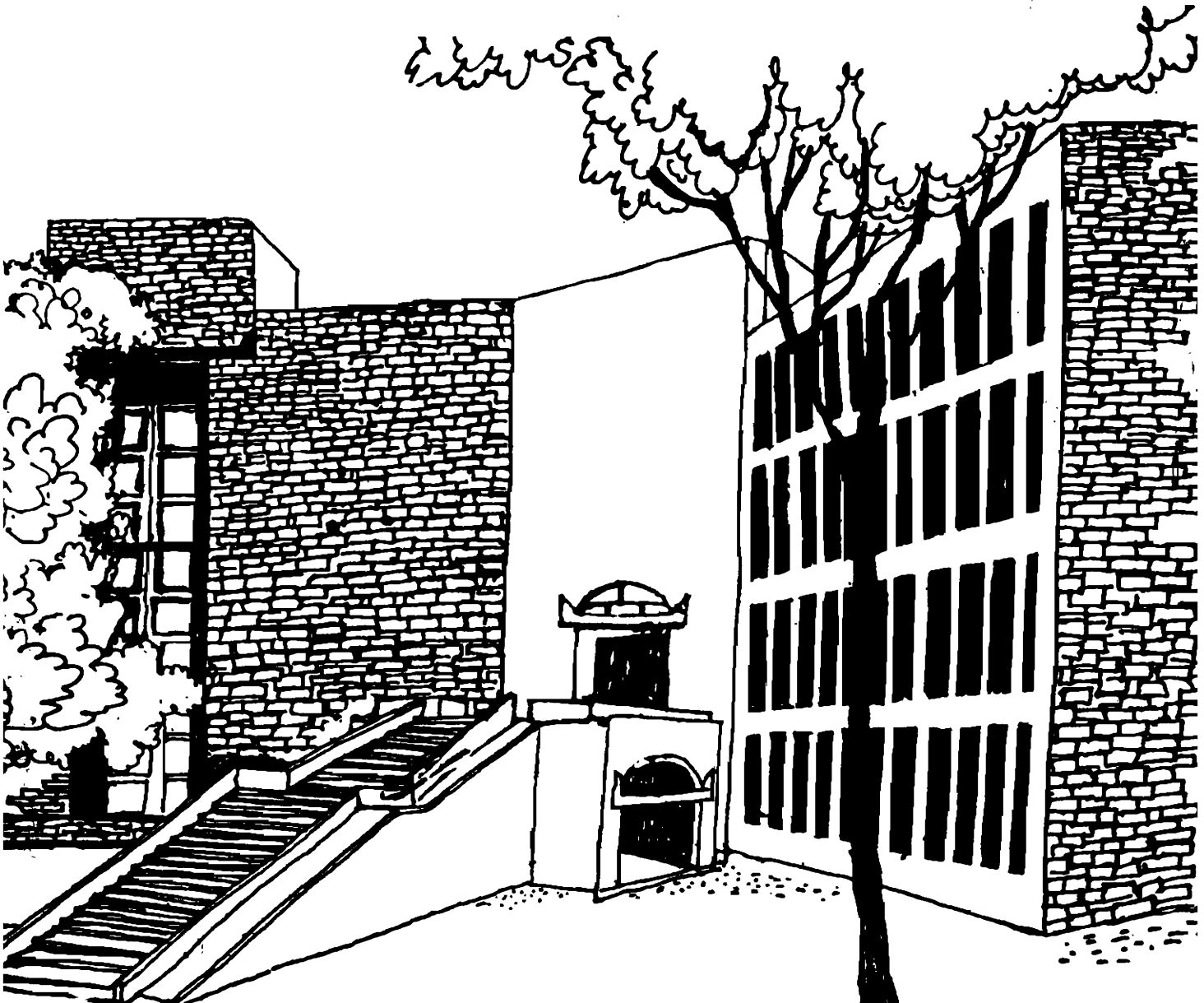




Working Paper



**ACHIEVE ZERO CUSTOMER DISSATISFACTION
FOR CORPORATE IMMORTALITY**

By

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Achieve Zero Customer Dissatisfaction for Corporate Immortality

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Achieve Zero Customer Dissatisfaction for Corporate Immortality

Abstract

Growing environmental turbulence has made the challenge to keep customers satisfied all the more difficult. Corporate mortality of firms including those favoured by customers is not under control. There seems to be conceptual and methodological weaknesses in the approaches currently used by corporations to achieve customer satisfaction. The purpose of this paper is to discuss a new concept, “Zero Customer Dissatisfaction” (ZCD). The objective in this approach is to identify customer dissatisfaction from the perspective of organisational strategy and eliminate it entirely as it emerges. The argument for ZCD originates from the concept of latent demand or a demand, which is existing but not yet exploited by any firm. In the ZCD approach, the sources of dissatisfaction can be internal or external to the organisation, and modifications on the value chain may be required to achieve ZCD.

Identification of customer dissatisfaction has always been challenging. Drawing from anthropological literature, participant observation is found to be very appropriate to study customers, both internal and external on the value chain. This technique can be used along with other existing methodologies.

The paper goes beyond the term of marketing and other specific functions, and identifies ZCD approach as the route to ensure corporate immortality. The paper draws on experiences of a number of companies to support the arguments.

Achieve Zero Customer Dissatisfaction for Corporate Immortality

Most corporations struggle to keep pace with changing customer needs and have recorded erratic performance over a period of time. Despite efforts made to achieve “customer satisfaction” and “customer delight”, corporations have failed to identify customer needs as they change, and incorporate their implications on the strategies for their products and services. The number of firms, which have maintained consistently successful performance for over half century, is not high. One may survive if none is listening to the customers, but it also means that someone may walk in any time with possible fatal consequences for the existing firm. Besides, there seems to exist both methodological and procedural weaknesses in the currently followed approaches to identify customer needs and build them into corporate strategy. For instance, approaches developed to assess customer satisfaction do not go beyond the obvious, and firms feel happy if the satisfaction level is rated as ‘high’ or ‘very high’ on a multi-point scale. They often do not bother about the small per cent of ‘dissatisfied’ customers; often complacency and arrogance settles in such organisations. Also, very often such customer responses remain part of the privileged possessions of the marketing department. They do not realise that the small per cent of dissatisfied or not satisfied customers category could grow in size without their knowledge, and that the cost of creation of a new customer is much more than that of maintaining an existing one. In any case, the consequences can be suicidal. This paper introduces the concept of Zero Customer Dissatisfaction (ZCD) which provides a new approach to analysis of customer needs and developing strategies based on them and thus help in achieving corporate immortality.

The Concept

Why do customers who are identified as ‘satisfied’ and ‘delighted’ often do not return to buy again? Why do they often buy from somewhere else? This happens primarily because not all needs of customers are met by them. This is so partly because these corporations have failed to eliminate entirely the apparent and latent dissatisfaction customers have with the existing products and services, and partly because the tools used for collection of customer feedback are weak.

ZCD analysis provides a solution to this problem by facilitating elimination of dissatisfaction (without leaving even an iota of it) customers have at any stage during the purchase and consumption of a product or service (hereafter ‘product’ is used for both products and services). The process of taking a decision by a buyer involves a number of stages starting from having unmet need or dissatisfaction with the existing, and ending with the derivation of satisfaction from the consumption of it and disposal of the unconsumed parts such as packaging. This also means that the sources of dissatisfaction can be any link on the value chain and corrections will have to be incorporated at different links on it on a dynamic basis.

The argument for ZCD originates from the concept of latent demand or a demand which is existing but not yet exploited by any firm. It is a reflection of the pent up frustration or

dissatisfaction customers have with the existing. This is not a single point phenomenon. Latent demand is a continuum with immature latent demand at one end and mature latent demand at the other as shown in Exhibit 1.

Exhibit 1 about here

Conceptually, a totally satisfied customer means that latent demand is totally immature. This also means that all the specific perceived needs of the customers are accomplished from the use of a product or service. Since products are essentially meant to provide solutions to the problems of customers (both real and perceived), immature latent demand also means non-existence of any problem for the customer. We have plenty of examples of products, though designed, manufactured and promoted excellently failing in the market place for want of any customer interest in them. For instance, Vacuumiser from Real Value Appliances miserably failed in the Indian market in spite of huge promotional efforts made by the company because the latent demand it had was highly immature. It was a product like a casserole with a see-through body which could preserve the organic flavour and heat of food kept inside. Though it had several attractive features, most customers did not think it was of much use to them. [Interestingly, Real Value's first and only other product, portable fire extinguisher was a real success because there existed a mature latent demand for it].

While achieving ZCD itself is challenging, sustaining that on a longer term basis offers other major organisational challenges. This happens particularly in industries where customer needs change constantly, thanks to the turbulence in a number of constituents of the external operating environment. The challenge for a successful corporation is to follow the customer like a super imposed image and offer modifications to product features or introduce totally new products and services as new latent demand emerges or created. It is when a corporation accomplishes this that it achieves zero dissatisfaction for the customer. As shown in Exhibit 2, most organizations fail to maintain the super imposition of the value proposition and value desired by a customer. Naturally, after a time, the customer walks on but the organisation may remain where it was.

Exhibit 2 about here

The challenge to remain constantly at the immature end of the latent demand continuum is great because customer needs and dissatisfaction with the existing products are often based on the perceptions induced by exposure of customers to new environment or new or improved product offers from a competitor. Precisely for the same reason, achieving ZCD is more often a never ending journey to perfection and so is all the more challenging. But we cannot afford to keep quiet because then that may be the beginning of our being quiet for ever!

At the other end of the continuum comes totally mature latent demand where the customer is more like a thirsty person dying for a drop of water to drink. It is also like a bubble ready to burst with the touch of a feather. In other words, customers for products whose latent demand is totally mature are highly frustrated with those available now.

They may continue to consume the same product for want of a better product. This also implies that continuous loyalty to a product does not automatically mean that customers are satisfied with it. Corporations offering new products for latent demand existing at this end are benefited by such a pull from the customer that they literally do not have to do any selling. One of the major reasons for the runaway success of British Airways after its restructuring in the nineties was its willingness to identify areas of mature latent demand, and ability to implement changes in the organisation. India witnessed such a situation when Maruti Suzuki car was introduced in the early 80s. Bajaj Scooter also experienced the same market conditions for many years until a much improved Kinetic was introduced. Both Maruti and Bajaj built up long waiting lines of customers without being able to meet all demand for want of production capacity. Another illustration of mature latent demand is the exponential growth that we are witnessing in the use of Internet.

Sears Roebuck's turnaround in the late 80s and subsequent phenomenal performance (See Table 1) illustrates this movement on the latent demand continuum very clearly. Arthur Martinez took over as Sears CEO and Chairman in 1995 and soon realised that both his external and internal customers were dissatisfied in many ways. There were several complaints from their external customers about a number of things including the range of products and their availability in the shelf. They were not happy with the in-store service either. At the same time, employees were disgruntled which got reflected in the quality of their in-store service. The corporation steadily lost customers.

Sears identified three categories of customers for the purpose of achieving ZCD as part of its turnaround. They were the 'outside' customers who bought from Sears shops, the 'internal' customers who were employees of the corporation and the 'investing' outside customers. Martinez realised that he would not be able to take Sears to heights of superior performance and sustain it unless the dissatisfaction of all the three categories of customers was brought down to zero. He decided that his goal of totally eliminating customer dissatisfaction could be accomplished only when the following sub-goals are achieved.

- Sears should be a compelling place to shop
- Sears should be a compelling place to work, and
- Sears should be a compelling place to invest.

Based on this realisation, he initiated a series of changes in the corporation resulting in improvements on a number of links on the value chain. The net result is reflected in the performance of the Corporation in the subsequent years (See Table 1). The turnover of the company grew by over 10 percent per annum in 1995 and 1996 before stagnating at around \$ 41 billion since 1997. The tendency for the turnover to get stuck around \$ 41 billion needs to be investigated further to identify new areas of customer dissatisfaction on maturing latent demand, and act on them. There could be improvements required in product features, packaging, distribution or even in the disposal of used packets.

Table 1 about here

Amtrex Hitachi Airconditioners in India was attempting to achieve ZCD in product features when it introduced 'Nidra' (meaning sleep) model home air conditioners in 1998. Amtrex was a poorly performing branded A/c. manufacturer until 1989 when a new CEO was appointed to revive it. It has grown to become the third largest room a/c. manufacturer in India since then and Hitachi, Japan has taken equity stake in it in 1999. 'Nidra', operated with the help of a fuzzy logic has features to automatically adjust room cooling according to the metabolic requirements of the body. It all started when a junior employee of the company asked an interesting question in one of the regular internal brain storming sessions on innovations of the company. He asked, "why do people sleeping in an A/c room have to get up in the middle of the night to look for a blanket which is very frustrating?" Though all the members of that group had lived through such experiences, it was the first time they really started thinking about it. They had all taken it as a fate accompli. They also noticed that they did not use a blanket in an office though they spent longer hours there. After a series of discussions with experts in different areas, they learnt that the metabolic activity of the body slowed down during sleep; as a result, the heat generated by the body would be lower and hence the cooling required would be less during the night, and it was much lower in the later part of the night. Based on this information, the company introduced *Nidra* model A/c to achieve ZCD in this customer segment, and the market response was very positive. It should be noted that *Nidra* facilitated saving in power to the extent of 20 percent (actually customers were earlier paying extra for their discomfort!). It is relevant to note that conventionally air-conditioners are technologically designed for offices and not bedrooms.

It is important to recognise that customer dissatisfaction may not be related to a single intrinsic or extrinsic attribute of the product; most often it is a combination of at least a few attributes. Sources of dissatisfaction could be the quality and quantity of raw materials, transportation facilities, methods and location of inventory keeping, order processing or the different steps in retailing. It could also be due to poor equipment or frustrated employees. The net result is that appropriate positive value is not added where it is supposed to do. Though all the links on the chain of activities are supposed to be adding value to the customer (and hence the name, Value Chain), often, negative value is added at some links creating further misery to the customer.

Identification and Elimination of Dissatisfaction

An important question is how to identify areas of dissatisfaction and eliminate them. Some thoughts on appropriate methodologies to achieve the same are discussed below. Therefore, it is important to identify the extent of dissatisfaction customers have with each of the key features. Very often, customers are unhappy about more than one aspect of the product. The intensity of dissatisfaction depends on the extent of criticality of the particular feature to the customer, and also on the extent, of dissatisfaction created by it.

Dissatisfaction could be due to inappropriateness in some of the functions such as packaging, communication and purchasing. For instance, until the arrival of Castrol in India, automobile engine oil used to be sold only through petrol stations. This used to create inconvenience to motor mechanics who constituted a major chunk of customers.

Oil companies assumed that since oil and petrol were used in the same vehicle, customers of both would also be same. Castrol identified the opportunity and developed what is now called the 'bazaar trade,' capturing a major chunk of the market. Some of the other problems related to the petrol station channel were product availability in small pack size, and quality of service. Castrol introduced a number of innovations in packaging, attracting a large number of motorists, especially two wheelers who wanted oil in small quantities. Similarly, an air cooler company announced through newspaper advertisements that the price of their star cooler was brought down from Rs. 7,200 to Rs. 4,900. Customers who had bought coolers in the previous couple of years were agitated. They thought that the company was cheating them and making exorbitant profits till that year if they could sell the same cooler for the new price and still makes profits. The high level of dissatisfaction customers had with their after sales service added fuel to the fire. Actually, the company had relocated itself to a tax-free zone, and had decided to deliver coolers directly to the customer removing one level of distribution, and passing over the entire benefit to the customer! Yet another experience is that of a large and reputed garment manufacturer. He realised that some of the garments he had made had darker spots at some places on the uniformly dyed fabric in spite of having excellent facilities for dyeing. His search for an answer to this problem took him back on the value chain finally to the traders who had added some dirt (foreign particles) onto the cotton to increase its weight while supplying cotton to ginning units! It was almost impossible to notice such adulteration through quality checking devices anywhere on the value chain.

The essence of this argument is that corporations should keep their entire value chain in perspective while identifying and seeking solutions to customer dissatisfaction. After all, value is added in different measures at every link on the chain whether they are inside the organisation or not. Building up of this strategic perspective and constantly reviewing the health of the value chain is critically important to achieve and maintain ZCD. This also means that the structure of the chain and the processes involved at different points may change from time to time. Sometimes, the whole value chain could be rebuilt based on changes in the environment such as technology used in packaging and e-commerce as was done by Li & Fung, Hong Kong's largest exporter of readymade garments. They have modified their value chain for ready-made garment business and used IT effectively in such a way that they are now able to deliver products to their European customers in six weeks as against four-five months earlier, without adding further cost to operations. They have supplier-manufacturers located in many of the South East Asian countries with whom they are constantly in touch, and whom they help in their operations management.

Exhibit 3 about here

The concept of value chain as shown in Exhibit 3, needs to be extended to both suppliers and buyers and in short all input providers and output receivers. Building on Michael Porter's five-forces framework, each link on the value chain is both a supplier and a buyer. The bargaining power of each link on the value chain as a supplier of some value depends on the extent of satisfaction it is able to provide to the next link ahead (the buyer). Therefore, when it achieves ZCD, it maximises its bargaining power. The "buyer" link in this instance also tries to maximise its bargaining power as a supplier to the link ahead by achieving ZCD, and thus neutralises the effect of the relative bargaining power between the

two links. When this process is extended to all the value adding links on the chain, we achieve ZCD for the final customer. This is the situation when a company achieves maximum bargaining power over its customers, at least in comparison to its competitors. This "business eco-system" needs to be ZCD oriented for the overall development of that industry and for achieving excellence by individual firms. After all, the loyalty and support of customers for any brand depends on the extent of dissatisfaction eliminated by it.

Corporations, which want to retain and expand their customer base, obviously need to ensure that their customers are not at all dissatisfied. The moment some amount of dissatisfaction exists, it is an opportunity for someone else to eat into that market. This also means that the only way out to sustain one's position is to achieve ZCD.

ZCD to develop new customers

Corporations could also explore new applications of existing products and technologies using the ZCD principle. For instance, Yamaha successfully reactivated a declining piano market by using its expertise in key board. Similarly, washing machine companies learnt about a new use for their product from some small restauranters in India. The overall demand for washing machine was not encouraging when it was introduced in the Indian market in the 70s. There was, however, considerable demand for it in the northern state of Punjab which surprised the companies which later found out that these machines were used to prepare lassi* in bulk. In this case, customers were dissatisfied with the existing manual preparation of lassi which involved long, laborious process of churning of curd, and washing machines enabled them to overcome this problem.

The runaway success of 'Velvet' shampoo in India in the 80s underlines the need to undertake this analysis not only among existing customer segments but also other segments which have previously been ignored. When 'Velvet' launched shampoo in very small pouches (8 to 10ml size), the Indian shampoo market was saturated with MNC majors giving up hopes of any further rapid growth. Velvet brought shampoo to the reach of villagers who used it occasionally by pricing each pouch at Rs.2/-. Velvet also opened up a number of new segments including travellers, occasional users and hotels whose needs were not met by the standard 100 ml bottles.

ZCD and Total Cost Management

Bulk of the customers are very price sensitive about most products. Since price is an important driver in purchase decisions, it is important to deliver products and services at low price. An internal ZCD analysis would bring out pockets of inefficiency, wastages and give leads to better ways of doing things, all with the objective of achieving better cost management.

* lassi is an indigenous soft drink prepared by mixing and churning of diluted curd, sugar or salt and spices.

Yet another benefit of ZCD in the context of total cost management is its ability to identify what customer really needs in terms of priorities and avoid expenses on what they do not need or value. Very often, product features, including intrinsic and extrinsic dimensions, are decided without having adequate understanding of customer needs based on ZCD approach. We need to remember that any cost incurred without benefits to customers that they value is a waste. We should avoid it.

It is also useful to note that corporations have to be conscious about the costs involved while achieving ZCD, and the implications for profit. Exhibit 4 is a useful framework to decide on the possible actions to be taken. Corporations may realise that the source of dissatisfaction most often is not very complicated and remedies not very expensive. The Pareto Principle of 80-20 seems to apply in this case. However, there are areas where immediate impact on cost may not be favourable. Since ZCD oriented organisations are and have to be highly innovation oriented, there would always emerge new and cheaper ways of solving problems.

Exhibit 4 about here

ZCD and Benchmarking

Benchmarking is undertaken to set standards of performance which are often fixed against better performers in the same industry or elsewhere. Often different benchmarks are fixed for different functions or activities. One flaw in this approach is the possible selection of performance levels either at levels much lower or much higher than what is required to make customer dissatisfaction zero; when the benchmark is lower than the level to achieve ZCD, some customers are still left partially dissatisfied, though the company may be under an illusion of doing the best for the customers. Similarly, when the benchmark level is higher, unnecessary expenses are incurred on something that is not valued by the customers. Hence benchmarking could be slightly tricky in the conventional way. However, a two-pronged approach can solve their problem. First, an effort is made to understand customer dissatisfaction and its elements. This should be followed by identification of benchmarks in the conventional way to achieve the same. Such an approach and its regular review will enable companies to set benchmarks and sustain competitive advantage.

Methodologies for ZCD analysis : use observational techniques

Conventional tools such as focus groups, brain storming, qualitative surveys, feedback from distributors, dealers and retailers and formal reports from sales staff can be effectively used in isolation or in different combinations to understand the areas and extent of customer dissatisfaction. Corporations should tap a number of sources constantly to follow the customer as a super imposed image. Hindustan Lever is known to have a highly systematic ways of collecting information from the market. Hindustan Lever is obsessed with the urge to achieve ZCD on all fronts, which is the secret of its continued success over the years. This urge to achieve ZCD has grown up especially after the surprising start and growth of Nirma detergent powder at the low end of the market.

One of the best but not yet widely used methodologies to find out the nature and extent of dissatisfaction is customer observation. Also, observational techniques help to identify the sources of dissatisfaction as well. Though widely used in sociological and anthropological research¹ observational research process is yet to find wide application in management literature. Observational techniques can be used to understand dissatisfaction of both internal and external customers at different points on the value chain either through direct or indirect means.

Observational research involves different stages starting with the selection of a physical setting for observation. The setting required to observe the behaviour of a customer while using a consumer durable will be different from that is required to study the behaviour of the same customer while examining and negotiating different models and brands at a dealer's place, both active links on the same value chain. The number of people making observations of the same event may also vary. Some observers are active participants of the act, say while understanding customers' experiences with a new brand of tea. Here drinking of tea with customers as active participants is very useful and natural to understand customer perceptions clearly. At the same time, the observer may be a passive participant while recording customer behaviour while using a new car. It is useful to note that in such ethnographic methods² the researcher can follow one or more of the roles: complete observer, observer as participant and participant as observer.

Use of hidden video camera to record both dialogues and action is probably one of the best but rarely used instruments of observation. This ensures that biases and self-consciousness of customers do not influence their responses. For instance, Thermax used a hidden video camera to record customer response for a newly developed water dispenser. The new machine was to be coin operated and dispensed fixed quantity of filtered and purified water. However, Thermax was keen to know several things such as quantity of water normally consumed, ease of use of coin, customer body language, location of the coin slot and throwaway thermocol glasses and so on.. The video recording of customers' responses and involuntary comments and their expressions provided great value to the company in finalising the product features and design. (The potential use of the video cameras fixed for scanning the shop, and analysis of the recordings for this purpose is phenomenal, though not discussed in this paper).

McDonald Corporation regularly sends their representatives from the head office to their outlets to evaluate the performance of their staff there. These representatives queue up as regular customers and only after paying for their order and consuming it, that they disclose their identity. As "Customers" they keep observing everything that is happening in a store, especially related to external customers. This includes the quality of service such as the extent of courtesy, speed of service, cleanliness in store, and the process of taking order. Later they identify themselves to the store manager and other staff to interact with them and collect inputs for staff performance appraisal.

Jet Airways, the only successful private airline company in India regularly collects reports from a number of people they have identified as their ambassadors. They keep

travelling and observing airlines staff while checking in and customer responses while waiting for the aircraft and also in flight. The airlines has found that such reports are often more valuable than customer responses to structured questionnaires and surveys. Of course, they also follow multiple methods for collection of market information. It is common knowledge that respondents behaviour to questionnaires and interviews are not totally natural when they are conscious of the process involved.

Observational techniques can be used in combination with other methods. In any case, it is superior to the conventional customer satisfaction surveys primarily because such studies capture only some dimensions of dissatisfaction which are more prominent and apparent. They hardly identify areas of latent demand and possible new opportunities to achieve ZCD. Also, most managers tend to be content or complacent if the level of satisfaction is 'high' or 'very high' on a multipoint scale. Over a period of time, dissatisfied customers move on to new companies which remove their dissatisfaction, and the original company stays where it is.

Customer dissatisfaction should be analysed on two dimensions. One is to know the nature of need in terms of whether it is essential to have the product or not. The other axis reflects the extent of dissatisfaction customers have with the existing product. Though, we had argued earlier that high level of dissatisfaction means mature latent demand, the significance and impact of it on the customer depends also where on the Desirable – Essential continuum the product falls. (Please see Exhibit 5). The effort required to convert the needs into actual purchase will be more for “Desirables” compared to “Essentials” because of the priority fixed by customers in their purchase decision (“wants are unlimited but the means to satisfy them are limited”). Besides, dissatisfaction is influenced by the number and quality of choice customers have for solving their problems.

Exhibit 5 about here

At a macro level, there are other forces such as regulatory and political whose presence on absence in different intensities influence the level of dissatisfaction customers have today and tomorrow. It is useful to build multiple scenarios of the emerging environment too to determine latent demand. Hence, internal task forces can identify and analyse the signals to project technological changes, say in the area of broadcasting whose implications for customer dissatisfaction are significant.

We should recognise that it is often easier to create dissatisfaction in the mind of customers and virtually move the customers from 'Low' to 'High' on the extent of dissatisfaction (as in Exhibit 5) for a 'Desirable' product when new features are introduced by a competitor. This is also because of the “fun” and “impulse” element involved in the purchase of a product. Constant upgradation of features is important for corporations to sustain their position in this segment. This also means that the rate of change on the horizontal axis is likely to be much higher for desirables compared to Essentials.

In this method, customers are asked to first rank the dimensions in order of their significance to them. Accordingly, the most essential attribute would be ranked one and so on with 'Desirable' attributes following. The same attributes are subsequently rated for their significance on a 5 or 7 point scale to find the absolute level of significance. These analyses would bring out the areas for further action. The result of this exercise can be plotted using the matrix given in Exhibit 6.

Scales developed and used based on the principles of personal construct theory³ are found to be useful in answering questions as to why people consume, certain products, and which attributes are significant to them. Surveys using both quantitative and qualitative analysis would bring out changes, if any, in the pattern of distribution for 'Extent of Dissatisfaction' for each attribute for different locations or segments.

Exhibit 6 about here

Scenario Planning⁴ is another tool that can be used very effectively in ZCD analysis, along with the other techniques mentioned earlier. For the purpose of ZCD, scenario of life at different future points in time can be developed. Such scenarios should incorporate the direct and indirect effects of emerging technological, social, economic and other environments on a firm and its activities. For instance, scenarios on trends in technologies and their direct and indirect effects can be synthesised with similar exercise done on changing social preferences and customer interests.

Corporations very often do not keep track of their customers constantly. This is particularly so for some of the successful firms which either become arrogant or complacent. Firms which identify need for and areas of change do not always incorporate them in the value chain. Sometimes this is due to their lack of understanding of where changes have to be made. There are also corporations which are not sure about what to and how to keep track, beyond the conventionally accepted methods.

ZCD for Organisational Vision, Mission and Entrepreneurship

Since the customer focus in the ZCD approach is based on their changing needs and satisfaction levels, there are only limited chances of getting trapped in 'marketing myopia'. This facilitates clearer organisational vision. It is to be reiterated here that under ZCD the focus is not on the sale of a product but on providing solutions to customer problems. Implicitly, both the company and the customer travel together in their journey in search of better products and services.

ZCD is a powerful way to keep the organisation alert and flexible. The impression created by a statement such as "one percent customers are dissatisfied" and another "99 percent customers are satisfied" are different. We take note of the first one much more seriously. There is a natural need to explore the first statement further, but often not the latter. Besides, a ZCD approach ensures natural growth of innovation and deep corporate entrepreneurship in the organisation. Any slight lethargy that is growing in the organisation would be quickly

identified by ZCD. This is the way to remain at the top. Following from the above, it is clear that a ZCD approach is a journey to keep the customer and organisation together.

Conclusion

In a dynamic and turbulent environment like the present, corporations very often fail to create and retain customers. The ZCD approach addresses this challenge from a new angle, and argues that the objective should be elimination of customers dissatisfaction totally. Some of the methodological challenges can be overcome by applying techniques used in anthropological research such as participant observation. It is to be realised that ZCD has a corporate perspective, linking with all functions and the mission, much beyond the scope of any specific function such as marketing.

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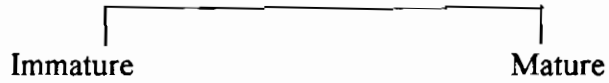
Table 1

Sears Sales Turnover (\$ billion)

1995	34.93
1996	38.21
1997	41.30
1998	41.32
1999	41.30

Exhibit 1

Latent Demand



Latent Demand Continuum

Exhibit 2

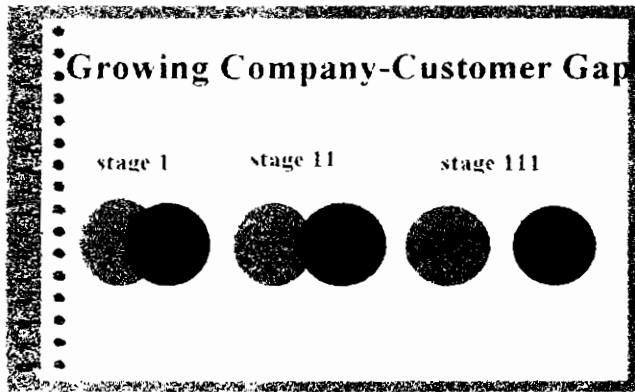


Exhibit 3

ZCD and Value Chain

* A product/service consists of several parts and processes adding value at every step

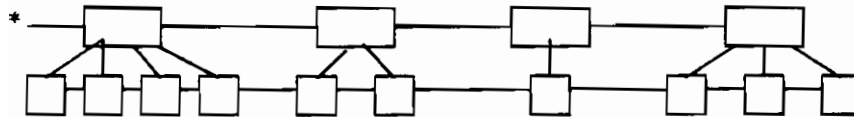


Exhibit 4

Cost-Value Matrix Analysis

	High Value	Low Value
High Cost	Review, creatively try To cut costs further	Hold - Can costs be cut further? - Implementations for volume, growth future
Low Cost	Implement fast and reap benefits	- Implement carefully - See long term benefits

Exhibit 5

ZCD Matrix for Opportunity Analysis

Extent of Dissatisfaction	High	Good Prospects	Highest Potential
	Low	Not for Now	Challenge in in innovation
		Desirable	Essential Need

Exhibit 6

ZCD to Identify CD Areas
(Rank and rate for each)

Extent of Dissatisfaction With present	High				
	Low				
		E D	E D	E D	E D
		Product	Distbn	Packg qlty	Packg Size

E: Essential
D: Desirable

Need

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