with categorized comments, which already exists in the organization. The CSS and DSS
presentations, as they look today, consist of a ‘spider web’ diagram and a list of keywords concerning the most frequent comments. However, as these keywords are purely capable of illustrating the overall picture it might be of benefit for the employees to look into the actual comments provided by customers and dealers to understand what causes the problems behind the figures. In the latest presentation of the survey results more qualitative comments were added, which is already a clear improvement. The case company is therefore advised to continue this positive tendency.

Volvo CE Region International is still recommended to present the general results at the Business Update meeting as it is done today to enhance the general awareness of the feedback process. What the company could do in addition is to present more detailed results to sub-regions or functions on their specific meetings where it would be possible for the concerned members of the staff to ask questions. This should provide the employees with a better understanding of the feedback and enable them to take the necessary action on the results.

7.3. Prioritize Customer and Dealer Concerns

The case company is furthermore advised to base actions on the priorities of customers and dealers. This is necessary to ensure that the actions taken on the survey results are in line with what the customers and dealers find most important to improve.

As learned from empirical findings, Volvo CE Region International’s dealers are not considering all questions of the DSS to be equally important. Therefore, a very low score in one area might not be as vital as a low score in another area, if the customers or dealers consider the last area to be of greater importance. Consequently, the case company is recommended to base the actions planned on the priorities of its customers and dealers, to avoid a waste of resources on an issue that is not of top priority to the respondents. A way to avoid taking incorrect prioritized actions is to ask the customers and dealers directly which questions are of greatest priority to them and thus, which areas should be dealt with first. Volvo CE Region International could apply an Importance-Satisfaction Matrix to the feedback process in order to make prioritized actions based on the preferences of the respondents.

To illustrate how such a matrix could look like in the case company, an example has been created. The imaginary illustration is based on questions of the CSS, in order to understand the difference in importance of the questions asked in the survey.

When the customers are asked whether they consider the machines to have an appealing and characteristic design, the customers might reply with ‘strongly agree’. The design will then become a strength for the case company. However, customers of construction equipment are likely to consider the importance of the design as less crucial than the fact that the machines are delivered on time, which is the case in this example. Furthermore, the customers may not have been offered a competitive offer for their old equipment and will thus reply with ‘strongly disagree’. Nevertheless, this might not be of major interest to the customers at the point of purchase and thus, it is not of major importance. Finally the customers might agree that ‘the machine is especially safe to operate’ and also find it very important.

Summarized these examples would provide the following matrix (figure 27), which can provide Volvo CE Region International with a strengthened idea of where to focus improvements:
In this example the case company should prioritize the improvement of Quadrant 1 because it is important to the customers that the machines are delivered on time, but it is not happening to a satisfactory level. Volvo CE Region International should maintain Quadrant 2 as it is performed to a satisfactory level and is of importance to the customers. Even though customers are not satisfied with the trade in offer for used equipment in Quadrant 3, the case company does not need to prioritize this issue, as it is not as important to customers as other areas in this example. Some improvement efforts should be made, but the concentration should first be on other aspects. Lastly, the focus on the area of Quadrant 4 could be even deemphasized since the design is an area where Volvo CE Region International seems to exceed expectations and hence does not need to put further focus on.

As the recommendation to prioritize respondents’ concerns is mainly based on findings in literature and opinions of two dealers, the case company could ask for more dealer opinions, and likewise for customer opinions, on this issue before implementing the suggestion.

### 7.4. Create a Company-wide Learning Process

A further recommendation is the creation of a company-wide learning process that involves literally all back-office employees of Volvo CE Region International from the start. The intention behind this suggestion is to give employees an ‘emotional bond’ to the improvement measures that are to be carried out later on and thus, to increase their motivation and devotion to contribute to the process. A company-wide learning process shall also avoid that the QLN is the only knowledge contributor to the utilization of CSS and DSS and acts separately from the rest of the organization. Such a learning process can be implemented through a stepwise Organizational Learning cycle across different levels.

In the following, a possible learning process for the utilization of CSS and DSS results within Volvo CE Region International is presented, which includes the three layers individual learning, team learning and organizational learning (see figure 28). This learning cycle shall serve as a proposal for how Volvo CE Region International could achieve a company-wide awareness for the use of survey results, and consists of six steps, which will be described in the following section.
Step 1: Individual knowledge creation

Once the results of CSS and DSS have been analyzed, they are presented to all employees during the Business Update meeting. In a general presentation, employees are made aware of the publication of new results and encouraged to look further into the CSS and DSS analyses on TeamPlace. On the company’s file sharing system, all members of staff can access the general presentation as well as more specific results, for example a division by sub-regions. This shall allow employees to receive a general impression of the opinions of customers and dealers, but also make the members of staff think about those specific areas that they are most concerned with in their function. In this context, the previously suggested allocation of responsibilities for survey questions to teams can be helpful. The individual learning can be considered as a preparatory step for the steps to come, and shall ensure that all employees have the same knowledge for the following group knowledge creation.

Step 2: Group knowledge creation

During a group meeting, teams shall consider those specific questions that they can affect most. Based on the thoughts developed by the individual group members, a brainstorm session can be done, where teams look into the results, identify major problems and causes and attempt to develop solutions. As a result, a group opinion is created that reflects the entire team’s view. As every function and region should ideally have a Quality Leader, this representative can take the group opinion into the next QLN meeting.

Step 3: Organizational knowledge creation - QLN discussion

The QLN has a more holistic view on the survey results. Each of the Quality Leaders can present their group’s opinions to the QLN, which then agrees on the most important issues that need action to be taken. An Importance-Satisfaction Matrix can, in this context, help to identify the most central areas of concern.
Once a prioritization of major concerns has been made, the QLN can discuss possible actions, again enhanced by the suggestions that were created during the team meetings. In this way, the QLN meetings could be used more efficiently, as the Quality Leaders would not need to get familiar with the survey results first, but can immediately concentrate on the prioritization and development of action plans.

**Step 4: Approval by the management**

The QLN forwards the identified major concerns, the proposed action plans and the functions in charge to the Quality Board. The management then gives its opinion to the Quality Leaders regarding changes that need to be made and, if considered appropriate, approves the suggested measures.

**Step 5: Quality Leaders take action back into their teams**

Once the management has approved the improvement measures, the Quality Leaders inform their respective teams about the outcome. Based on the earlier allocation of responsibilities, the functional and regional groups discuss the general action plans for their areas that were created during the QLN meeting and develop more concrete and detailed steps. Thereby, a solid action plan is developed with specific actions and responsibilities for improvement measures regarding customer and dealer voices.

**Step 6: Action-taking by individuals**

The created action plans are then carried out by the individuals in their daily work. As the employees were contributing to the development of improvement measures from the start, they are likely to be more devoted to the accomplishment.

The following table summarizes the company-wide learning process and stresses the most important elements of the three contributing layers of individual, group and organizational knowledge creation.

<table>
<thead>
<tr>
<th>Individual</th>
<th>Group</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Every employee</td>
<td>Functional &amp; regional teams</td>
<td>Quality Leader Network</td>
</tr>
<tr>
<td>Procedure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual learning</td>
<td>Team discussions</td>
<td>Cross-functional discussions</td>
</tr>
<tr>
<td>Source of information</td>
<td>Business Update meeting: General results; TeamPlace: Detailed results</td>
<td>TeamPlace: Detailed results</td>
</tr>
<tr>
<td>Objectives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General awareness of customer and dealer voices; Specific attention to areas of responsibility</td>
<td>Identification of problem areas; causes; suggestions for improvement</td>
<td>Prioritization of problem areas; Examination of causes; Development of action plans</td>
</tr>
</tbody>
</table>

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7.5. Appoint a Driving Motor

Throughout this study, it has become evident that the process of feedback utilization needs to be expedited in order to achieve the desired outcomes in form of improvements and raised customer and dealer satisfaction. Three measures have been identified that can facilitate an efficient process: (1) the determination of deadlines, (2) the creation of task lists and (3) the appointment of a person or group in charge of monitoring the feedback utilization.

The setting of deadlines can help to ensure that the results of customer and dealer satisfaction surveys are utilized sufficiently within the company. Clear deadlines can avoid the postponement of action and hence, the delay of improvements. As these deadlines need to be both motivating and achievable, it can be advisory that time limits are jointly created by an independent authority of the organization and the persons or groups in charge of the later action. In the case of Volvo CE Region International, the role of the neutral authority is advised to be performed by the QLN, whose members have a holistic view on the general feedback process and the individual actions that are to be taken.

The creation of task lists stating what the organization aims to do in response to the feedback is a further essential measure. These task lists can help to make the required action more concrete, to make action plans official and thus also obligatory for employees to accomplish. The sub-region of Turkey & Central Asia has made positive experiences with the development of task lists in their CSS process. Volvo CE Region International can follow this example and generate a ‘live document’, which could include such areas as the identified problem fields, the developed action plan to overcome the problem, the persons in charge of accomplishing the action and the agreed timeframe. By making this task list available to all employees, for instance on the internal file sharing system TeamPlace, the document can be kept up-to-date and serve as a monitoring tool.

The third measure that can help to make the feedback utilization more efficient is the appointment of a person or group in charge of overlooking and monitoring the company-wide process. This ‘engine’ would be necessary to ensure that the action plans are followed and exercised as planned and that results in form of improvements are achieved. For Volvo CE Region International, it might therefore be beneficial to appoint a person or group that is ideally involved in the CSS and DSS process and has the necessary authority to highlight deficiencies in the process if required. The person(s) in charge could perform various duties, such as (1) control the previously suggested ‘live document’ and the action plans, (2) send reminders to groups, (3) publish success stories for the recognition of employees and finally (4) act as support for teams if additional advice or resources are needed.

7.6. Improve Feedback to Dealers

The final recommendation is concerned with the ‘feedback on the feedback’, which dealers receive after they participate in the DSS. In addition to the presentation of results via the VDN and during the dealer conferences, dealers would like to be informed about the outcomes of their feedback, and about the action that Volvo CE Region International intends to take in response to their comments. As dealers hope to initiate improvements when giving their opinions and concerns, they want to see that Volvo CE Region International works with the survey results and takes appropriate steps. Therefore, the organization is
advised to inform their dealers as soon as major problem fields have been identified and action plans have been developed. This could be accomplished by forwarding a summary version of the earlier suggested task list to the dealers. This document can highlight those areas that Volvo CE Region International considers to require attention, the created solution in form of action plans and a general timeframe, for instance by classifying the measures into the categories short-term, medium-term and long-term. This would allow dealers to know approximately, when improvements can be expected.

In the following, a further proposal is given for how the feedback to dealers can be improved. Since this suggestion would require a larger modification in the organization’s approach towards DSS, as will be explained in the following, this proposal is not meant to be a concrete recommendation for the company but shall rather constitute an alternative approach that might be worth considering in future:

The DSS at Volvo CE Region International is currently not supposed to deal with individual opinions of dealers but shall rather provide a general picture of all dealers of the region. This approach does not seem to be fully conforming to the wish of dealers to receive more personalized feedback on their open comments, concerns and suggestions, as expressed by two dealers during the conducted interviews. This would require that the DSS are conducted non-anonymously, which Volvo CE Region International expects to result in more sacrifices than benefits. The interviewed dealers stated however that they would not mind to conduct the survey non-anonymously if that led to a more personalized feedback. Therefore, the company could investigate whether more dealers agree with this opinion. If that is the case, the organization might consider providing more personalized feedback to dealers, which already proved to be valuable in the context of customer feedback at Volvo CE in Turkey.

By giving more personalized feedback to dealers the company can show that it listens and cares, which could make dealers feel more respected and possibly raise the profile of the DSS. As mentioned above, this would require that the survey is answered non-anonymously. As a result, dealer comments that demand action could be filtered as it is already done with the CSS via the Fax alert. The response to the dealers could then include the verification of opinions, the assurance that the dealers’ comments are understood by Volvo CE Region International, but also explanations to why demanded action cannot be accomplished.
Throughout this study, a wide range of topics has been covered contributing to the understanding of the utilization of feedback. The following chapter will describe six areas that might enrich the study by further research. The first three research areas have briefly been mentioned in the course of the study, but their concepts have not been described in depth. These include the topics Business Intelligence, technology systems and reward systems. In addition, three relevant areas will be described that can contribute further to the improvement of the feedback utilization in the case company in particular, namely Complaint Management, quality measures and survey processes.
8. Future Research Areas

Business Intelligence
The concept Business Intelligence is often used in relation to Knowledge Management as it is concerned with ‘acquiring information’ and ‘sharing intelligence’, and as a final point how to use this intelligence in a strategic context. As this is also a central aspect when it comes to the utilization of customer and dealer feedback, the consideration of business intelligence as an area of further research can be advisory. By applying Business Intelligence a company can be proactive instead of reactive in situations that can impact the organization negatively. The concept is designed to be a part of strategic planning, as the intention of it is to defy strategic requirements the instant they occur, and consequently to support the process of decision-making in companies. Business Intelligence can consider various aspects, for instance market intelligence, customer intelligence or partner intelligence and how to turn this information into a competitive advantage.

Technology Systems
As described throughout this study, technology systems can greatly support organizations in the context of feedback utilization. When conducting this thesis, it has however been decided to focus on the available technology within the case company, mainly due to the cost that is usually associated with the purchase of new systems. For the future, it might be reasonable to look further into available systems that have the potential to help companies, for example in the process of knowledge creation and transfer. Possible areas of interest in this context are Management Information Systems, CRM systems, knowledge networks and knowledge maps.

Reward Systems
Based on empirical findings it has been recommended in this study to implement an intrinsic reward system in order to motivate employees for the utilization of feedback. Reward systems can be divided into intrinsic and extrinsic systems regarding intangible and tangible incentives. The systems consist of procedures and rules for how benefits and compensations should be given to employees of a company in order to motivate them towards the accomplishment of company objectives. Literature suggests several means of how to reward employees regarding both intrinsic and extrinsic rewards, and both might be of interest for further research to enhance an understanding of what motivates employees. The concept is in line with theories on leadership styles, which might also be beneficial in this context.

Complaint Management
The areas of dissatisfaction and complaint handling have been addressed at several occasions throughout the study. To gain a deeper understanding of these subjects, theoretical concepts in the context of Complaint Management could be examined. A more thoroughly consideration of this research area could include the aspect of customer recovery, but also an analysis of the ISO standards 10001/2/3. In particular the potential benefits of an introduction of the ISO standards might be worth considering for Volvo CE Region International, since the sub-region of Turkey & Central Asia has recently been labeled with these ISO norms and thus could share their experiences.
Quality Measures
This study has focused on the quality measures of customer and dealer satisfaction surveys within Volvo CE Region International. In addition, the case company makes use of further quality measures. Therefore, future research could include other tools such as Partnership Monitoring, Quality Assessment and Customer Support Surveys in order to receive a broader picture. Furthermore, ad-hoc comments constitute an important source of feedback from customers and dealers to the back-office personnel. This direct feedback has not been considered in this thesis but could be included in further research in order to complement the findings of this study.

Survey Process
In the course of this study, the focus has been laid on the utilization of feedback once it has been collected from customers and dealers. For future research, it can be advisory to reflect on the survey process itself as well. This could include such areas as the design of the questionnaires, but also the procedure of gathering feedback, for example an alternative to distributing surveys via web link in the DSS. Moreover, further options in the analysis process could be considered, for example the utilization of statistical analyses for the detection of customer and dealer priorities.
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APPENDIX

APPENDIX I – ORGANIZATIONAL STRUCTURE
VOLVO CE REGION INTERNATIONAL

APPENDIX II – QUESTIONNAIRE FOR INTERVIEWS
WITH BACK-OFFICE FUNCTIONS

APPENDIX III – QUESTIONNAIRE FOR
PHONE INTERVIEWS WITH DEALERS
Appendix

Appendix I– Organizational Structure Volvo CE Region International
Appendix II – Questionnaire for Interviews with Back-office Functions

Introduction
- Short description of researchers and the thesis project
- Interviewee description of functional department and tasks/projects

Feedback
- Does the customer and dealer feedback have any influence on your work? If yes, how?
- How do you learn about new feedback being published and how do you access it?
- Are the CSS and DSS results discussed in your functional team?
- How much of the feedback result summary is relevant to your work?
- When new feedback results are published, do you look through the whole document or are there only certain parts that are relevant to you?
- Do you receive new tasks based on the customer and dealer feedback?
- Are you encouraged by the management to solve problems revealed in the customer and dealer feedback results?
  - Who decides what needs to be done? (manager, team, individual)
  - Is action followed up and stored?
- Do you have the impression that acting on the feedback is rewarded in any form?

Relationship / Contact to Customers and Dealers
- Do you have any direct contact with
  - Dealers
  - Customers
  (How regular, means of communication, purpose, who contacts whom?)
- How do you aim to create a positive culture of customer satisfaction?
- If you receive feedback while being in contact with customers/dealers, what do you do with it?
  Open comments - “Dealers’ & Customers’ Voice”
  (informal talking to colleagues, formal storing into a system)

Quality Leader Network
- Do you feel sufficiently informed about the purpose and the objectives of the QLN?
- Which benefits and disadvantages do you see in the QLN?
- Would you like to be a part of the QLN in the future? Why?/Why not?
- Do you participate in the preparation for QLN meetings? (internal department meetings)
• How are you informed about the outcomes of the QLN meetings?
• Do you discuss the outcomes of the QLN meetings with the Quality Leader and your colleagues?
• Do you feel that the Quality leader network is encouraged by the management? How?

Organization
• How do you generally assess the company culture in Volvo CE Region International? (Openness, team culture, knowledge sharing, management support, transparency)
• How much do you discuss your tasks and projects with
  - Your functional colleagues (formal/informal discussions)
  - Colleagues in other departments (informal talking, cross-functional meetings, joint projects)
• Which Volvo CE Region International departments/functions are mostly related to your work?
• Can you approach everybody within Volvo CE Region International in order to solve a problem/ gain knowledge?
• How do you find the right person to contact in the company? (own network, ask colleagues, use internal database)
• If you have an idea for improvement (or solving a feedback problem) what would you do with it? (discuss it with your manager, discuss it with your colleagues)
• Is there a company-wide system where ideas can be published and discussed?

Conclusion
• In your opinion, what can be done to increase customer and dealer satisfaction?
• Have you got any ideas to how the feedback can be used better? (How should the results look, how should they be distributed and acted upon?)
Appendix III – Questionnaire for Phone Interviews with Dealers

Survey Purpose and Utilization

▪ What do you personally expect to achieve by giving your feedback to Volvo CE Region International?
▪ How much time did you approximately spend on answering the survey?
▪ What does Volvo CE Region International tell you concerning the next steps in the DSS process?
▪ Would you say that Volvo CE is utilizing the DSS enough at the moment?
▪ What would Volvo CE Region International need to do/change in order to fulfill the expectations you have when giving your feedback?

Survey Contents

▪ Are all survey questions equally important / relevant to you?
  If not, would you like to have the opportunity to highlight the questions in the survey that are most important / relevant to you?
▪ Did you give “open line” comments?
  If yes, what do you expect Volvo CE Region International to do with these comments?

Publication and Presentation of Results

▪ When and how are you informed about the survey results? (VDN, Dealer Conference)
▪ When and how would you like to be informed about the results?
▪ Would you expect Volvo CE Region International to inform you about action plans that were developed based on the dealer feedback?
  If yes, when would you like to be informed about such action plans?
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