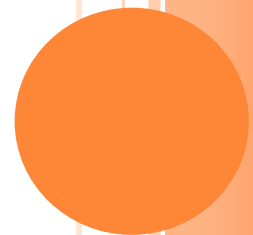# PROGRAM MANAGEMENT

closing the gaps – customer service

WHITE PAPER - You and your team were very excited when the project was over. You were sure that you blew the customer away. That feeling was very quickly replaced by confusion and frustration when the customer, and your management, didn't seem satisfied. During the execution of a program, project or portfolio, gaps are formed in the perception of the scope and how well the final objectives were met. The first gaps start to form prior to award-of-contract and continue to grow, develop and change as the program is executed. It is the program manager's job to ensure these gaps are closed to ensure that the customer and the project stakeholders are aligned with the intentions, activities and output of the cross-functional team.

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11/15/11

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PROGRAM MANAGEMENT

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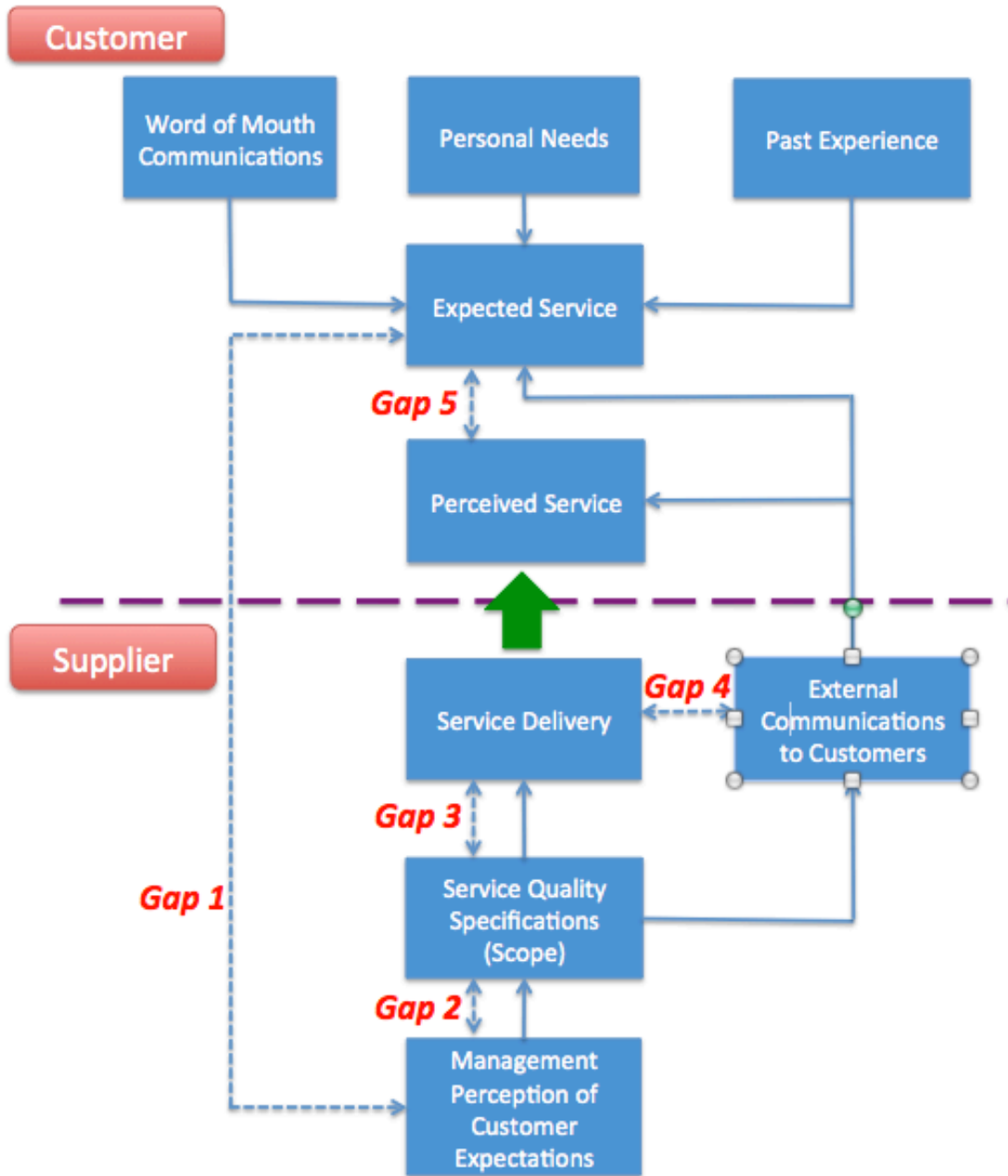
TERMINOLOGY ASSUMPTION FOR THIS PAPER

Also, I use the term title "Program Manager" as interchangeable with "Project Manager" and "Portfolio Manager". While the technical differences exist in formal PMI, PMP, and PMO definitions, I believe the required skill sets and boundaries of responsibility are the same.

The Problem

Prior to award-of-contract, customers develop an image of the service that they expect to receive from the execution of a project. This image includes cost, timing, quality and functionality and is developed from word-of-mouth communications, personal needs and past experience. At the end of the project, the customer will judge how closely the output of your cross-functional team has made their perceived level of service match what they expected. Four gaps in communication, understanding and scope contribute to result in the gap between perceived and expected service level. A graphic of depicting the location of these communication gaps is shown on the next page. A more detailed explanation and discussion about how to achieve customer satisfaction while executing your program.

Program Management
Customer Service Gap Analysis

Customer

| Word of Mouth Communications | Personal Needs | Past Experience |

Expected Service

Gap 5

Perceived Service

Supplier

Service Delivery

Gap 4

External Communications to Customers

Gap 3

Gap 1

Service Quality Specifications (Scope)

Gap 2

Management Perception of Customer Expectations

Tony Pashigian
November, 2011

Some Definitions

Word-of-Mouth Communications: This is what your customer hears about the products they want to develop, your company's ability to be successful and general gossip around the industry. It can be technical or petty, but it is all very real to the customer.

Personal Needs: Your customer, specifically the actual person that you are dealing with during the quoting and execution phases of your project, has been given an assignment. He or she has to get the project executed as their company has defined the scope. Their performance review will likely be affected by how well the supplier he chooses satisfies the stake holders expectations.

Past Experience: If your customer was treated well by their previous supplier, they will expect the same. If their previous supplier allowed perpetual scope changes, they will expect the same. If they had a good experience with your company with another program manager, they will expect the same.

Expected Service: The sum of the word-of-mouth communications, personal needs and past experience create this image of an expected level of service. It includes cost, timing, quality and functionality.

Perceived Service: This is how well the customer believes the product or service that your cross-functional team has delivered matches their expectations.

Service Delivery: This is your team's perception of the output of their work. It is what is presented to the customer as the final product or service.

Service Quality Specifications: This is the scope of the project as defined by your salespeople and senior management.

Management Perception of Customer Expectations: Through the sales process, your management has developed an impression of what the customer wants. They are not always meeting directly with the customer and often rely on what the Sales team, or others engaged in new business acquisition, is telling them.

External Communications to Customers: If your company has more than one project with this customer, the other project teams might get asked questions about their knowledge of the scope or how

the program is going. Their responses, right or wrong, will become factors in the customer's expectations and perception. This category also includes other external marketing that your company does that would affect customer perception.

An Analysis of the 5 Gaps in Perception

Gap 1 – the difference between the customer's expectations and your management's perception of those expectations:

> You management has been kept informed during the quoting phase of the project. They have been meeting with the customer and getting a great deal of feedback from your sales team. They are considering whether to quote aggressively as they consider strategy and tactics. They are considering return on investment (ROI) and hurdle rates.

> The problem is that people can hear the same words and perceive two different meanings. When the customer says something like they "want benchmark craftsmanship", your management might be thinking that what you delivered last time will be "good enough" but the customer is thinking about how they've seen their competitor or your competitor raise the bar. Maybe your last customer just handed your company statement of work and let your team execute but the new customer wants big team meetings twice every week. Your management might not have been aware of the requirement, and therefore, the incremental cost of resources.

Gap 2 – the difference between your management's perception of customer expectations and the specifications that are handed to the cross functional team:

> Your management was positive that they understood customer expectations when they provided direction to the program team. However, if they "heard what they wanted to hear" or didn't dig in the details of something they made an assumption about, your team might be starting out off course.

I once had a situation where a customer added a build event for a product that we were developing and manufacturing for them. The build event was called "hard tooled functional build" and was way before the start of production. Someone at my company had assumed that if the product was both "hard tooled" and "functional" it would meet expectations. The customer's perception was much different. They expected the craftsmanship of the product to be near production quality. The expectation was completely unreasonable, but since I wasn't aware of the expectation, I did not know to close the gap on perception and reality.

Gap 3 – the difference between the specifications (scope) and the product or service that was actually delivered:

How well did the team read the statement of work (SOW)? Did their perception of the requirements result from partial understanding and assumptions? Did the team try to cut corners and affect cost, timing, quality or functionality in a negative way? Did the cross-functional-team get "help" from the customer with suggestions for improvements or changes and end up with a product or service that now doesn't meet the criteria in the SOW? Did the customer suggest de-contenting in an email but never update the SOW or the stakeholders of the program? Is your program team constructed of a group of "yes men" that tell the customer what they want to hear instead of driving them back to the SOW?

Gap 4 – the difference between what was delivered and the message that others at your company are giving the customer:

Other project teams, in your company, that call on the same customer might inadvertently create a gap between expected and perceived delivery. They might want to seem informed and aware of all subjects and talk about your project without thoroughly understanding what your team has delivered. In the most cynical scenario, they might want to look better by making you look worse.

Another situation that can create this gap is if your company's marketing tools (press, trade shows, etc.) advertise a particular feature that your team is not providing. Even if it isn't in the SOW, hearing that it is available can create a gap between expected and perceived service delivery.

Gap 5 – the difference between the customer's expected and perceived service:

This is the art of a program manager knowing where there might be differences between what the customer expects and what the team plans to deliver and then working to convince the customer that they are getting what they want and need. Simply hoping the customer won't notice the gap is insufficient. A good program manager is getting out in front of delivery and helping the customer to anticipate, or even want, what they are about to get.

Knowledge is Power – Now, Close the Gaps

The first step in gaining alignment between expected and perceived product or service delivery is to recognize the factors that are driving the gap between them. While the solution to closing each of the gaps is obvious as you study them, above, I've found that without the intense focus of a seasoned program manager or the proper guidance of an experienced consultant, teams still fail to react to how important this is to a project's success. In general, you need to assess your program for each of these gaps and then take the appropriate action to close them.

Some Specific Hints for Success

- Go to gemba: Go to where things are happening and monitor for alignment to the SOW. See it for yourself.
- When you find something that doesn't match the SOW, or your knowledge of the customer's expectations, ask yourself a few questions:
    1. Is the gap critical to the customer?

2. Is it worth attempting to modify customer expectations?
3. Should I pursue a change to the SOW?

If the customer will be negatively affected, you need to steer the team to meet expectations. If is a non-critical factor, it might be easier to attempt to change customer expectations. The ability to make this judgment call comes from experience. One thing is certain: just proceeding and hoping the customer does not notice is usually a losing approach.

- Be sure to recognize scope changes as such and assess the impact to cost, timing, quality and functionality for each of them.

> "you have to learn to lower your customer's expectations so you can exceed them."

- Tell the customer the truth about the impact of scope changes. They will apply pressure for you to tell them what they want to hear. It will cause more trouble for you to accept the risk of not being able to pull them off a miracle instead of telling them the truth. Harry S. Truman, the 33rd President of the United States, said "I never did give anybody hell. I just told them the truth and they thought it was hell." Instead of raising your customer's expectations with promises your team can't keep, you have to learn to lower your customer's expectations so you can exceed them.
- Under-commit and over-deliver.
- Find it early. Fix it early. For each day the customer or stakeholders have the wrong impression regarding project scope, their perception becomes more solid as their reality.

Closing

It's part soft skills and part contract management, but it is necessary to realize that these gaps exist and that you work to close them. Look for me at www.tonypashigian.com to discuss how to close gaps, get your project back on track or turnarounds.